

# the exchange

Newspaper of the College of Business at Oregon State University >> Spring 2005

## AEP Helps Entrepreneurs Take Business to the Next Level

(Continued from cover)

projects to meet customer needs. Leveraging his programming and outsourcing skills, Walters helps customers build their websites faster and for less money. Already, for a small annual fee, Walters has set up approximately 25 domains for customers, including fellow entrepreneur Morita, and helped them get online.

Walters is the first AEP member and Weatherford resident to have his business set up in the John & Janet Beardsley incubator suite. He is working with Jon Down, AEP program director, on developing a system for launching businesses from Weatherford including regulations, contracts, etc. and providing a student perspective.



*Tyler Walters, WitMatix president and MBA student, and Dhari Aljutaili, a senior in mechanical engineering, discuss a web development project in the John & Janet Beardsley incubator suite.*

As Walters professionalizes his business, he has learned about the importance of contracts and marketing. After losing out on some money because of the first contract given to him by a client, he warns “never go into business without any contracts and write a good business plan!” In addition, Walters adds, “From my computer science background, I was always worried about the engineering and product. After some practical experience and talking with Randy Conrads and others, I realize a lot more about how important the customer is and how big the budget is for talking to them!”

Serial entrepreneur **Wade Reese** began his latest venture in November of 2004. After working in the construction/concrete industry since the age of 14, Reese built his first set of foundation

panels for his Dad and began his business from there.

“I built the set and got the knowledge,” said Reese, a junior studying international business. “From there, I improved the process and cut the amount of labor hours to build them in half.”

According to Reese, it typically takes about 150 labor hours to build a 140-panel set. By enlisting the help of motivated employees and using new market technology and tools, he can now build a set in about 75 labor hours. Sets can typically be reused for about eight months. In addition, while his competition usually charges about \$7,400, he charges \$6,800 per set for his foundation panels.

“Because of my work in the industry, I had some relationships to get my business going,” said Reese. “It takes a good relationship to trust a 21 year old to build your foundation panels,” he said.

Reese is currently working on managing his customer base. Right now, he has four clients and each client needs 2-3 sets of foundation panels because each has 2-3 crews.

“I’m almost too busy,” he said.

In addition to his business, Reese is taking 19 credits this term. He hopes to manage his workload by serving a customer a month. He works with three other OSU students, two of which rotate on the weekends to go with him to Hillsboro where he builds the panels.

To get his business started, his Dad helped buy the materials and Reese traded his labor for the equipment and tools to get the job done. Within two weeks, he paid his Dad back for the materials. Now, he has a 30 day credit window so that he can get the materials, build the panels and then pay off the material charges.

“I’ve funded all I need to get the business set up and don’t have a lot of overhead,” said Reese. “I’m making a profit and am establishing a reputation for reliability and quality work.”

Prior to his current construction business, Reese has sold everything from used golf balls to books and cars. He sold his profitable screen printing business to go back to school.

“I’ve always been able to make money,” said Reese. “I really like the AEP because it motivates me more than anything else. It keeps me ‘there’ with the mindset of business. It is like having a business partner with no strings attached,” said Reese.

Reese has taken the Introduction to Entrepreneurship class and attended more than 30 of the informal AEP events.

“The classes were really beneficial for me just starting out,” said Reese. “They helped me understand where the knowledge is coming from. There is still a lot of knowledge to be gained that I didn’t know.”



*Dylan Boyle and Blake Heiss, sophomore photography students and owners of Epoch Media, are expanding the video production portion of their business.*

After he graduates, Reese hopes to have strong employees in place to run the business should he decide to pursue his interest in international business. During the summer, he’ll expand the scope of his business with various other construction jobs. “I’m already lining up side jobs to keep us busy this summer,” said Reese.

Sophomore photography students **Dylan Boyle and Blake Heiss** from Brookings, Oregon have known each other since fifth grade and both have a goal to be filmmakers. They started their business, Epoch Media, during their junior year of high school.

“We started by transferring home videos on VHS and Beta tapes onto DVD,” said Heiss. “We used our college savings as start-up funding and bought the equipment we needed to get started.”

Since then, the duo has expanded to encompass more media and now provides services including professional photography,

(Continued on page 19)

Becoming a national leader in facilitating economic development in the region by helping Universities move research and knowledge to market is the College of Business vision. Throughout the state, many entities are working to move the state and the economy forward. As I've seen through my involvement with the Governor's Small Business Council and Leadership Portland, and in talking with many other groups, there is an acknowledgement that none of us can "go it alone." Cooperation and collaboration are common themes as private, public, government and other entities work to find common ground where each can add value and partner for broader benefit.



Collaboration and partnership are at the heart of what the College of Business does. Our largest and most recent collaboration is with University Housing and Dining and the College of Engineering culminating in the Grand Opening of the Austin Entrepreneurship Program (AEP) @ Weatherford Hall (see special section starting on page 13). Through the AEP, we have numerous student entrepreneurs working on businesses, more than fifty visiting business professionals in the last six months and several companies, including most recently State Farm and Hewlett Packard, contributing to the experiential learning of our students and enriching all College programs. Visiting professionals have participated in classes in accounting, finance, marketing, management and management information systems. And while this collaboration is working, the AEP is still in start-up mode. We are modeling the very behavior we are trying to teach and everyone has a chance to benefit.

At the College of Business we are taking our role seriously in providing an educated workforce to meet the needs of business today while ensuring graduates have the necessary knowledge, skills and abilities to be life-ready as well. In a recent visit by AACSB International, the business school accreditation body, the College was praised for the AEP, the Business Sustainability Initiative and our international exchange programs. All three require strong collaborations and partnerships. AACSB visitors also noted the collegiality among our faculty and were impressed with the faculty we have recruited.

With collaboration and partnerships, and successes from our alumni and business partners, we will help move OSU and the regional economy forward. Please join us in celebrating our alumni and business partners at the annual Alumni and Business Partner Awards dinner on Wednesday, May 11 in Portland. You can register by calling 541-737-2219.

In our efforts to facilitate economic development, I have been impressed with the quality and quantity of partners willing to step up and bring their talents to bear. Through this community, we will make progress toward our goal. Thank you for your support of the College of Business.

— Ilene Kleinsorge

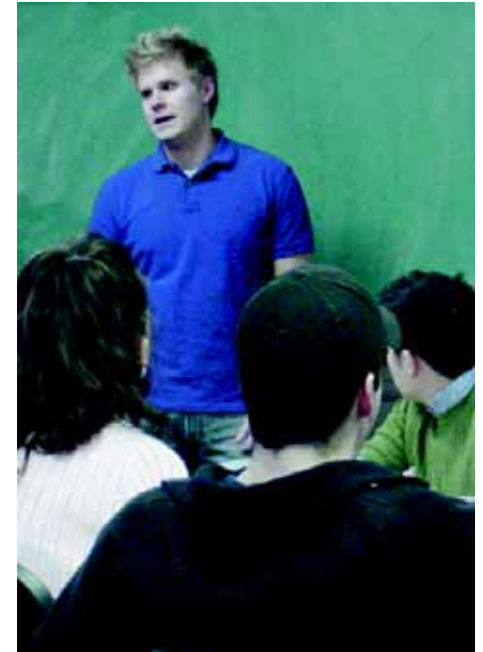
# COB News Bytes ...

## Investment Club Prepares to Invest Real Money

Due to a generous stock transfer from alumnus Harley Smith, and his wife Brigitte, the Investment Club is now preparing to invest and manage a real portfolio. Smith's donation, along with key gifts from alumni Tod Perkins, Martin Tobias, Robert Zagunis and others, puts the Investment Club over the top of its \$50,000 goal and in solid position to move from mock investing to real trading.

"Unlike most schools where club monies are simply cut out of the foundation, OSU's Investment Club students played an active role in raising the funds," said Ray Brooks, finance professor and Investment Club advisor. The students have set a new goal to raise another \$50,000 over the next five years, to bring the fund total to \$100,000 for a more diversified portfolio, he said.

"Investing real money is important," said Tony Kha, vice president of the Investment Club and a senior in the finance option. "When dealing with "paper" money, you can buy and sell as you please without the risk. When dealing with real money, especially other people's money, you know your decisions have consequences."



*Erik Naslund, a senior and Investment Club officer, leads a meeting with club members.*

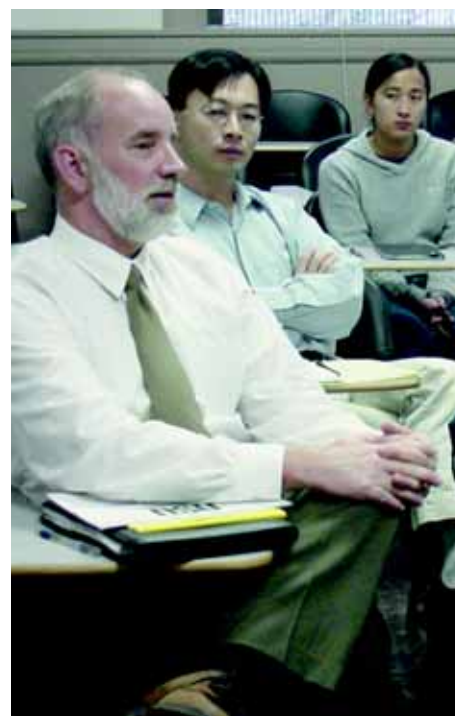
The Club plans to meet this month with the OSU Foundation (OSUF) leadership and then its Investment Committee, the eight-member group that manages OSU's \$280 million Endowment Fund. According to Committee Chairman Wayne Ericksen, the Investment Club will be treated similar to its other fund managers.

"The Investment Club will have to meet fiduciary performance standards as any manager would," Erickson said. "Despite bending in regard to the Club having industry credentials and a long-term record, the Investment Committee will be very prudent in ensuring the Club performs to set standards and parameters."

The Investment Club will report its performance to the OSUF Investment Committee quarterly. So far, the club has been on par or outperformed the S&P 500 since it started its paper portfolio two years ago. This year with more members and a new executive team, the club has outperformed the S&P 500 by 2 to 3 percent.

"I think this is a good idea," said Ericksen. "Although I had a fine career managing money, I learned on the job. This experience will give students who might go in that direction real insight early on," he said.

"We are very appreciative of the support our alumni have given us and I know the students are anxious to show what they can do," said Brooks.



*John Blanchard, OSU Foundation CFO, briefs Investment Club students on expectations for their presentation to the OSUF Investment Committee. Assistant Professor of Finance Jimmy Yang and student Mari Lem listen.*

# COB News Bytes ... COB News Bytes ...



*The BIT Mobile is a technology learning center on wheels.*

## BIT Mobile Learning Center Rolls into Central Oregon

BIT Mobile, a new technology learning center on wheels, is rolling into Central Oregon as part of the Business and Information Technology (BIT) Extension initiative to deliver computer technology skills education to Oregon's youth, families and communities.

The new 26-foot mobile technology trailer is a self-contained classroom pulled by a pick-up truck. It comfortably houses 15 notebook computer stations and includes printers, a file server and multi-media instructional technology. It provides online access by using network connections or wireless bridging technology. The classroom also includes technology equipment for hands-on training in the areas of GPS (global positioning systems), GIS (geographic information systems) and digital photography.

"The BIT Mobile will provide a much needed capability to deliver technology education to citizens, particularly those living in rural areas who may have limited access to computers and the Internet," says Bruce DeYoung, BIT Extension leader.

DeYoung pursued the idea, with support from the College of Business and OSU Extension Service, upon return from a sabbatical in Louisiana where they created a similar outreach tool.

"BIT Mobile is going to make a huge contribution to Central Oregon," said DeYoung. "Already we have requests from small rural schools, ESL (English as a Second Language) teachers and

several community organizations to partner with us."

The BIT Mobile began field testing in November 2004. It will serve Crook, Deschutes and Jefferson Counties and is currently scheduling for 2005. BIT Mobile educational programs will be aimed at a wide variety of audiences including small natural resource firms (ranchers, farmers, loggers); rural communities; 4-H youth and families; local entrepreneurs; minority youth and adults; and community volunteers, including re-



*The BIT Mobile delivers computer technology skills education to Oregon's youth, families and communities.*

tees. Sandy Campbell will serve as BIT Mobile program manager. For scheduling information, call the BIT Mobile Hotline at: 541-447-6228.

"Many organizations have contributed to the development of this wonderful technology teaching tool," said DeYoung. The College of Business helped scope the project and the IT infrastructure.

Other contributors include OSU Extension Service, the Hewlett-Packard Company, Dell Company, Engineering Technology Industry Council, Agriweld, Inc., 4-H Youth Development program, OSU College of Engineering, Oregon State University Libraries and the American Distance Education Consortium.

## Business and Information Technology 4-H Extension Agents Focus on Rural Youth

OSU's Business and Information Technology (BIT) Extension was awarded a grant from the Engineering and Technology Industry Council (ETIC) to support two BIT Extension positions this biennium.

"The intent of the award is to expand the pipeline of pre-college youth into Oregon's universities so that students actively consider their future opportunities in business, engineering and technology," said Bruce DeYoung, professor and leader of the BIT Extension initiative. "Through this funding, our efforts will focus on building technology skills and career aspirations for pre-college youth living in Central Oregon and Jackson County."

Sarah Cofer and Erin Taylor are 4-H BIT Extension faculty housed in OSU Extension Offices in Deschutes and Jackson counties, respectively. ETIC advises the Board of Higher Education on investments in technology and engineering for the state university system.

## Beta Gamma Sigma Receives Exemplary Chapter Award

The Oregon State University collegiate chapter of Beta Gamma Sigma has been recognized as an Exemplary Chapter for its superior level of membership acceptance in the 2003-2004 academic year.

By receiving the Exemplary Chapter award, the Oregon State University Beta Gamma Sigma chapter is being recognized for its high level of success in recruiting top business students into the Society. Each year, collegiate Beta Gamma Sigma chapters extend invitations to the top 7 percent of business juniors, the upper 10 percent of business seniors, and the highest 20 percent of business graduate students. Chapters reporting a 70 percent acceptance rate of invited potential members at both the graduate and undergraduate level, and

those chapters indicating an 85 percent acceptance rate at one academic level, are considered to be Exemplary.

With Exemplary Chapter status, the Oregon State University BGS collegiate chapter is now eligible to award a \$1,000 Beta Gamma Sigma scholarship in the 2005-2006 academic year. Oregon State University's Beta Gamma Sigma chapter will also receive a certificate commemorating its Exemplary accomplishments.

Of the 417 Beta Gamma Sigma chapters currently established on college and university campuses, only 52 were recognized as an Exemplary Chapter in 2004.

## Freshman Seminar Introduces Business

In a pilot effort to orient freshmen to the world of business fall term, fourteen students participated in a "Learning Community for Business" course.

"There are only a handful of classes to take in business as a freshman," said advisor and co-instructor of the class Brenda Baxter. "This small forum helps new students feel more comfortable about their major and connects them more closely with their fellow classmates and business faculty," said Baxter.

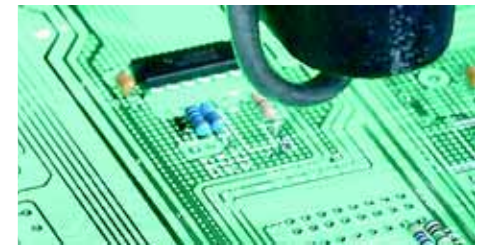
"I took this class because I saw it as a great opportunity to open the doors to the College of Business and into the studies of business," said freshman Kelli Harrington. "I was in a much smaller class size than normal and I always felt comfortable voicing my opinion or asking questions. I made good friends through this class and have many of the same classes with them this term."

The 14 students were selected to participate through a lottery process to participate. The two-credit course, BA 199, covers topics such as business ethics, introduces students to future business professors and explores future business career options. The course also aims to help students better understand how to best succeed in the College and at OSU.

"What I got out of this learning community was a great network of advisors and professors that I can go to for help concerning my studies," said Harrington. "I use my resume from class and am sending it out to companies for summer internships. Not only was this class beneficial, it was fun and I really enjoyed the opportunity to participate in it."

**Give us your feedback on *The Exchange* and we'll send you an OSU College of Business window decal.**

Please go to [www.bus.oregonstate.edu/news/exchangesurvey.htm](http://www.bus.oregonstate.edu/news/exchangesurvey.htm) for a quick survey and let us know what you think of *The Exchange*. We appreciate your input.



# FIGHT. Control Outsourcing America

“Labor isn’t against free trade,” said Kevin Cummings, Western United States-International Association of Machinists and Aerospace Workers. “It is concerned with fair trade.” According to Cummings, for decades U.S. workers set the standard for productivity. The problem, now, is that we can’t compete with workers who make 87 cents an hour. “We’ve paid for technology and training that supports offshore development and we don’t get the return,” said Cummings. “When we ship technology to a third world, it is gone forever.”

Cummings, along with Tim Nesbitt, AFL-CIO, addressed outsourcing as part of the College of Business Emerging Topics Seminar on business sustainability (Related article on page 9). “Since 1987, 17 million people have come into the United States on work visas. Ninety-two white collar professions were targeted for a ‘cheaper work program,’” said Cummings. “When these visas expire, our confidential data goes offshore.”

“If out-sourcing means taking my money, your money, giving it to another country and laying off people here, I’m not okay with that,” said Cummings.

He added that offshoring reduces the tax base, resulting in declining school dollars and math/science scores.

“Our government doesn’t track the import or export of jobs,” said Nesbitt. “International ignorance is losing us jobs.” Nesbitt cited as an example a government agreement with Singapore for ship repair. He said, “this leads to disinvestment in organized areas and



**Tim Nesbitt, president of the Oregon AFL-CIO**

in this instance, West Coast ship dry docks lost business!” The same could be applied for other aging factories in America’s industrial heartland, he said.

Nesbitt also attributes supernational corporate agendas and the World Trade Organization for the U.S. trade deficit. He notes China’s most favored nation status and how multinationals want to invest locally in China. “Workers in China make 13 cents an hour. Our trade deficit with China has doubled!” Nesbitt stated. “We ended slavery. Now, we’re subsidizing companies to go find it somewhere else,” he said.

According to Nesbitt, “it doesn’t have to be this way.” He suggested to the audience four solutions to what he calls “Outsourcing America.” First, he said, we need smarter trade policies. “NAFTA destroyed more jobs than it created. We need to require job impact studies and quit fast-tracking legislation,” Nesbitt said. Second, he said, the U.S. needs to follow its human rights agreements. Third, he said, “Don’t use our tax

money to send more business overseas. Federal, state and local contracts for services should not subsidize the flight of U.S. jobs.” Nesbitt concluded by saying that we need to reform our federal tax code. “Multinationals defer offshore earnings and it makes it profitable.”

“We’re talking about fair trade,” said Nesbitt. “Labor, environmental conditions, and human rights all need to be part of the equation,” he said. “This helps the globe. We just can not give our technology away for free while we pay for it.” ♦



**Kevin Cummings, International Association of Machinists and Aerospace Workers communications representative**

## What are your thoughts on international outsourcing?



**Glade Diviney**

### Glade Diviney

*Extended Systems R&D  
Manager/Global Connectivity*

I think the central question is can we recognize the cost reduction with a good model for quality? It is always tempting to jump into outsourcing models to achieve cost reduc-

tions, but you can’t assume that your partners are in line with the value systems that have made your company successful. By the time you can fully assess the quality of the results, it may be too late. To make an outsourcing model work, managers must have a thorough understanding of the cultures involved and work to harmonize them.

### Brad Greer

*Pacific Crest Technology, Inc.  
President/Co-Founder*

Outsourcing has become a mainstream business practice for companies of all sizes and its no longer prudent for companies to ignore it and hope it will go away. When you ex-



**Brad Greer**

pand the concept of outsourcing to “off-shoring” it tends to make the topic even more controversial within certain companies. Our experience is that it’s not right for all organizations to implement an outsourcing solution but they should clearly be considering it when they are looking at alternatives to reduce cost or increase efficiency. My advice to clients is to test the water before making the big leap into outsourcing and to consider an on-shore outsource approach before attempting to go off-shore.

### Jean Mater

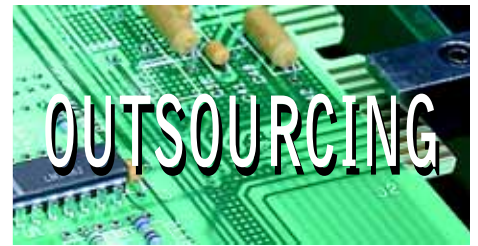
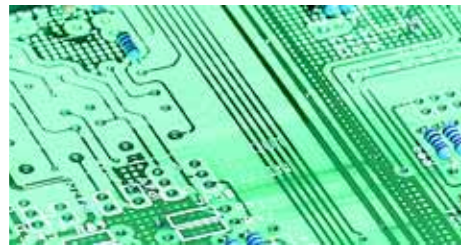
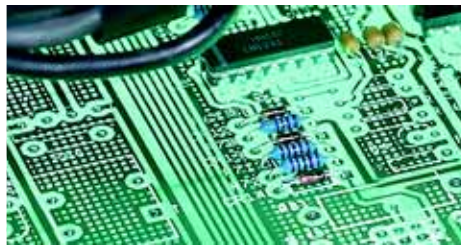
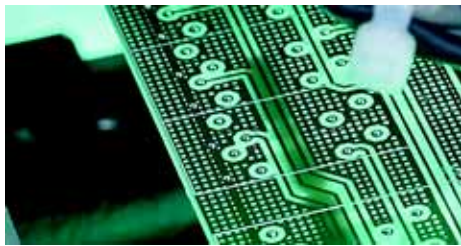
*Mater Engineering Vice President*

Outsourcing helps provide lower price consumer goods, but at the expense of jobs lost in this



**Jean Mater**

country. The overall impact is that when the job market recovers it tends to be in the lower paying service jobs. Lower pay means lower taxes for government services from employees and from the multinational corporations who shift profits they gain overseas. The decline of insourcing from other countries in the last couple of years has not offset losses from outsourcing and may bear some responsibility for the decline in United States science and engineering students. A major risk in outsourcing is that we may lose some of our essential manufacturing facilities and abilities if we should be in the position of not retaining command of the sea and air.



# ADAPT. Outsourcing Not Going Away

“Nothing is going to stop it,” said Karen Fast, executive consultant, Claremont Associates, a management consulting firm. “Every time a U.S. business has moved offshore and understood that model, opportunities have opened up.”

Fast, speaking to an MIS class on trends in global outsourcing says that the total offshore IT services market was \$15 billion in 2003 and will grow to \$48 billion in 2008. She also projected that business process outsourcing, like call centers or insurance claims processing, will grow from \$4 billion in 2002 to \$31 billion in 2008. “We’ll see more and more of this,” she said.

Onshore companies are partnering with offshore companies instead of owning their own centers to gain offshore capacity. Or, they are using vendors to augment their staffs to be competitive. On the flip side, in order for offshore companies to have a high barrier for entry, they must differentiate in some way. They often times compete on business value, including price, as well as innovation and quality criteria. The result is that many offshore companies, to stay com-

petitive, are gaining vertical expertise by merging with or acquiring other companies. Ultimately, this results in higher salaries and more competition among businesses and countries for outsourced business.

“It is an irreversible trend,” said Fast. Citing India as an example, she said that India is producing each year 10 times the talent pool than the U.S. with more than 115,000 computer science and 350,000 engineering grads per year. The U.S. continues to represent the largest consumer of offshore outsourcing in India, with 80 percent of U.S. offshore outsourcing dollars going to India, she said. According to Fast, India exported \$20 million in software in 1989,



*Karen Fast, Claremont Associates executive consultant*

and last year exported \$5.7 billion in software to 86 different countries. “There are a lot of players in this industry. The trends are substantiated in many countries,” Fast said.

However, trends include more than just U.S. companies looking to leverage overseas capabilities. According to Fast, companies need face-to-face interaction with their vendors, so more and more offshore vendors are establishing domestic capabilities. “Vendors that have no domestic presence at all are the riskiest and least used offshore arrangements,” said Fast. Thus, many offshore vendors are bringing resources onshore or at a minimum, have an onsite presence in the U.S. and offsite/offshore development.

Areas where outsourcing occurs the most: legacy system maintenance, e-business development, CRM and ERP maintenance, infrastructure management, web hosting, call centers and data entry, said Fast.

“Businesses get good value for their money, usually a 25 to 60 percent savings depending upon the type of work being done,” said Fast. Other positives include a strong work ethic, technical and

process skills and vendor commitment. The challenges, according to Fast, are domain skills, culture, communication and vendor/customer relationship management.

Opportunities for U.S. technologists in an offshore, outsourced world include project management and leadership, technology innovation and infrastructure management. Positions where technology and business are linked are very important, Fast said. “The key to success is to not focus on commodity skills,” says Fast. “Stay current or ahead of technology and become conversant in offshore dynamics.”

“The entire U.S. industry will expand because of cost-efficiencies offshore,” said Fast. “There is no example in the history of the U.S. where this hasn’t happened,” she said. Fast cites the automobile industry as an example where a lot of cars are being made by foreign manufacturers, as well as by foreign plants in the U.S. “It is up to us to figure out how we engage in that,” said Fast, “Where are you going to deploy your resources to expand the economy and get a business edge?” ♦

## George Puentes

*Puentes Brothers President*

American businesses are competing in the U.S. and the world.

The outsource option is necessary for businesses who need that to stay competitive especially when there might not be enough qualified resources locally to do the work to accomplish their mission.

While Puentes Brothers exports worldwide, we’ve chosen not to outsource because of our desire to maintain total quality and consistency of our products. ♦



*George Puentes*

## Outsourcing: Tips from the Trenches

As a guest speaker, Craig Battrick, Hewlett-Packard technical analyst, shared an HP case study about an experience outsourcing a software development project to India. “The United States has more technology than it can manage,” he said. “India has the engineering talent to help.” Battrick continued, “Old technology is going offshore and that leaves us here with a tremendous opportunity to reinvent ourselves and work on new technologies,” he said.

The promise of outsourcing, he said, can save

time and money by supplementing in-house development teams. “The reality, though, is that you have to be in sync within your own team, and definitely with the vendor team, to achieve any kind of success.”

Battrick shares some tips for success:

1. Understand management needs and required feedback loops.
2. Research and see examples of vendor capabilities and timelines.
3. Determine training required.
4. Clearly define business, user, functional and technical requirements.
5. Assess feasibilities, financials.
6. Provide guides and communication tools to effectively work with offshore entity for each as-

pect of the project.

7. Deliver precise instructions.

8. Outline documentation routines.

9. Comprise cross-functional home team, and offshore counterparts, so that all bases are covered.

10. Create regular milestones and decision-point meetings to track progress. Offshore vendors often work while we sleep; so planning regular status sessions is essential.

11. If possible, start with a component or small project and learn how to work together. ♦



*Craig Battrick, Hewlett-Packard technical analyst*

# INTERNATIONAL



OSU COB students Greg Dausman, Thien To Lam and Joe McAlhany, on an exchange to Thailand, visit Angkor Wat in Cambodia

## International Exchange Program Dedicated

More than 100 College of Business alumni, faculty and friends paid tribute to Art Stonehill by witnessing the official dedication of the Arthur Stonehill International Business Exchange Program at the Alumni and Business Partner Awards dinner in Portland last year. Honoring one of the college's leading educators, the newly named program has opened broad educational opportunities to students. Last year 128 business students had an international exchange or study abroad experience as part of the largest business exchange program in the state.

While Stonehill modestly thanked those in attendance for the honor, he was quick to recognize many who contributed to get the program where it is today.

"The road map to any student exchange involves these key features: faculty sponsors, administrative support, an advisory office, enthusiastic students, faculty exchanges, financial aid and a host program for incoming students," he said. "We have it all and there is a great ensemble of people

that make it possible."

"The success of this program is largely due to the vision, hard work and enthusiasm of Professor Emeritus Art Stonehill," said Ilene Kleinsorge, dean of the college. "During his 24 years at OSU teaching international finance, he was instrumental in getting our Denmark international student exchange off the ground and has continued to support the exchange concept with his influence, funding and support."



Art Stonehill, COB emeritus professor of international finance

After retiring from OSU in 1990, Stonehill taught a semester a year for seven years in Denmark's Copenhagen Business School. In 1986, he sponsored Denmark's Aarhus School of Business exchange. Since then, more than 700 Danish and American students have participated in the program. In recognition of his research achievements focusing on Scandinavian firms, Stonehill received honorary doctorates from the Copenhagen Business School, the Aarhus School of Business and Sweden's Lund University. He also helped open doors at Norway's Agder College where he

taught. With the assistance of Payson Cha, he acquired City University of Hong Kong as an exchange partner.

Today, OSU business students can study abroad in Australia, Austria, Czech Republic, Denmark, Germany, Hong Kong, Norway, Sweden and Thailand.

"Due to Art's commitment and passion for international business, our College of Business has



COB alums and friends honor Art Stonehill. Ruth Schmidt-Burk, '89 (to Stonehill's left), participated in the program's first exchange. Bodie Dickerson, '81, MBA '84 (to Stonehill's right), taught finance at the COB.

a solid international curriculum that prepares our students for working within the global economy," said Steve Lawton, Associate Professor of International business, at the ceremony. "One of our most distinctive elements of the College of Business is our international exchange programs that span the world." ♦

## Cha Honored with Oregon State University Distinguished Service Award

Oregon State University honored Hong Kong business leader Payson Cha, '68, with its Distinguished Service Award at commencement ceremonies last June. Cha is an international entrepreneur, real estate developer, business manager and successful family business leader.



Payson Cha, '68

He began his career as a young man when his father sent him to Nigeria to manage the family textile business. After his successful stint there, he came to OSU where he earned his business degree and was awarded a Sloan Fellowship to Stanford University. He graduated from Stanford with an MBA in 1973.

In the late 1970s, Cha's father asked him to return home to lead an effort by Hong Kong Resort International to transform a plot of 70 million square feet of featureless scrubland on Lantau Island into a worthwhile development. Within a couple of years, the first homes in the Discovery Bay residential complex went onto the market and sold out within hours.

Today, the Discovery Bay complex boasts a population of 13,000 people and stands as the Cha Group's flagship project in Hong Kong. That success propelled Hong Kong Resort International into a leadership role in the development and management of townhouses and community projects. Cha extended the family business into other sectors, including finance, investment, textiles, electronics and biotechnology.

Cha is an honorary trustee of the OSU Foundation and has supported several College of Business programs including the Austin Entrepreneurship Program, the Austin Family Business Program and the Art Stonehill International Business Exchange Program where he helped initiate the exchange with City University of Hong Kong. ♦

## Hildebrand Breaks New Ground in the Czech Republic

Sometimes you have breakthrough programs, like the Arthur Stonehill International Business Exchange Program, the largest of its kind in the state. Sometimes you have breakthrough or unusual international exchange locations, like the Czech Republic, part of the former Eastern Block. And, sometimes you have breakthrough students that are willing to be the first, the guinea pig if you may, for a new and exciting program.

Ryan Hildebrand, one such student, was the first native English speaker to attend Mendel University in Brno, Czech Republic. As the first and only College of Business representative to try out this new program in 2003, Hildebrand knew he was in for an adventure.

"It was such an unknown to me," said Hildebrand, who now works for PricewaterhouseCoopers. "I knew it was a former communist state, but when you think of Europe, you just don't think of the Czech Republic."

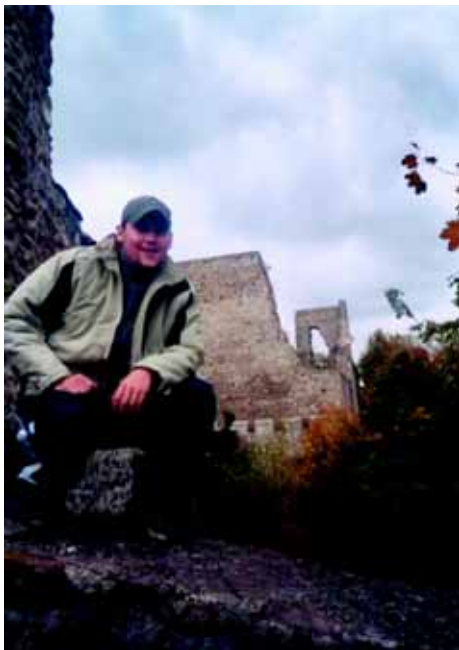
"When a friend and I arrived at the bus station in Brno on Friday evening, there were no ATMs that were working and no one that spoke English," said Hildebrand. With only a brochure of the University in hand, the duo jumped a trolley and started riding it. Thinking the younger generation might know some English, they asked for directions and tried to interpret names that all of a sudden sounded the same.

"We got there at about 10:30 at night and the security guard didn't know English, so he called upstairs for a Czech professor who had spent a year in Canada," said Hildebrand. "He helped get the key and get me moved in and then took us to dinner."

And so it began. At Mendel University, with a student population of 5,000, Hildebrand attended all English speaking classes in subjects ranging from international marketing, international finance, transitional economics, financial markets and more. He also dropped in on a few others including classes on human resources, European culture and strategic management.

He enjoyed seeing the transitional economy in action.

"Fifteen years out of communism, there is zero customer service," said Hildebrand. "People are just starting to learn how to work hard and not



*Ryan Hildebrand, '04, on exchange in the Czech Republic, visits a 14<sup>th</sup> century castle near Brno. Hildebrand is now an associate with PricewaterhouseCoopers LLP Assurance and Business Advisory Services.*

just receive a paycheck."

While there, he did a study of foreign companies coming into the Czech Republic to take advantage of the untapped cheap labor market. He also did a survey talking to Czech people about foreign companies entering the country.

"There were lots of difficulties, not only because of the work ethic, but because the Czechs didn't want foreign countries like Germany to come in and control or take advantage of them like they had in the past," said Hildebrand. "I found the Czechs to be a very proud, but downcast people because of their history. When they were admitted to the European Union last year, it was a big deal that they were a part of something."

"Once you get past their rough outside, their lack of smiles, their distant aura, they are a very giving and kind people," said Hildebrand. He witnessed that first hand when a tutor took him to the south of the country to her grandmother's house.

"This house, with a castle in the background, had been in the family for 150 years and had been built in the past for a king's mistress," said Hildebrand. "I spent the weekend with the family while they spoke Russian, German and Czech, ate lots of great food and established a wonderful friendship with that family."

Back at his dorm, a six-floor, brick structure, each room having two beds and a sink, he paid \$80 a month rent. Locals paid \$15. "There were shared showers and no toilet paper in the bathroom," he said.

According to Hildebrand, Brno the country's second largest city with a half million people, is not "westernized" like Prague. And even though his classes were in English, no one outside class spoke English. That was the biggest adjustment, he said.

"I learned a little Czech," said Hildebrand. "However, sign language, pointing, drawings and pictures came in real handy. The 20 other international students from Finland, Spain, etc., fared about the same."

Hildebrand, who had had an internship with PricewaterhouseCoopers prior to his exchange, also took time to visit PricewaterhouseCoopers in Brno and Prague to better understand accounting in the Czech Republic. And while he has no intentions of leaving his current position with the company, he has kept contact with one of his pro-

fessors and two of the Czechs that he became friends with. They continue to discuss business ventures focusing on import/export, franchising and real estate investing. He'll be visiting again this summer. He also hopes to work internationally for PricewaterhouseCoopers in the next few years.

"This was one of the best experiences of my life," said Hildebrand. "I was an only child from Corvallis and had traveled the U.S., but I really got to know myself being a part of an entirely different culture on my own. I know I can figure things out in many different situations now," he said.

"Also, despite having to defend myself and America's role in Iraq, I came back very proud to be an American. I can appreciate what we have and who we are." ♦



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## Don't Sell Your Integrity for a Couple of Bucks

When successful entrepreneur Randy Conrads spoke to Fran McKee-Ryan's Organizational Behavior class, he didn't talk about Classmates Online, the 39 million member-strong internet business he founded in his basement. Nor, did he talk about RedWeek.com, his latest internet venture or his 21 years with Boeing.



**Randy Conrads,**  
*Classmates Online and RedWeek.com founder*

Instead, he had a heart to heart with every individual in the room.

"You don't have to lie, cheat or steal to succeed in American business," Conrads said. "Business ethics is a subset of personal ethics, a moral code. Develop your personal code and stick with it."

"I'm proud of business in America, but concerned about folks who have done unethical things," he said. "You can't legislate morality, only behavior. Your character is what you are when no one will ever see."

Conrads shared his personal code which is largely drawn from the Bible:

- ◆ Let your yes be yes and no be no. Be true to your word from the get-go in all your business dealings.

- ◆ Do unto others as you would have them do unto you. Create win-win situations so that the potential for return business happens again and again. When someone forgets to invoice, you call and ask them to invoice you. You model the behavior, your moral code. You and the "other" guy always know! I never do anything I don't want my mom to know about or see in the *Wall Street Journal!*

- ◆ Love thy neighbor and pray for thy enemy. Now, this might be a difficult one, as business is business. You have to compete. Compete fairly and professionally in all that you do.

Conrads discussed several ethics scenarios with students. In one, a boss said "no skirts" when the best hire of four men and one woman was the

woman. "The person chose the best," he said. "He could have done better for his career, but he didn't."

In another case, a business owner had to handle a sexual harassment claim where the husband of an employee was threatening legal action. The owner's attorneys recommend he just settle. "After a thorough investigation, he realized the husband was scamming them," said Conrads. "He told his attorney, no, and that it was his (the owner's) social responsibility to not let him get away with it." The employee eventually dropped the claim.

Even for smaller things, like undercharges at a store or overcharges in expense reports, Conrads says "don't sell your integrity for a couple bucks. Don't sell it for anything."

In the scheme of things, he says, "You may not always win and managers may not like it. But your personal code is in your heart. Listen and serve yourself better."◆

## Healthy Economy, Community Go Hand in Hand

Jack McGowan, director of SOLV, a 90,000-strong volunteer organization dedicated to improving quality of life in Oregon, wasted no time telling the Dean's Distinguished Lecture Series audience that "there has to be some place, some common ground, where people of this state can build a better society."

"Thirty years ago when SOLV began, Oregon was known for the bottle bill, open beaches, land use and more. Today, it is high unemployment, school funding and hunger," said McGowan.

"It is so easy to build fences as opposed to building bridges," said McGowan. "I believe there is a hunger from Oregonians to take a deep breath and once again, come together. We need to look at what unites us in this treasure called Oregon."

As McGowan discussed "Building Community: Why Does Business Care?" he outlined seven steps to building community: association or shared activity, familiarity, dialogue, trust, consensus, vision and action.

He cited an example of an OSU alum, Ken Harrison, who recently retired as CEO and Chair

of Portland General Electric. Ken used his relationship with SOLV to improve the community and build a better business. On numerous community service projects, he noted that Ken was covered in the same dirt and honor as the lowest paid employee at PGE. "Management and their families were working hand in hand with employees and their children," said McGowan. As a result, an amazing transformation occurred at PGE. Non-hierarchical relationships were developed within the company. Workplace morale increased. The business community was extended to families. Community goodwill was enormous. As a result of these and others SOLV related activities, PGE gave SOLV \$1 million to create an endowment for volunteerism in Oregon.



**Jack McGowan,**  
*SOLV director*

"Management needs to be a leader and set the tone," said McGowan. "I firmly believe it is the ethical responsibility of business to consider the social and economic health of the community the business derives its profits from. It is imperative that businesses "give back" not only to employees, but are contributing members of the community in a number of strategic ways."◆

## Students Participate in Ethics Case Competition

It's a dilemma, make money and be part of a social problem or come up with an alternative to do business with a good conscience. Such was the ethics case scenario business students Zachary Kuenzi and Jeffrey Travis faced as part of the 2004 Western Region Ethics Case Competition at the University of Arizona. Competing against 10 teams from nine schools, the pair made the semi-finals taking home a trophy and \$130 in prize money and gift certificates.

Based on an actual dilemma involving H.B. Fuller, students were asked what they should do regarding solvent glues being misused in Latin America. Although the company ended up pulling their solvent glue products out of Latin

America and set up a foundation to help children, the case challenged students to think of other ways to handle the situation.

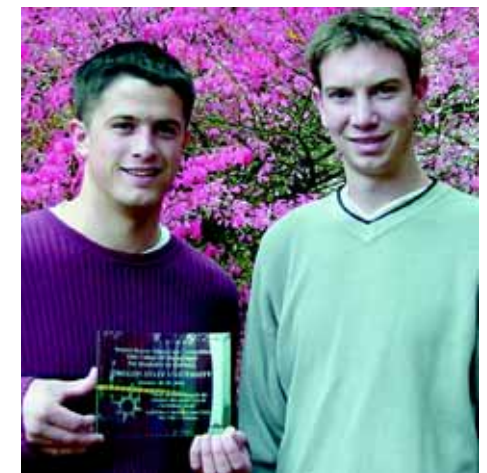
"We gave the emotional hook in the first statement," said Travis. "We shared the life of the street child who started his solvent glue addiction at the age of seven and died at the age of 14 of kidney failure."

"We suggested that the company tighten their supply chain, consider changing to a water-based adhesive and continue with community-based projects to help alleviate the macro problem," said Kuenzi.

Kuenzi and Travis were chosen from approximately 20 students based on recommendations from faculty. Jack Drexler, department chair, served as their advisor. Expenses for the competition were covered by donors to the Dean's Fund. One week before the competition, Kuenzi and Travis received the case.

"It was stressful because we were right in the middle of midterms," said Travis. "We did it though and had a very positive experience talking in front of others, receiving advice from judges and networking with students from other schools."

The duo was one of five teams that made it into the second round. In that round, they talked to all eight judges, answering questions and provid-



**Zachary Kuenzi, '04, and Jeffrey Travis, COB senior**

ing additional information. According to Travis and Kuenzi, the judges deliberated an hour and a half before selecting the two finalists. In the end, University of Washington was declared the winner.

"The highlight for me was the guest speaker who was an ex-con who did time for a white collar crime," said Kuenzi. "He shared how he developed unethical behavior and how little lies can add up to a big spider web."

"Ethics is in every part of business," said Kuenzi. "In this instance, it involved the lives of kids. In other instances, how you handle situations can impact your whole life."◆



## Sustainability Series Draws Top Speakers

The relationship between business success and sustainability was the focus of the 2004 Emerging Topics Seminar Series. Amory Lovins, CEO of Rocky Mountain Institute, and Hank Patton, executive director of the World Steward Organization, led off the series and drew attendees from across Oregon.



Amory Lovins, Rocky Mountain Institute CEO

Lovins and Patton addressed “New Jobs and New Markets in Long-Term Wealth Creation.” Lovins, a nationally recognized scientist and consultant, discussed how using natural resources productively and efficiently profits and improves the environment. He shared how companies can harness environmental performance to gain a competitive edge.

“Money and goods are capital,” said Lovins. “However, people and nature as capital components are often ignored. We need to behave as if

they were properly valued.” He noted that if ecosystems decline, it limits future profits. He recommended a way of doing business called Natural Capitalism ([www.natcap.org](http://www.natcap.org)) that included radically increasing resource productivity, closed-loop production, a solutions economy and reinvestment into natural capital as a solution to the waste of today and the encouragement of long-term wealth creation.

One audience member asked, “Does the everyday American care?” Lovins replied, “Most people aren’t presented good choices. When they are, they think about it and choose.” The wait list for hybrid cars is an example, he said. When asked what students can do, Lovins cited diverse examples: put napkin dispensers on the table, not at the end of the line and napkin use will decrease 6 to 8 fold, saving more than it costs for extra staff to stuff the holders; don’t take what you won’t eat at a smorgasbord; and carry around a garbage bag of everything you throw away that week to become conscious of what you don’t need

to waste. “Figure out why waste is in front of you and fix it.”

Patton’s non-profit organization works on economic and cultural partnerships focused on protecting the interests of future generations. He noted that not enough people think about our children’s lifetime. “Why don’t we manage our resources as though the future mattered? There is more wealth there than in short-term management!” Patton said. He blames trapped equity in old equipment, unmeasured consequences of

today’s investments, and the lack of an integrated transitional framework for products across industry sectors. One example was a Laundromat. He explained that waste heat could be used in a greenhouse

and recovered again for the Laundromat. With water treatment on-site funneled from the laundromat, the greenhouse could become a “green machine.”

Other speakers included David Williams, ShoreBank Pacific president, who discussed

ShoreBank Pacific’s success in being the first commercial U.S. bank to frame its business around environmentally sustainable community development; Debby Kennedy, Brand Oregon Initiative director, who discussed how leveraging Oregon’s sustainable products helps the state build better brand images for businesses and consumers; Bruce Hecht, Oregon Natural Step Network, who shared how businesses can incorporate sustainable thinking into their operations; Karla Chambers, Stahlbush Island Farms vice president, and Wade Mosby, Collins Pine senior vice president, who shared their sustainability stories; and Tim Nesbitt, president of Oregon’s AFL-CIO and Kevin Cummings, Western United States-International Association of Machinists and Aerospace Workers (see related story page 4). COB faculty Mark Pagell, Roger Graham and Steve Lawton also participated.

“The speakers did a great job of exploring issues of sustainability in different industries and their impact on state, national and international economics,” said Jack Drexler, department chair and associate professor of business. “With the environmental, economic, social and ethical dimensions of sustainability, I think participants realized the far-ranging impact a sustainable business can have.”

The 2004 program was the third Emerging Topics Seminar Series hosted by the COB. Prior seminars were “War on Main Street” and “The Enron Implosion.” The 2005 series focuses on “Entrepreneurial Success: It’s Not Just the Money.”♦



## Ethics Drive the Corporate/Society Contract

Award-winning ethics educator Diane Swanson spoke to students and community members about “Business Ethics: A Contract between Corporations and Society” this fall as part of the College of Business Dean’s Distinguished Lecture Series. In her presentation, she defined ethics and explained the shifts in the business/society social contact over the years.

Historically, said Swanson, the marketplace and laws protect societal interests. There is a social contract with shared understandings between business and society. To explain her point, she noted Tylenol CEO James Burke as an example

of ethical leadership. In the 80s, Burke exceeded society’s expectations when he went against the advice of the FDA and recalled Tylenol capsules due to the fear that some had been laced with cyanide. “Tylenol’s mission was to serve people’s health,” Swanson said. “And so his employees worked around the clock and went above and beyond what the regulatory environment said to do.”

“In contrast,” said Swanson, “when you see Kenneth Lay in handcuffs, we’re changing the way we think about the social contract.”

Recent changes in corporate governance, including Sarbanes-Oxley, SEC financial reporting rules, accounting and auditing standards and organized stock exchange guiding principles, can be attributed to society increasing its expectations of corporate responsibility, said Swanson.

“We are living through an unprecedented eruption of corporate scandals,” she told her audience. “In response, we are seeing the greatest



Diane Swanson, award-winning ethics educator

change in regulatory rules since the 1930s.”

She cited Archie Carroll’s definition of corporate responsibility. Economic and legal responsi-

bilities of corporations are required. Ethical responsibilities are expected. Discretionary or philanthropic are desired.

“It’s not good enough that Enron won awards for its philanthropy when it clearly breached the social contract in economic and legal performance, resulting in bankruptcy,” said Swanson.

Looking ahead, Swanson is keeping an eye on additional shifts in the contract between business and society.

“We need to watch the amount of money business channels into government,” she said. “If corporate lobbying interests and political campaign contributions dominate the social contract, then the balance of power gets skewed toward vested interests.” Swanson also noted that multinationals often escape environmental and labor regulations that impact the social contract. “Ethics is relative,” said Swanson. “It gets messier the more you move around the world.”♦

# ALUMNI SUCCESS STORIES

## From Nordstrom to Niche, Adrian Offers Quality for Kids

For Ann Adrian (formerly Campbell), '83, her business degree launched a transcontinental career in consumer retailing. For 15 years, she rode the rising star of Seattle-based Nordstrom department store as it broke out of the Northwest and went nationwide in the '80s and '90s.

Ann went with it, starting with summer jobs at various Portland stores, then opening stores in California, on to larger roles such as a Buyer, Store Manager and finishing as a Regional Merchandise Manager for New York, New Jersey and Connecticut.

"I am forever grateful for my experience at Nordstrom," Ann said. "It showed me that the most important thing is to take care of your customers and stay close to them. If you don't care about customers, you don't have any business being in business."

### Quality for kids

Ann brought that customer-centric ethic with her when she retired from the retail giant in 1998 during a corporate restructuring. She returned home to Portland with her husband, Jeff Scott, and their 18-month-old son, Henry. They wanted to raise Henry closer to family, which included not only grandparents but also great-grandparents.



Ann Adrian, '83, Goodnight Room founder

As Ann set about furnishing her son's room, she found herself in the ranks of the frustrated consumer.

"I became disenchanted with the quality of the products and the level of service in the children's industry," she recalled. "Being older, more established parents, we felt that so much of what was offered for sale was of inferior quality. It didn't match the flavor of our home. We weren't interested in having everything made of plastic."

Though the Baby Boom ended decades ago, Ann recognized that babies never go out of fashion. Recognizing an unmet demand for quality merchandise for kids, Ann opened a tiny specialty shop. She dubbed it "Goodnight Room" – an allusion to the popular children's book "Goodnight Moon." The 2,000-square-foot shop on N.E. Broadway near Portland's Lloyd Center is smaller than most houses, but it was an instant success.

"We do an amazing amount of business for a store that size," she said. The store employs eight people with more to come in May when she and her husband open a second, larger store in Bridgeport Village in Tualatin. Ann's husband manages a related warehouse business as well.

### Look and do touch

Goodnight Room is a store that invites kids to play. The store has its own working "Little Engine That Could" train. Toys and books are merchandised in child-like themes including "Construction Zone" and "Land of Make Believe." Bath accessories are arranged in an old-fashioned lions-claw tub that originated in Ann's great grandparents Eastern Oregon ranch home.

"With the big box stores we have lost the charm of the little store around the corner. Maybe I'm just a bit old-fashioned, but I want personal interaction. I want to create an experience where children are welcome. I want to know that I'm taking care of people whether they spend \$5 or \$500. Good relationships and good business can go together if you do it right," she asserts.

If John W. Nordstrom, the Seattle shoe salesman with big dreams, were alive today, he would no doubt agree. ♦

## Clemons Manages Healthcare with A.I.

For 10 years straight, Forbes Magazine picked Gordon Clemons' company, CorVel Corp., formerly called Fortis, as one of the Best 200 Small Businesses in America. It was an amazing run, eclipsed only by Sonic Drive-Ins, a hamburger chain that has appeared in the listing 11 times.

This year, for the first time since 1993, CorVel Corp. did not make Forbes' hallowed list, but Clemons, Class of '65, was neither surprised nor concerned. As chairman, president and CEO, Clemons knows from experience that the health care services industry lags behind the economy by about 18 months, so he anticipated the downturn. He is confident that CorVel's application of artificial intelligence and internet technology to health care management will keep the company growing. Since its inception in 1988, CorVel has rocketed from \$2 million to \$300 million and now has offices in every state except Wyoming.

### Complicated business

"This business is a little hard to understand, because health care in America is complicated," Clemons explained. He uses an automotive analogy to explain CorVel's role in improving the efficiency of medical treatment and services.

"If you buy a car, *you* choose the car, *you* pay for it and then *you* get to use it," he said. "That is the normal role of a customer. However, in health care, the doctor chooses the treatment, the employer – or the government – pays for it and then you, the patient, get the benefit of it. Our goal is to pull those three roles together."

To serve patients, CorVel employs hundreds of nurses who act as patient advocates. They don't take care of the patients. Instead, these nurses serve as quality case managers: monitoring the patient's recovery, ensuring the patient is receiving proper care and following doctor's orders, helping with paperwork, working through medication issues and helping identify and solve treatment log jams.

A caring approach to health care economics is reflected in CorVel's name, which translates loosely as "of one heart."

For employers, insurance companies and healthcare professionals, CorVel works to improve the management and cost containment of healthcare in the workers' compensation, auto/liability, group health and disability areas. While assisting people in recovering from illness or injury, CorVel uses online communications, a national office network and advanced information technology to bring information to all parties and proactively assist patients in their care process and business in their claims management.



Gordon Clemons, '65, CorVel CEO

For example, as part of its technology solutions, CorVel is applying artificial intelligence (AI) to computer systems that review treatments and analyze bills. At CorVel's computer hub in downtown Portland, computers employ 5 million rules to mimic the routine actions of a human claims processor.

"We joke that a person can remember and apply a million rules, but it's that second million that gets you," he laughed.

### Engineer in business

CorVel's application of AI and adoption of internet solutions at its site [www.CareMC.com](http://www.CareMC.com) reflect Clemons' engineering background and an

interest in computers. Clemons grew up in Boise then enrolled at OSU in chemical engineering. A conflict between basketball practice and chem lab prompted him to switch to electrical engineering, then mechanical engineering. Midway through his engineering major, Clemons switched to Business and Technology, where his analytical mind excelled in finance. He particularly enjoyed a computer simulation class and the teaching of finance professor Per Sjogren.

“He was wonderful for me and my self-confidence,” Clemons recalled.

After receiving his MBA and doctorate, Clemons taught at Portland State University and then hired on with Ford Motor Co. A succession of jobs at FMC Corp., the presidency of Advanta in '80, the presidency of Intracorp in '81 and the presidency of CareMark in '85, led to the founding of CorVel in 1988. Two years after its initial stock offering in 1991, CorVel made its first appearance in the Forbes 200.

Looking back over three decades of business success, Clemons, now 61, realizes that retirement is approaching. But he isn't ready for the golf course just yet.

“I wish I were 25 again,” he said. “The technology in next 20 years is going to be breathtaking.” ♦

## Lobbato Creates International Path to Success

**I**n international business, it is all about culture,” says Joe Lobbato, Class of '81, MBA '82, and COO of Central Group in Thailand. “If you take American business practices, or ideas from Paris or San Paulo, you really have to think, how would that work in Hong Kong or in Sydney,” said Lobbato. “Before you ever take an idea to a client, you have to think it through and be prepared for considerable resistance to change.”

That advice, given by Lobbato to more than sixty people at a Business Alumni Network meeting, was but the tip of the iceberg for the very successful 46-year old COB alumnus.

“You have to understand culture and how decisions are made,” Lobbato said. “The complexity of languages, religions, customs – where yes means no and no means yes, as well as very messy politics, makes international business a minefield.”

But, it is a minefield that Lobbato has traveled well. After winning a rotary exchange when he

was 16 years old, he traveled to Bolivia only to find upheaval and a new dictatorship. He arrived there three weeks before school ended and it never started again. Go home? Not Joe Lobbato. He spent the year traveling South America and upon his return succeeded in his appeal to the Corvallis High School Board to graduate.

A year before he finished his MBA, he had an offer from Arthur Andersen. It was the only company he ever interviewed with and during the process requested to work overseas.

“It is not because I don't love the United States,” said Lobbato, an Eagle Scout and U.S. taxpayer. “I'm probably the most patriotic in this room.” However, the draw for more international experience set the stage for his ongoing success.

Lobbato consulted for Arthur Andersen in Denmark, Sweden, Norway and the United Kingdom in various industries including Insurance, Banking, Transportation, Oil and Publishing. “Being part of a consulting firm is not the easiest way to go,” said Lobbato. “Clients give you the thorniest projects and you have very long hours.” However, said Lobbato, the learning curve in consulting is three times what you'd find in industry.

“I dislike doing the same things twice and three times makes me crazy,” said Lobbato. “I've been very fortunate to have been able to try new things. Sometimes you have to go against the herd and be aggressive politically, in a smart way, to do what makes sense from a business perspective.”

Lobbato spent about 12 years based in Europe working for consulting clients in Denmark, Sweden, Norway and the United Kingdom. He was promoted to partner, and then managing partner. After several expansions of geographic responsibility while with Andersen Consulting, including S.E. Asia and Greater China; Lobbato stayed the course with Accenture, Arthur Andersen's consulting business that became a separate company. There he grew to oversee all of Accenture's retail operations in 14 countries in Asia Pacific and was responsible for the company's largest Hong Kong client.

“In 1997, with the Asian crisis and inflation out of control, I spent three years reforming the Federal Reserve Bank in Thailand,” said Lobbato. “The monarchy had lost \$25 billion and I worked under the Prime Minister with the Secretary Gen-



Joe Lobbato, '81, MBA '82, Central Group COO

eral of the Civil Service and Federal Reserve Chairman to help fix it.” This was about the time Lobbato had planned on coming back to the United States. After traveling 600,000 to 700,000 miles a year, he's still there.

When Accenture went public in 2001, Lobbato became a founding partner. It was the biggest international public offering in the United States in 2001 and the largest public offering of a partnership ever.

“When I started at Accenture, there were 3400 employees,” he said. “There are near 80,000 now.” According to Lobbato, turnover in the consulting business is 50 percent the first year, 90 percent after three to five years. “When I left, there were three people remaining from the year when I joined!”

After 22 years at Accenture, Lobbato decided to take an early “retirement” and do something new. After a 3 month recouping vacation on his yacht in the Gulf of Thailand, he now works as the COO for the fifth wealthiest family in Thailand at one of the largest and most successful fam-

ily companies in S.E. Asia called Central Group. Central is a USD 3.5 billion private company that is into retail, property development, hotels, fast food and textile manufacturing. “I'll be helping them move from a family-owned business, to a professional corporate organization,” he said. “Then they can monetize if they so desire,” he said. “We followed a similar path at Accenture as we transitioned from a partnership to a publicly traded corporation.”

When asked to what he would attribute his success, Lobbato told the alumni audience that it was “luck.” “Mentors, too,” he said. He noted a partner that took him under his wing and he remembered “great teachers like Art Stonehill. Those were some of the best classes I've ever attended,” he said.

He encouraged attendees, “find someone who takes you under their wing, who will coach you and show you the ropes, and is not afraid to tell you that you are an idiot if you continue to go in the wrong direction. It helps every time.” ♦

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The 2004 Alumni and Business Partner award winners include Joe Lobbato, Steve Gilley, Brent Bullock, Don Robert, Allen Leggett, Pat Hraba, Sonja Haugen and Bruce Hraba. Not pictured: Donald Atkinson, E. Scott Hildebrandt, James Parkin and Kenneth Thrasher.

## Alumni and Business Partners Recognized at Awards Dinner

The College of Business at Oregon State University recognized a number of leading alumni and business partners at the 2004 Alumni and Business Partner Awards held in downtown Portland.

The Hall of Fame Award, which honors OSU graduates who have made sustained and meritorious business contributions throughout their careers, was presented to **R. Stevens Gilley**, a 1956 OSU graduate and Chairman of AG Hotels; and **Kenneth Thrasher**, a 1971 graduate and Chief Executive Officer of Compli.

Gilley was a national real estate executive for nearly five decades and president of one of the largest privately held real estate development and ownership companies in the nation. He's also an active philanthropist and community activist, former president of the OSU Alumni Association and member of several boards.

Thrasher, who had a 20-year career with Fred Meyer, including CEO of that retail firm, is now the head of Compli, a training verification and compliance documentation software firm. He is also an active civic leader, serves on the Oregon Business Council, and was honored for his "strong sense of business ethics and sense of leadership."

Five OSU alumni received the Distinguished Business Professionals Award, which honors mid-career Oregon State graduates who are still practicing their profession, and have demonstrated "sustained distinguished contributions to his or her profession, field, OSU or society at large." Recipients of this award included: **E. Scott Hildebrandt**, previous Vice President and Chief Financial officer of Merant Software, and a previous executive with InFocus and Tektronix; **Bruce C. Hraba**, President of Waterford Hotels and Inns, who has had a 37-year career in the hospitality industry; **Allen P. Leggett**, Senior Vice President of Arthur J. Gallagher and Co.; **Joseph F. Lobbato**, Chief Operating Officer of Central Group, one of the largest and most successful family companies in Thailand; and **Donald A. Robert**, Chief Executive Officer of Experian North America, an organization with 4,600 employees.

Three OSU alumni received the Distinguished Early Career Business Professionals Award, which recognizes alumni with less than 20 years of experience. Recipients of this award included: **Donald C. Atkinson**, Business Segment Manager for Kraft Bags and Single Face business at Weyerhaeuser Co.; **James D. Parkin**, a partner at Deloitte & Touche and chair of the college's Business Advisory Council; and **Brentley Milo Bullock**, a partner in Perkins Coie, member of the American Bar Association and chair of the Oregon Entrepreneurs Forum.

Two Distinguished Business Partners Awards were made, honoring non-alumni or companies

who have distinguished themselves through professional practice and service to the OSU College of Business, the profession or society. Recipients of these awards include: **Sonja Lee Haugen**, General Manager of Austin Industries and ex-officio member of A-dec Senior Management Group; and **Patricia E. Hraba**, Vice President of Waterford Hotels and Inns, who is also active in community and service activities and a member of the OSU Austin Entrepreneurship Program advisory council.

The 2005 Alumni and Business Partner Awards dinner is being held on Wednesday, May 11 at 5:30 p.m. at Embassy Suites, 319 SW Pine St., in Portland. The price for the event is \$30 per person, \$50 per couple and \$250 per table. To make a reservation, call 541-737-2219. ♦

## State's Top Family Businesses Honored

Four Oregon firms have been honored with the 2004 Excellence in Family Business Awards, presented by the Austin Family Business Program.

The awards recognize the achievements of family businesses in a number of areas including innovation, economic and community contributions and commitment. This year's winners include firms from Rickreall, Lincoln City, Dayton and Woodburn.

**Cherry Country**, an organic farming operation in Rickreall, was the top firm in the "micro" category, which includes businesses with nine or fewer employees. Judges noted the firm's efforts to work closely together to develop and market products and "tireless investigation into methods of utilizing cherries."

Gomberg Kite Productions, International of Neotsu and Sunset Farm and Nursery of Hillsboro were finalists in the category.

Among small businesses with 10 to 24 employees, **North Lincoln Sanitary** of Lincoln City

earned top honors from Austin Family Business Program judges.

In making their selection, judges made note of the garbage hauling and recycling firm's work to create new methods to recycle waste, as well as structuring company operations to minimize risk. Finalists in the small business category were Pro Weld of Eagle Point and Tec Laboratories of Albany.

The top medium-sized business, with 25 to 99 workers, is **C and D Landscapes** of Dayton. Judges praised the firm's efforts to serve their community with a variety of volunteer efforts, as well as emphasizing the quality of service in the company growth strategy.

Finalists in the category include Collier Arbor Care of Clackamas and WMCI Prime Evaluations of Portland.

The top large business with 100 or more employees is Woodburn's Specialty Polymers. Judges praised the firm for efforts to build a family-oriented work environment for employees, as well as retraining employees for long periods of time.

Finalists in the category were Capital City Companies of Salem and Powell's Books of Portland.

Additionally, the National Family Business of the Year Award - presented by MassMutual Financial Group, sponsor of the national program - was



The Kearns Family of C and D Landscapes, the medium-sized business winner, includes (back row) Laura, Josh, Daniel (Duran), Jacob, Sarah (Brown), Cal, Debbie, Front row: Kaleb, Abby (Duran) and Nicole.

presented to **Portland Transmission Warehouse**. Last year, the business was the top firm in the Austin Business Program's small business award category. ♦

# THE WEATHERFORD WAY



Panoramic photo of Weatherford Hall taken by alumnus Scott Cassidy, '82.

## Entrepreneurs Celebrate Grand Opening

**O**n Saturday morning, Oct. 23, 2004, the Austin Entrepreneurship Program at Weatherford Hall celebrated its grand opening.

OSU faculty and students joined Oregon Gov. Ted Kulongoski, Randy Conrads, the founder of Classmates Online, and lead donors Ken and Joan



President Ray addresses attendees at the Grand Opening of the Austin Entrepreneurship Program at Weatherford Hall.

Austin in recognizing the largest and most distinctive residential entrepreneurship program in the nation.

The celebration opened with speeches from prominent figures on the OSU campus, including Ilene Kleinsorge, dean of the College of Business, Tom Scheuermann, director of University Housing & Dining Services, and Ron Adams, dean of the College of Engineering.

Tom Loika, a junior in the College of Business and president of the Entrepreneurship Club, introduced Ken and Joan Austin: "Their gift will last years and make people like me into people like them."

"This new program is an opportunity for our students, our university, our state," Ken Austin said.

Austin, an OSU graduate, said he found a real need to help his alma mater. He encouraged everyone to get involved and support the program.

"I want these young people to feel good about themselves. I want all of us to plant the seed that opportunity likes in improvement," Austin said. "We can all be venture capitalists and invest in this great venture at OSU."

Because of inclement weather, keynote speaker Randy Conrads, entrepreneur and successful owner of Classmates Online, a \$70 million-per-year business, forewent his speech. However, he shared his thoughts about the program in an interview after the celebration.

Conrads, an OSU alumnus, has visited

## Resident Ben Hammond Chronicles a Week in Weatherford

**I**t was an average beginning to an average week. Rise early on Monday with minimum sleep beforehand. Go to class, keep eyes open, write down homework, attempt to understand reading, write down homework answers, go to sleep. Rinse, sleep, repeat on Tuesday. Yawn, Wednesday is here, time to go to class... or is it?

And so I found myself at the beginning of a week I had never expected, doing things very few people have the opportunity to do. That Wednesday morning I had breakfast with a lovely couple by the name of Dan and Jane Moffat. I sat at a table with them, Dr. Jon Down and only three other students. A lively conversation ensued, both Dan and Jane proved to be as witty as they were intelligent, eager to give us answers to our varied and numerous questions. The only thing was... these were no ordinary couple. Dan Moffat is the CEO and founder of New Edge Networks, a company that

only started in 2000 and took the IT world by storm. Already breaking even by 2003, they are now bringing in over 100 million dollars worth of profit a year. And they were there to talk to us.

Needless to say, my mind was slightly blown after that amazing breakfast, so I had barely recovered when I found myself sitting down with a Mr. Randy Conrads for dinner Thursday night. Being an IT junkie and CS major, I was in heaven. From an explosively booming network company



Governor Ted Kulongoski; Bill Furman, Greenbrier Companies CEO; and Ben Hammond, Weatherford resident and Austin Entrepreneurship Program participant, visit during the Grand Opening.

to a hugely profitable dot.com entrepreneur, I was suddenly finding myself conversing with amazing people who had grabbed life by the throat and turned it into what they dreamed it could be. And best of all, they were taking time out of their lives to speak to us, because they thought that we could do what they did. Trust me, having a millionaire believe in you goes a long way for the ol' self-

(Continued on page 16)

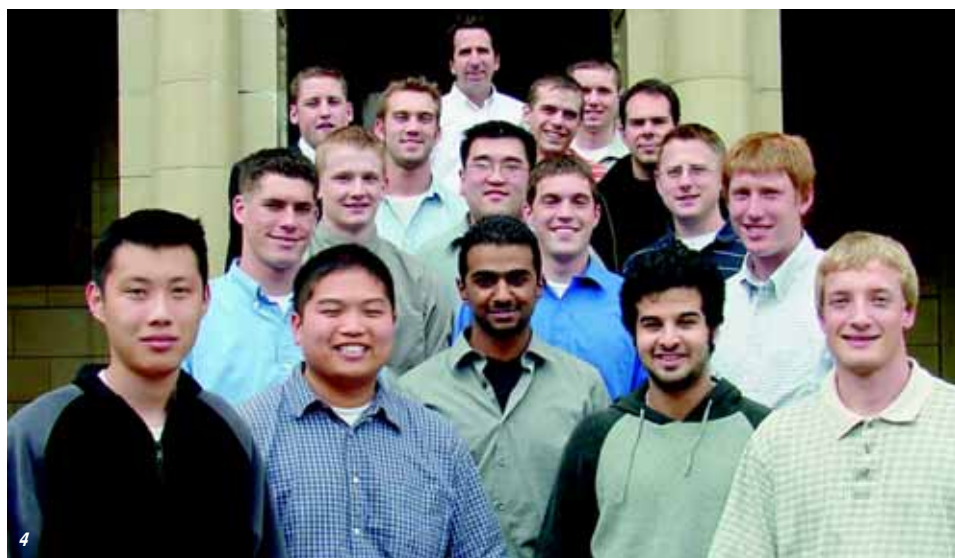
(Continued on page 16)

# THE WEATHERFORD WAY



## Rededication Touches Hearts and Hopes

Everyone knew the governor, the Austin family, the dean and the founder of Classmates Online would be there for the rededication of Weatherford Hall. But no one knew who else would brave a stormy homecoming Saturday to sit under canopies before the historic arch and listen to speakers usher in a new era of business and innovation at OSU.



Lee Collier, '51, proposed to Hazel on a Weatherford balcony in 1951.

No one knew that Lee Collier, '51, and his wife Hazel, would drive up from Eugene, carefully holding a framed, black-and-white photo from the night Lee proposed and slipped a ring on Hazel's finger at the annual Weatherford Club Ball. Hazel even brought along her dance card from that night.

It reads:

Weatherford Club Presents  
Annual Roof Top Formal  
Saturday, May 19, 1951  
8:30-11:30

As Lee pointed up to the southern balcony where he proposed, Hazel reminisced, "That breezy, moonlit night was the night of *our* beginning."

Lee and Hazel are pleased that Weatherford Hall, a landmark in the heart of OSU's campus – and in the hearts of many alumni – has been reno-

vated rather than razed.

"That's what should happen," Lee affirmed. "There are lots of memories for lots of people in this building."

## Promising future

The ceremony to inaugurate Weatherford as an incubator for budding entrepreneurs – a place where engineers, science students and business majors can rub elbows and swap dreams – attracted people who have little interest in student housing. However, they are keenly interested in the future of Willamette Valley technology and the bright young minds that will drive it.

Listening attentively in the crowd was Frank Hall, former president of the Corvallis Chapter of the Software Association of Oregon. Hall has been following the renovation since its inception, has slept in the dorm's guest room, and has met with groups of students.

"I see this program as giving recognition to the entrepreneurs we need in Oregon and Corvallis," Hall explained. "This is a step forward for the economy and for knowledge-based companies."

Braving the sprinkles outside the canopy was Skip Rung, former head of Research and Development for HP's inkjet business. With each speaker, he applauded emphatically, like a Beaver fan after a winning score.

Since his retirement from HP, Rung has been working tirelessly to create a fertile business environment for nanotechnology and microscopic devices.

With Weatherford's reopening, Rung sees an important piece falling into place.

Jerry Mason, '65, an investment realtor and partner in Westland Investment Realty, LLC, likened Weatherford's entrepreneurial living arrangement to a science experiment.

"It's like a giant Petri dish," he explained. "You



Page 14 photos: 1. Chris and Jim Williams, MBA '67, compete in the bathrobe competition at a major donor sleepover event at Weatherford Hall. 2. AEP director Jon Down and a team of students (not pictured) meet with Senator Frank Morse to discuss legal and legislative issues involved in setting up a Weatherford Venture Fund. 3. The Weatherford Dining Hall is demolished to make way for a grass amphitheater area. 4. Inaugural '03 AEP members: (left to right, top to bottom) Justin Craig, entrepreneurship professor; Ryan Hildebrand, COB; Chris Ripper, COE; Jeremy Henzell, COB; Russell Perkins, COE; Dominic Radominski, CLA; Trevor Sarazin, COB; Tom Loika, COB; Ryan Stevens, COE; Chris Tyler, COE; Tyler Walters, CS/COB; Rhys Konrad, CHHP; Alan Mui, COE; Brian Gin, COE; Dhari Aljutaili, COE; Choudhury Aziz, COE and Howie Price, COB. 5. Dan Larson, OSU University Housing and Dining Services, Jim Williams and Pat Hraba at an AEP board meeting.

# THE WEATHERFORD WAY

put the right ingredients together, stir it up, and stuff *will* happen. Nobody knows what's going to happen, but there is nothing more powerful than an idea whose time has come."

Peter Johnson, a retired chemical engineer, came to the Weatherford opening in search of potential interns. Johnson, co-founder of Tekmax, Inc., a company in tiny Tangent, Ore., that dominates the global market for machines used to make car batteries, established a dozen summer internships for freshmen in chemical engineering.

"If this were a pool, I'd go here to fish!" Johnson quipped. "To me, it is a very rewarding experience to talk to the entrepreneur classes. I try to talk not just about money, but also about opportunities."

Partha Lakkur, a retired integrated circuits engineer who specialized in image processing for HP, had a very personal reason to attend the Weatherford Hall dedication. His son, Vinu Lakkur, a freshman in the College of Business, is in the first class of residents. When rain cut short the speeches outside, Partha stepped inside to look over student displays of promising technology.

"It is a very good idea for the students to be engaged early, rather than be bookworms," Lakkur said. "It is good for them to get some practical experience." Eager to assist, Lakkur offered to help a student design an aerial surveillance system for a radio-controlled helicopter.

## Innovative doors

News of the opening attracted Greg and Brandie Stucky of Albany. They brought their sons, Jared, 5, and Cameron, 7, to Weatherford to show them the place "where Mom and Dad met" in 1991.

Greg, a Food Science major, is now Vice President of Global Services at InsightsNow, Inc., a market research firm in Corvallis specializing in



The Stucky family, Brandie, Greg, Jared and Cameron, find Greg's Weatherford door that she painted while he was a resident.

consumer packaged goods. Greg was a Weatherford resident until 1994, when the dorm was closed and locked.

In the years before its closure, Weatherford was noted for allowing residents to paint their doors. Greg and Brandie were thrilled to see that the Phantom of the Opera mask that Brandie painted on Greg's door more than a decade ago has been preserved.

"The university did a great job with the renovation," Greg said, "It was an entrepreneur's dorm even then. It attracted independent thinkers who wanted to do their own thing. It's a great extension of the original Weatherford spirit."



Ron Weatherford

## Ron Weatherford

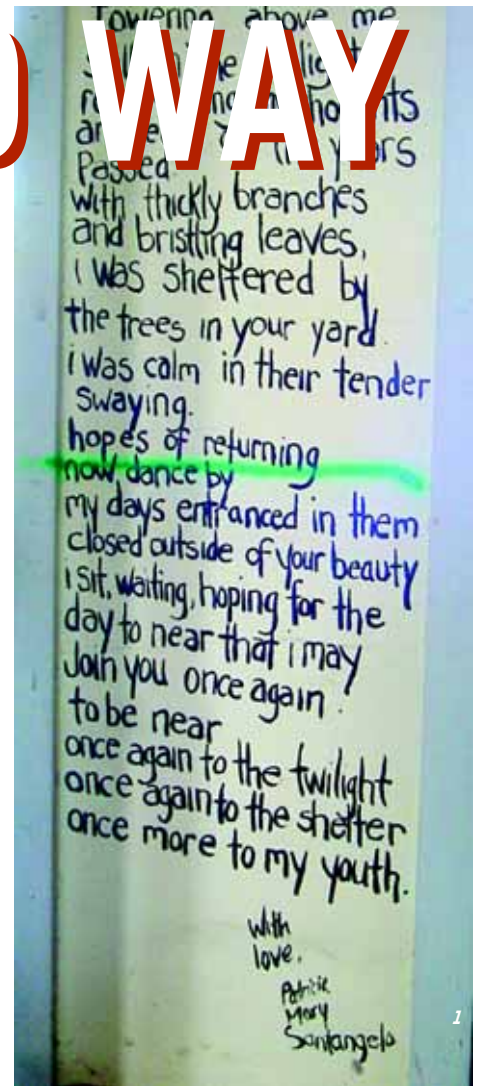
The surprise of the morn-

ing was the appearance of Ron Weatherford, who came down from West Salem because he was concerned that no one from Weatherford family would be present at the dedication. He was anxious to share the memory and the spirit of his great uncle, J.K. Weatherford.

"My great uncle was a farmer and an attorney, but down inside him, he wanted to help farmers, so he started agriculture experiment stations. He was a guy who always did something new. This idea of a dorm for entrepreneurs is a continuation of what he did. That's why I had to be here today."

He looked up at the grand old edifice that bears his uncle's name. In a few short years, it has been transformed from a deserted, aging eyesore into a symbol of the future for OSU, Corvallis and the mid-Willamette Valley.

"My uncle would like this," Ron said. "It fits." ♦



Page 15 photos: 1. Prior to Weatherford's closure in 1994, students expressed themselves in many ways including wall poetry. 2. Sean Arey, Trysting Tree head golf pro, put on a golf clinic for Entrepreneurship Society students. Trysting Tree donated to the Weatherford renovation and named the Trysting Tree Conference Room. 3. Gary and Jen Epping, Epping Construction, participate as State Farm Visiting Fellows by talking with AEP students during a Fireside Chat. 4. Justin Craig, assistant professor of management, talks to Brian Gin and Mike Thomas in the first Introduction to Entrepreneurship class. 5. State Farm representatives Jeff Aeschliman and Steve Morse present COB Dean Ilene Kleinsorge with a check to name the State Farm Executive Suites. State Farm has also sponsored the State Farm Visiting Fellow program which brings more than two dozen business professionals a term to visit with AEP students.



## Entrepreneurs Celebrate Grand Opening

(continued from page 13)

Weatherford Hall on several occasions to meet with students and plans to continue visiting.

"This is something I would have liked to see when I was a student," Conrads said. "I would like to come down relatively often to meet with the students."

Conrads has a lot to share with budding entrepreneurs. "I can ask questions they might not think to ask," he said.



**OSU President Ed Ray, A-Dec Founders Ken and Joan Austin, University Housing and Dining director Tom Scheuermann, Entrepreneurship Society President Tom Loika, College of Engineering Dean Ron Adams, College of Business Dean Ilene Kleinsorge and Classmates Online and RedWeek.com founder Randy Conrads speak at the Grand Opening.**

Conrads encourages students to not get discouraged when dealing with setbacks in the early stages of their entrepreneurial careers.

"It's important not to be looking at what other people are doing," he said. "Find what you like to do."

Conrads credits much of his success to his wife, his inspiration and encourager. When Conrads first thought of starting the business, he was in his mid-40s with two college-bound teenagers. With the support of his wife, he quit his job and gave himself six months to make salary. After eight months and still no salary, it was his wife who told him to keep going. Not until a year and a half later did he reach that goal.

Now, as a successful business owner, he can look back at the importance of having an inspiration. "Everybody needs something like that," he said.

Conrads has a great deal of confidence in the Austin Entrepreneurship Program and the doors it will open up for OSU students. He recalls his experience of buying a company from two Harvard graduates and making it more successful than they had.

"Being an OSU grad doesn't make you any less than a Harvard grad," Conrads said. "We

shouldn't take second to anybody."

Gov. Ted Kulongoski is also a strong supporter of the program. In an interview with the Daily Barometer, Kulongoski addressed the question of how the program might affect Oregon's economy.

"The challenge in Oregon," he said, "is to look at the long term, what Oregon will be like in 20 to 30 years."

He mentioned three factors in Oregon's economic future: "recognizing the global economy, recognizing the critical role that technology plays in the vision of globalization, and that when competition is put in marketplace economy with technology, it is critical to have education as the number one priority."

"What OSU and the Austin Entrepreneurship Program are about is recognizing these factors — that's how it all comes together," Kulongoski said. "It has potential to change some of the views we have about students and higher education and how we design educational programs for students."

Kulongoski sees the program as a huge benefit. "I think it's the future of OSU, of this country," he said.

Joan Austin said she has always been a strong advocate for education.

Austin, one of five children, graduated from high school at the age of 16, went straight to work at an insurance firm and never got the chance to attend college. She said she missed being able to mature with people her own age, but got her education in business surroundings.



**More than 250 people attended the grand opening.**

Always an ambitious woman, she was drawn to her husband Ken's ambition.

"I could see he was an entrepreneur all the way through," she said. "He would walk into a company and could see all the ways he could make it better."

After eight different jobs, Ken decided to pursue his entrepreneurial goals.

"He said 'We can do that,' and I said, 'I can help you,'" Austin said.



**Aerial photo of Weatherford Hall taken by Dylan Boye, a sophomore and AEP resident. Boye is working with partner Blake Heiss to grow their multimedia company, Epoch Media.**

She said it is important to have someone who shares your dreams and goals with you. "By having someone to share it with, you can share the worries and lean on each other's shoulders," she said.

She attributes their success to a lot of dreaming, a lot of hard work, and a lot of caring. "We can dream together, plan together, and work through the solution together," she said.

Joan has a great deal of confidence in the Austin Entrepreneurship Program. "I don't see any reason why it won't grow and flourish on its own," she said. "Success breeds success."

"It's wonderful to see that beautiful, majestic building now house something so new, something that will be so wonderful for Oregon," she added.

"I want to see these young people getting the education they should," Austin said. She and her husband plan to stay as involved in the program as they can. ♦

*By Tara Sullivan, The Daily Barometer  
Reprinted with permission of The Daily Barometer*

## Resident Ben Hammond Chronicles a Week in Weatherford

(continued from page 13)

team.

After dinner, I had the pleasure of going to an intense and in-depth fireside chat with Mr. Conrads. A group of similar, like-minded students helped me pick his brain for all the wisdom we could find. And the best part was, he seemed to like it.

That next morning I awoke to find myself wondering if any of it had been a dream, well, at least until I realized that I was to meet perhaps the most exciting Weatherford Fellow yet, a Mr. Bill Furman and his wife Mrs. Joyce Furman. I wasn't as com-

pletely overjoyed as I had been for the last two, due to the fact that while extremely successful, Mr. Furman's rail car business was far from the IT field that I had been so recently engulfing myself. I could not have been more wrong. While Mr. Conrads had let us pick his brain, and Dan Moffat had dazzled us with his intelligence, the Furman's were simply amazing. Bill Furman took every single question we had for him in stride and threw them back at us harder, he examined every person at that dinner table and pointed out our strengths and our weaknesses. I left that dinner feeling like he knew even more about me than the considerable amount I learned about him. While Mr. Furman was a tiger, Mrs. Furman was a lioness. Not only was she every bit her husband's match, but she pointed out correlations in our various environment that left my head spinning. By the end of the fireside chat, I was completely drained, and yet so full of ideas I could barely contain myself.

After such a hectic week, I was about ready for some rest and relaxation, boy was I wrong. Saturday morning was a firestorm. I woke up early, helped set up chairs, helped organize the rooms for guests, managed to grab a cup of coffee and then the chaos started. For five hours I played host to hundreds of people, from prominent political figures to rich, affluent business people, to ex-residents, come home to see their beloved Weatherford. After all the training I had had that week, after all the skills I had learned, I was in my element. I gave more tours than I could count, helped people find their son's or daughter's old room, met the Governor, met the college president. I even helped an old lady down some stairs. You name it, I did it. And you know what? I owed it to Weatherford. Weatherford had already given me so many opportunities that week, I would have done it for another five hours out of sheer gratitude. Well, I would have, if I hadn't passed out on my girlfriend's couch after finishing cleanup. ♦



## Call an Itch Expert

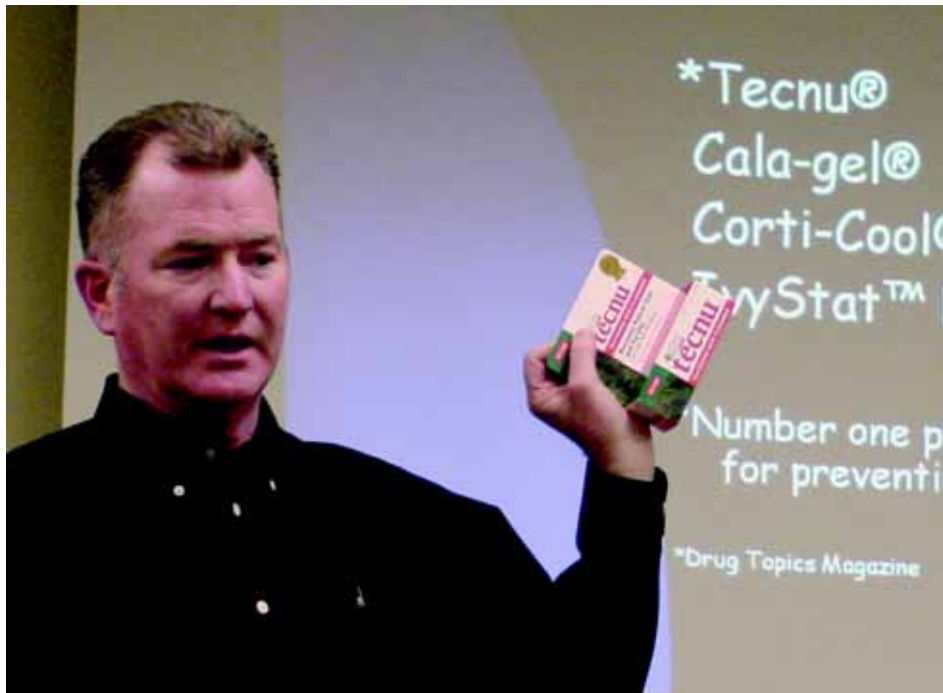
Have an itch? A real itch? One that won't go away? Call the "itch experts"—Tec Laboratories (Tec Labs) in Albany, that is. In their first meeting of the new year, the Entrepreneurship Society did just that by inviting the "itch expert's" president, Steven Smith, to share his secrets of company success.

Tec Labs creates skin rash, insect repellent, head lice and other skin defense products. The award-winning company ranks number seven worldwide in *The Scientist Magazine's* "Best Places to Work in Industry" and has also ranked highly in *Oregon Business magazine's* "100 Best Companies to Work For."

"We learned long ago that to attract and retain the best employees we needed to create and nurture a corporate culture that sincerely focuses on employees and family," said Smith.

Smith began the company in the late 70s by developing the formula to prevent skin reaction to poison oak and ivy.

In the 60s, Smith's father, Robert, had been developing the formula but he did not devote all his time to perfect his invention. After, Smith broke his arms and a leg in a fall from a 20-foot extension ladder while washing windows; he built Tec Labs to find a "safer" way to provide for his family. Smith worked with Robert to start marketing the product as Tecnu, which stands for "technically new."



Steven Smith, Tec Laboratories president

"We mainly used word-of-mouth to sell the family recipe," said Smith.

Today, Tec Labs produces more than a dozen products including Tecnu, IvyStat, CortiCool and PowerDEET30 and sells them through national chain stores including Wal-Mart, Albertsons, RiteAid, Safeway and Walgreens. Some online stores such as Amazon.com, AmericanSafety.com and others also offer Tec Labs products.

Smith told his audience, "Success doesn't come

overnight. Core company values help keep the company on track. These values include doing the right thing, working together on things we believe in, staying focused on our purpose and having a belief in perpetual improvement and innovation," Smith said.

"If you couple that with a 360 degree evaluation system, our new state-of-the-art facility and financial stability, a very positive situation is created for getting and retaining superstar employees." ♦

## Credit Quality Must Be a Priority

When Bill Humphreys, Citizen's Bank CEO, spoke in a financial accounting class, he asked students to put themselves into the role of a loan administrator or director of a bank. He said, "When you're lending, it's not the return on the money. It's the return of

the money that really counts." To avoid loan losses, he discussed the importance of sound credit policy and credit approval processes, and that exceptions should be infrequent and difficult to attain. "Credit quality must be a top corporate priority and

cannot be compromised for short-term profit," he said. He emphasized that despite potential declines in earnings, irresponsible actions from competitors or pressure from shareholders, leadership has to be committed to its credit policies and not waver because a healthy credit culture will be favorable to all interested parties in the long run. "Strategic risk management is the best way to ensure consistent earnings and maximum shareholder value," said Humphreys. ♦



Bill Humphreys, Citizen's Bank CEO

## Pat Stone Shares Management Lessons

Pat Stone, the 2004 McHenry Lecturer, shared management insights with students and faculty members from his experience in the military, as a stockbroker and being in the title insurance business.

"It's about focus, execution, discipline and vision," said Stone. "It doesn't matter how smart you are, it is the discipline you bring to the table." In the management lessons he shared, he said that brains were overrated. "The greatest fault is to

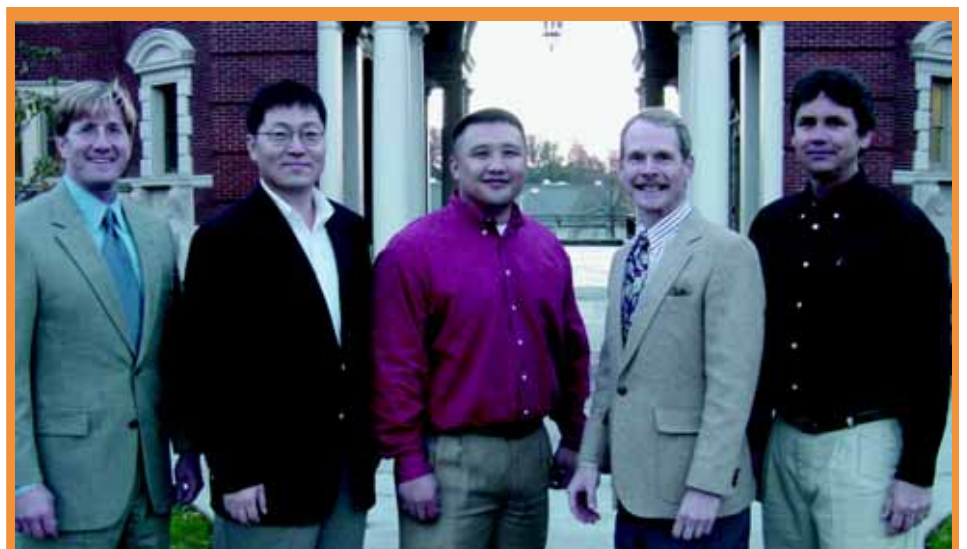


Pat Stone, 2004 McHenry Lecturer

think you are smart," said Stone, "Stay humble. Being effective is what counts."

He also recommended to students to challenge all assumptions and to remember, "It is about the money!" Stone said that you are only limited by your expectations. "Don't ever expect to lose money, ever." He also said, "It's not who you hire, it is who you fire." In regard to having a good idea, he paraphrased a Linus Pauling quote and answered, "have a lot of ideas and keep the good ones!"

Stone concluded by sharing some life lessons. He said that he prioritizes health, family and job and thinks that it is important to keep your family involved. He said, "Don't ever put your job ahead of your family or you end up losing your family and keeping your job." ♦



Target Store Team Leader Nic Vu, '95, (in red) delivers the \$2,500 grant to marketing professors (left to right) Keven Malkewitz, Stephen Kim, Hal Koenig and Jim McAlexander. The grant provides scholarships for marketing students and helps support Marketing Club activities.

## Integrated Marketing Key to Brand Building

**P**eter Moore, an integrated marketing communication consultant, analyzed the Adidas “Impossible is Nothing” campaign with marketing students in Keven Malkewitz’s BA493 Advertising Management class.

Moore has been an integral part of advertising, branding and product work for Nike and Adidas, including Adidas Equipment, Nike Air, and Air Jordan.

“Know who you are talking to and who you are talking about,” said Moore. “With integrated marketing, advertising in any media makes sense and is an important part of the whole brand building process.” ♦



*Peter Moore, integrated marketing communication consultant*



*Jon DuFrene, '80, State of Oregon Controller's Division*



*Jodi Rasor, '96, JELD-WEN*



*David Stallcop, '96, MBA '97, Vanport International*

## Winter Career Symposium: Alumni Give Advice

**T**hanks to alumni and friends who participated in the College of Business Career Symposium in January. More than 200 students attended information sessions in the areas of accounting, entrepreneurship, finance, international business, management, marketing, management information systems, MBA, family business, resume writing, interviewing skills and more.

Career panelists included: (accounting) Sheryl D'Souza, Resources Global Professionals; Jon DuFrene, State of OR Controller's Div;

Tracy Nashner, KPMG; Amy Sanford, Nike; (entrepreneurship) Shannon Bohard, Fusion Marketing; Gary Epping, Gary Epping Construction; Becca Williams, WallNut; (finance) Chris Kaufman, Adidas America; David Newman, OSU Federal Credit Union; (international business) Nick Degliantoni, Allports Forwarding; Julianna Johnson, Wieden & Kennedy; Jodi Rasor, Jeld-Wen; (management) Grant Cyrus, Target Distribution Center; Justin Geddes, Valley Wine Co./Gallo; Walt Marchbanks, Rose Qtr. Catering; Christina

McDonald, Marsh USA, Inc.; (marketing) Cedric Berry, Thomason Auto Group; Melissa Kellogg, Freightliner; Katie Sepulvado, Merck, Inc.; Wendy Starker, OSU Recreational Sports; (MIS) David Johnson, Standard Insurance; Mike Hortaleza, PCC Structural; Clint Kaiser, First Tech Credit Union; (MBA) Wendy Krislen Adams, Linn Benton Community College; Steven Siegel, Lumbermen's; David Stallcop, Vanport International and Craig Topping, Accountemps; (family business) Alex Bianchi, Bianchi-Amaker Construction. ♦

## Intellectual Property Expert Briefs MBA and AEP Students

**G**ary Glisson, an attorney at Stoel Rives, covered a range of legal information when he discussed “Managing Intellectual Property for New Ventures” with MBA and Austin Entrepreneurship Program students. As a partner in the Stoel Rives intellectual property (IP) group and co-chair of its Technology Ventures Group, Glisson communicated the range of legal complexities, in understandable terms, surrounding managing a company’s IP.

The four lines of IP include patent, copyright, trade secret and trademarks. Glisson said that in business, there are default rules of who owns IP. However, in each category it is very different how those rules are applied. In the patent area, if an employee is hired to create and invent, all patent rights in the invention go to the employer. However, if an invention is not related to the employee’s job, an individual can have invention rights. In terms of ownership of a patent, if the employee is

using the facilities of an employer, the employer generally has claims to it. Glisson said there is a gray area if an employee has an idea at work,



*Gary Glisson, Stoel Rives partner*

doesn’t disclose it to the employer and then tries to patent the idea and make money on it. “How much information the employee learned at work that is applied in the invention can make a difference in ownership,” said Glisson. He also shared that the term “patent-pending” is not a legal term and is only an attempt to forestall infringements before the patent application is examined and reviewed.

In the copyright area, the employer owns the

rights if the work is done by an employee. In the situation of a contractor, a contractor retains all copyrights unless specifically stated in a contract.

In the areas of trade secrets and trademarks, Glisson said these are business rights, not individual ones. “Trade secrets provide a commercial advantage to a business because it is a secret,” said Glisson. Trademarks are symbols or words that are part of the product or service it relates to. “If you have a trademark or logo created by a graphic artist for your business, you need a contract with the graphic artist so that the company will own the copyrights in the trademark or logo!” said Glisson.

Glisson also covered other areas of interest to inventors, such as the Assignment of Inventions. “If you are an investor, you will want to make sure IP is all buttoned up with agreements,” said Glisson. “Even if you are in a startup, it is important to get basic protections in place. If one person leaves, who owns it?” ♦



*Steve Schell, a partner with Black Heltterline LLP, shared his insight on Ballot Measure 37 with more than 70 attendees at the Austin Family Business Program workshop: Growing and Innovating the Family Agribusiness. Schell, one of several presenters throughout the day, discussed how Measure 37 works and its impact on agribusiness. He addressed reductions in value from land use and that you have a right to make a claim if you bought your land before regulations were adopted. He reviewed the process for filing a claim, determining compensation or waiver issues and proving that your property value was reduced. He also encouraged participants to think about how they were holding their property and what they should consider before transferring ownership.*

## Tri-Met Educates Students on “Intelligent Fleet Management System”

Students of Information Management (SIM) Club organized a field trip to Tri-Met in January. Tri-Met operates a comprehensive transit network including the MAX light rail system, bus lines and a transit service. The field trip gave Management Information Systems (MIS) students a first-hand look at Tri-Met’s operation, information technology and MIS such



AJ O’Conner, Tri-Met, explains on-vehicle systems with MIS students.

as the Intelligent Fleet Management System.

Students rotated through three different sessions. One session included boarding a bus and seeing the extensive on-vehicle systems including a vehicle control device, an on-board computer that communicates with a Global Positioning Satellite system, an automatic passenger counter system and a transit signal system. Another session provided demos of Tri-Met’s Geographic Information Systems and web-based systems.

These systems track current locations of buses and trains, enable riders to plan trips online, and tell riders when the next bus/train will arrive at their stop. Students learned about the importance of real-time information in improving customer service, customer safety and operations management.

Another session helped students understand the collaborative management of the Portland metro area fiber backbone that Tri-Met built along with other business partners such as ODOT and the City of Portland. This session provided an overview of how Tri-Met manages the convergence

of voice, data and video communications. Students had the opportunity to learn about the typical day of a network manager.

The field trip also provided an opportunity for students to meet several IT managers at Tri-met. “Using real-time data sets us apart,” said Paul Hess of Tri-Met. “We centralized IT early, 10 years ago, and it is working well for us.” Tri-Met hosts shared some career insight with students. AJ O’Conner of Tri-Met said, “The way to succeed is to get to know the business.” Lisa Yeo, the chief information officer at Tri-met who is also a member of the MIS Advisory Council at OSU said, “One of the biggest needs in this field is project management... understanding the business need and knowing how to scope out a project to address it is important.”

After Tri-Met, the students participated on another field trip to Intel supervised by Nancy Cox, information systems and technology manager for Intel’s Oregon site. Later that evening, students networked with some top IT professionals in the Portland metro area during a dinner banquet at the Society of Information Management monthly meeting. ♦

## AEP Helps Entrepreneurs Take Business to the Next Level

(continued from page 1)

graphic design, TV commercials, wedding videos and more. After taking a hiatus their freshman year, they moved into Weatherford Hall and are currently engaged in projects for multiple repeat clients.

“We have been allotted a larger work space so that we aren’t doing it out of our room,” said Boye. “We’ve also volunteered to be a beta tester hub for some of Hewlett-Packard’s latest consumer technologies.”

Heiss took the Introduction to Entrepreneurship class last term and both have participated in informal AEP student activities including the “Weatherford: The Brand” project. They are working to expand their business, mostly in the area of video production.

“It is great being with like-minded students in Weatherford with similar ambitions,” said Heiss. “The driving force for us is the networks and experience we are gaining. It is a great environment to explore your creativity and push the envelope,” said Boye.

“Ultimately, I want to help change how people think and feel through the work we do,” said Heiss. ♦

**Financial Accounting Conference**

**THURSDAY MAY 12**  
8 AM - 5 PM CH2M-HILL Alumni Center, Corvallis, OR

\$150 (8 CPE Credits) Presented by the OSU Accounting Program  
INFO 737-4276 or [www.bus.oregonstate.edu/services/fac.htm](http://www.bus.oregonstate.edu/services/fac.htm)  
Register by May 5

**OSU**  
Oregon State University  
College of Business

## COB Students Build Knowledge in Operations Management

Home Depot in Albany hosted students in BA 357, Operations Management, as they learned about in-bound logistics, in-store inventory management, reverse logistics on product returns, purchasing management and general management issues in running a retail operation.

Separating into three groups, Home Depot managers escorted students to different store areas explaining the stocking process, just-in-time inventory management, bar-coding, the ERP sys-

tem and more. The last stop was a small receiving area where goods from vendors and the regional distribution center are dropped and put away on the floor every day.

“We do \$47 million in business in this store which is built to do \$25 million,” said John Ross, operations manager.

“We provide our employees good training and good pay and with more than 35,000 items, we have less than 1 percent out of stock to better serve our customers.” ♦



Operations Management students (left to right) Conn Fletcher, Kelsi Stoll, Tara Swett, Christopher Hall and Kevin Moore learn about Home Depot retail operations from Bill Stephens and John Thomas (maroon shirt), Home Depot associates.

## 2004 MBA Business Plan Competition Winners

### Technical Merit (\$1,000 1<sup>st</sup> place prize)

Quality of research, well developed and integrated plan

**1<sup>st</sup> Place:** Campus Retirement Corp.—Benjamin Dubrasich, Brain Roy, Dat Phan, Brandon Whitehead, Shannon Steiner

**2<sup>nd</sup> Place:** Professional Adventure Works—Kenyon Butler, Joanna Peck, Ronaldi Sukamto, Chad Meengs, Ryan Jensen

**3<sup>rd</sup> Place:** Vaevictus Gaming—Bryan Haynes, Shaun Mortensen, Neelam Sharma, Cristian Vyhmeister

### Artistic Merit (\$1,000 1<sup>st</sup> place prize)

Personal selling, quality of presentation, convincing and compelling plan

**1<sup>st</sup> Place:** Professional Adventure Works—Kenyon Butler, Joanna Peck, Ronaldi Sukamto, Chad Meengs, Ryan Jensen

**2<sup>nd</sup> Place:** Clean Can—Song Yang, Jonathan Welter, In Ug Ryu, Jim Howell, Cynthia Viner

**3<sup>rd</sup> Place:** Ikanno Motors—Sam Geser, Jill Postlewait, Ryan Saunders, Ryan Shurtliffe, Jason Brandenburg

### Viability (\$1,000 1<sup>st</sup> place prize)

Fundable venture, investor benefits clearly identified, commercially viable

**1<sup>st</sup> Place:** CoolFront—Adam Brown, Lingyu Dong, Kevin Gunnell, Soojin Song, Paul Stormo, Robert Wollemann

**2<sup>nd</sup> Place:** Campus Retirement Corp.—Benjamin Dubrasich, Brain Roy, Dat Phan, Brandon Whitehead, Shannon Steiner

**3<sup>rd</sup> Place:** Clean Can—Song Yang, Jonathan Welter, In Ug Ryu, Jim Howell, Cynthia Viner

### Elevator Pitch Winner (\$500 1<sup>st</sup> prize)

MarionUSA—Ryan Kuenzi, Jennifer Webber, Scott Locke, Donald Ollila, Robert Sands

Thank you judges: Steve Allen, Belle Vallee Cellars; Richard Carone, Pacific Horizon Ventures and Korvis Automation; Ed Foehl, Sequoia Capital Group; Dean Hansen, Pacific Continental Bank; Gil Miller, Virogenomics; Fred Postlewait, Oregon Coast Bank; James Schupp, Smith Barney; Jeff Strickler; Hetty Versteeg, Nova Garden Design and Justin Craig, Austin Entrepreneurship Program.

## Management Club Tours Target Distribution Center

The Management Club toured the Target Distribution Center to learn about in-bound and out-bound logistics, layout design and material flow process in the distribution center. Target managers explained that the distribution center is by no means a warehouse in the competitive retailing business. Through break-bulk and cross-docking operations, a distribution center is an integral part of a global supply chain and provides value-added services so that retail stores can get the right merchandise at the right quantity, time and low cost.



Target representative Doug Miners talks to students.

## Students Provide Recommendations to Humane Society

Students are doing their part in helping more pets get adopted from the Humane Society of the Willamette Valley. As part of a BA 457 Supply Chain Strategy class, students spent shifts conducting research with patrons of the Humane Society to help the organization improve their adoption process. The class submitted a report to the Humane Society and many of the recommendations were implemented.



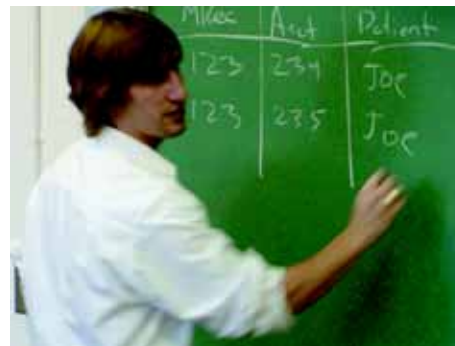
Michael Omeara, '04, interviews Bernadette Stoddard and son Andrew at the Humane Society in Salem as part of a Supply Chain Strategy class project.



The following students were initiated into Beta Gamma Sigma, the honor society for collegiate schools of business, for 2004-2005 (in alphabetical order): Seniors Thanida Chenvanich, Brian Collins, Courtney Gardner, Lisa Grund, Tyler Heying, Alycia Hofmann, James Ingerson, Benjamin McCoy, Kristopher Nielsen, Jessica Nopper, Russell Presley, Yubo Song, Kaysi Staller, Gregory Thomas and Juniors Michael Arnold, John Fisher, Lauren Goetzinger, Kevin Irish, Laura Keller, Ryan Kozar, Sheena McLeod, Kali Miller, Lauren Nelson, David Sacoolas, Ashley Younce and Kristin Young.

## Students Work on Claim Denial System Project for Stockamp & Associates

As part of BA 370, Business Systems Analysis, MIS students are partnering with Stockamp & Associates of Lake Oswego to improve an existing health care billing and claim denial information



Greg Laird, Stockamp & Associates systems analyst

system. Stockamp & Associates is a provider of revenue cycle improvement services focusing on financial and operational solutions for hospitals. "67 percent of the fees we charge our clients are contingent upon our systems working," said Greg Laird of Stockamp & Associates. No pressure here. The company briefed students on the system and how they need a way to track line item claim denials. "We need business thinking for a technical solution," said Laird. "We need to be able to show our tools are helping get the job done and helping hospitals work more efficiently." Students will deliver their project to Stockamp & Associates at the

end of the Winter 2005 term. In recognition of the students' investment, the company is making available two paid 2005 summer internships.



Poochapa "Fern" Ratanatham, MBA student, listens to her partner's instructions as she maneuvers around obstacles as part of an MBA teambuilding activity.

## Teambuilding MBA Style

Because working with teams is an essential part of completing an MBA, students tested their mental team working abilities on the OSU Challenge Course. Blindfolded students were coached around obstacles on the ground as an instructor called out, "This is no longer a minefield. This is the 2005 academic year!" Having to balance jobs, family, friends and school is no easy task, nor is emptying a bucket with only a bunch of rope or having a team raise a gravity stick which involves everyone's fingers touching the stick and raising at precisely the same speed. Besides being fun, observing how students worked together helped instructors put together Integrated Business Project teams for the year. ♦

# 2004 - 2005 Student Scholarships and Awards

## Scholarships

PriceWaterhouse  
Coopers  
Lindsey Allen

## ACCOUNTING

Chevron-Texaco

Matt Snyder  
Doug Wentworth  
Lauren Nelson  
Amanda Raether

## Deloitte & Touche

Shawn Eichner  
Lisa Grund

## KPMG

Katie Neuschwander  
Rebecca Thomas

## Moss Adams

Andy Kaiser  
Alycia Hoffmann

## OSCPA

Christina Allen  
Lindsey Allen  
Erin Barnes  
Rian Berg  
Daniel Dodge  
Phuong Huynh  
Andrew Kaiser  
Ian Lewallen  
Aric McKinnis  
Angelica Phillips  
Lindsay Roshak  
Nicholas Rutledge  
Ryan Stanton  
Don Valdivieso  
Annie Winger

Stover Neyhart & Co  
Jing Yuan

Tektronix

Ryan Pasquarella  
Don Valdivieso

## FAMILY BUSINESS

Richard T. Harris

Amber Corcoran  
Danielle Denfeld  
Danica Medina  
Daniel Miller  
Ann Winger

Oliver

Amy Hudspeth

Reser Family Business

Stacey Mitchell  
Seneca Steber  
Michael Sturm

Wentworth

Cody Gielish  
Ben Stockfleth

Woodard Family

Michelle Liabraaten  
Nicholas McNeff  
Hallie Stratton

Sadler Education

Tyler Mackeson

## INTERNATIONAL EXCHANGE

Payson Cha International Scholarship

Caleb Banke  
Christopher Bell  
Nick Bender  
Christina Benton  
Peter Billmeyer  
Sarah Bochsler  
Briana Chamberlain  
Thanida Chenvanich  
Tiffany Choy  
Stanley Chum  
Rebeka Clarambeau  
Fletcher Conn  
Amy Daggett  
Jessica Dewart  
Daniel Dodge  
Kellie Frederic  
Paul Hamilton  
Chris Hatley  
Tyler Heying  
Phuong Huynh  
Jessica Johnson  
Brenden Keane  
John Kinney  
Mary Koreski  
Nathan Kowarsky  
Greg Lewis  
Reagan Le  
Novita Mardjuki  
Cody Martin  
Matthew McClain  
Benjamin Morris  
Katie Neuschwander  
Kathryn Neville  
Ben Newell  
Chi Kim Nguyen  
Lindsey Roshak  
Andrew Sam  
Simon Seid  
Kathryn Turin  
Long Truong  
Jacob Tucker  
Melissa Wadley  
Ben Wagonblast  
Norman Wentworth  
Katie Willis

Scandinavian Exchange

Ryan Bloom  
Greg Dausman  
Maegan Fowler  
Timothy Hildebrandt  
Thien Lam  
Angela Lavenbarg  
Joe Mc Alhany  
Jennifer Mele  
James Miller

Lester Mooney  
Kris Nielsen  
Shannon Ross  
Eric Sanders  
Ryan Stanton  
Megan Tower  
Doug Wentworth

## MANAGEMENT

Express Personnel  
Angela Lavenbarg

MGT

Randal Ward

## MARKETING

Jessica Nopper  
Kristin Purdy  
Taylor Wilson

## MIS

Clayton Faulk  
Andrew Kaiser  
Brian Kovach  
Christian Njoto Njoo  
Serina Roush  
Din Truong

## GENERAL BUSINESS

Ray & Neddra  
Anderson/Beta Gamma  
Sigma

Taylor Wilson  
Ann Winger  
Adam Church  
Monny Dake  
Danielle Denfeld  
Jaycee Hiskey  
Scott LeBack  
Luke Malpass  
Kristen Purdy  
Lane Teller  
Rebecca Thomas  
Doug Wentworth  
Brittany Werner

Helen Mae Cropsey  
Memorial

Michelle Cassinelli

Marshall & Melissa  
Dawes

Adam Church  
Rachel Nelson



John Kinney received the MIS valedictorian award from Professor Dave Sullivan at the 2004 MIS graduation banquet.

Glenn L. Jackson

Chris Bell  
Tyler Heying  
Michael Huynh  
Brandon Kirkbride  
Zachary Kokkeler  
Ryan Kozar  
Grant Kropf  
Angela Lavenbarg  
Novita Mardjuki  
Antonio Migliarese  
Mary Nelson  
Bryan Noakes  
Stephen Andrada  
Jessica Brett  
Phillip Duong  
Chase Duran  
Justin Eckley  
Lisa Edgerton  
Christopher Eley  
John Fisher  
Diana Gordon  
David Granger  
Victoria Henriques  
Lacey Norberg  
Richard Rich  
Nicholas Rutledge  
Kaysi Staller  
Brittany Stetson  
Scott Taylor  
John Fisher  
Diana Gordon  
David Granger  
Victoria Henriques  
Lacey Norberg  
Richard Rich  
Nicholas Rutledge  
Kaysi Staller  
Brittany Stetson  
Scott Taylor  
Lane Teller  
Ashley Younce

Edna M. Jessep  
Memorial

Thanida Chenvanich  
Stephanie Crimmins  
Rebecca Doramus  
Christopher Eley  
Lauren Goetzinger  
Victoria Henriques  
Dereck Holland

James Ingerson  
Nathan Kowarsky  
Laura Lenker  
Taylor Manning  
Austin Miller  
Christian Njoto Njoo  
Lacey Norberg  
Ryan Stanton  
Lane Teller  
Dinh Truong  
Randall Ward  
Sarah Wilson  
Taylor Wilson

Joe D. Lewis

John Beckstead  
Erin Doher  
Kali Miller  
Serina Roush  
Lauren Sugarman

Jane Goodale Mann  
Memorial

Jessica Brett  
Jeff Cady  
Ashlee Clair  
Jamie Fuller  
Evan Happel  
Kevin Irish  
Kevin Meeuwsen  
Rachel Nelson  
Ursula Pfau  
David Phillips  
Sara Smith  
Brittany Stetson  
Brandt Wadsworth

Louise Jackman Orner  
Memorial  
Erin Doohar

## INCOMING FRESHMEN

Lucille Borigio  
Memorial FBLA  
Trevor Palin

Newcomb

Sara Bennett  
Sarah Boatwright  
Thomas Cutsforth  
Chelsea Haskell  
Ashley Langham  
Brittany Morgan  
Lindsey Norman  
Trevor Palin  
Adam Powell  
Jamie Pryse  
Kristin Twiss  
Alaina Wooley  
Lloyd Wright

## Awards

### ACCOUNTING

Beta Alpha Psi  
Outstanding Alumnus  
Larry Brown

OSCPA Outstanding  
Accounting Student  
Rachel Herinckx

PSFA Outstanding  
Student 2004  
Jamie Reznick

## GENERAL BUSINESS

HP Leadership Award  
Grant Cyrus

## MANAGEMENT

Outstanding Student  
Robert Meredith  
Douglas Isaac  
Michelle Dermody

Jack Rettig Award  
Grant K. Cyrus

## MARKETING

Wendy Starker

## MIS

John Kinney  
Jeromy Goodpastor  
Rachel Herinckx

## FINANCE

Financial Executive  
Institute Medallion  
Award

Timothy Dobkins

Harley Smith Financial  
Planning Contest

Gold Medal: Dhiraj Dogra  
and Howie Price  
Silver Medal: Chris Bell  
and Timothy Dobkins



Bernie Newcomb, '65, co-founder of E\*trade, and Gerry Marshall visited with Newcomb scholarship winners Sara Bennett, Ashley Langham, Trever Palin, Adam Powell, Alaina Woolley and Lloyd Wright.



Dhiraj Dogra and Howie Price were gold medal winners in the Harley Smith Financial Planning Contest.

## Sarbanes-Oxley Highlights Internal Controls

One of the provisions of the Sarbanes-Oxley Act is Section 404 which requires company management to annually report its assessment of the effectiveness of the company's internal controls over financial reporting. It also requires the company's auditors to attest to management's assessment.

"Section 404 consists of only four sentences, but those four sentences have far-reaching implications for public companies," according to Dennis Caplan, assistant professor of accounting in the College of Business.

In addition to concerns about the cost of complying, some managers and auditors are critical of what they perceive as a lack of specificity in the rules issued by the Public Company Accounting Oversight Board that are supposed to provide guidance for complying with the law. There are even critics who say that Section 404 is not justified by the events that prompted Congress to enact Sarbanes-Oxley, because most of the well-publicized corporate misdeeds that occurred over the past several years were committed by senior management, and it is generally conceded that even strong internal controls cannot prevent management override of those controls.

But Caplan, a former internal auditor for Levi Strauss & Co., views the Sarbanes-Oxley internal controls requirements positively. At Levi Strauss in the late 1980s, Caplan conducted internal controls reviews of factories, distribution centers and foreign affiliates, and he experienced first-hand how important internal controls are to an organization. Since the mid-90s, Caplan has conducted research in the areas of internal controls, internal auditing and fraud detection.

"Congress did not invent management reporting on internal controls when it crafted Sarbanes-Oxley," Caplan points out. "Nor, for that matter, did Enron, Xerox and Worldcom invent aggressive financial reporting."

In 1985, in response to what then was considered an alarming increase in corporate financial reporting fraud, the National Commission on Fraudulent Financial Reporting was formed. The

Commission issued its report in 1987, and one of its recommendations was for financial statements to include management's opinion on the effectiveness of the company's internal controls. Then, in 1991, the Federal Deposit Insurance Corporation



**Dennis Caplan, assistant professor of accounting**

Improvement Act included a provision that required large financial institutions to report on internal controls over financial reporting, and required auditor attestation on those reports. In 1996, in its report *The Accounting Profession, Major Issues: Progress and Concerns*, the General Accounting Office identified the absence of routine auditor reporting on client's internal controls as an important unresolved issue confronting the accounting profession.

"A little history shows that Section 404 follows logically from the regulatory and self-regulatory events that preceded it," Caplan notes.

"Internal controls help a company achieve its objectives by safeguarding assets, ensuring compliance with regulations and company policies, and ensuring the accuracy of financial and operational reporting," said Caplan. "If you want a really spectacular example of what poor controls can get you—an Enron-style corporate implosion—you need look no further than Barings Bank." In 1995, Nick Leeson, a 28-year-old bank employee, was speculating in Pacific Rim foreign currency exchange markets, on the bank's behalf, but apparently without senior management's full knowledge. Poor internal controls allowed Leeson to conceal his trading losses until those losses exceeded one billion dollars; enough to cause the 200-year-old bank to fail.

The accounting firm KPMG periodically surveys large companies about the incidence and cost of fraud. Comparing KPMG's report *Fraud Survey 2003* to the firm's 1998 survey, both the incidence of financial reporting fraud and the incidence of theft more than doubled. Sixty percent of companies surveyed experienced employee fraud, and the average annual cost of this type of fraud to these companies was nearly half-a-million dollars. The survey also found that internal controls and

the internal audit function have become, as of the 2003 survey, the two leading methods for uncovering fraud.

"Although the provisions of Sarbanes-Oxley apply primarily to public companies, all companies—large and small, public and private—should establish and maintain adequate internal controls," said Caplan. "An internal control can be as simple as making sure that the employee who balances the company's checking account isn't the same employee as the one who signs the checks." ♦

## Caplan Researches Outsourcing Internal Audit Function

Sarbanes-Oxley effectively ends the practice of public accounting firms providing internal audit services to public companies who are also external audit clients. However, accounting firms can still provide these services to private companies and to non-audit clients.

In his research, Assistant Professor of Accounting Dennis Caplan identifies the circumstances under which a company might want to outsource the internal audit function, and the effect of

outsourcing on the quality of internal controls reviews.

In an article entitled "Outsourcing and Audit Risk for Internal Audit Services," Caplan and co-author Mike Kirschenheiter of Purdue University use economic theory to examine outsourcing. Their model predicts that when companies outsource to an accounting firm internal audit services that were formerly conducted in-house, the accounting firm will provide the same or higher levels of testing than internal auditors, although possibly for a higher fee. According to their analysis, any trade-off between cost and quality involves trading off higher levels of testing by the accounting firm against lower expected fees for the internal auditor. Caplan and Kirschenheiter also find that incentives to outsource generally increase with risk, including the risk that a control weakness exists, and in the size of the loss that can result from undetected control weaknesses.

In a more recent project, Caplan and Craig Emby of Simon Fraser University, employed an experimental setting involving a hypothetical company and found that traditional internal auditors and outsource providers responded very similarly in their internal controls evaluations.

"Public accounting firms have claimed superior audit technologies, specialized expertise, and economies of scale, while internal auditors have pointed to their superior familiarity with company operations and procedures," said Caplan. "Our research found, however, that internal auditors and outsource providers potentially offer a very similar product, at least with respect to internal controls reviews, which is one of the most important services of the internal audit function." ♦

## Banyi Experiences SEC First-Hand

In the process of earning her Ph.D., Assistant Professor of Accounting Monica Banyi took a semester to experience the inner workings of the Securities and Exchange Commission. In her work for the SEC's Office of Economic Analysis, Banyi assessed the costs and benefits of new rules. At the time, the SEC was in heated debate about the Auditor Independence Rule. Banyi listened to the very controversial debate where accounting firms, political groups and other industry entities testified for and against the proposed rule.

"I remember there was significant discussion about the absence of a smoking gun—that there was no proof of independence issues between audit firms and their corporate clients." Banyi said,

"One year later, Enron happened."

"The version of the auditor independence rule that passed in late 2000 was very watered down," said Banyi. "Once Enron happened, Congress, through the passage of the Sarbanes-Oxley Act, required the SEC to strengthen its auditor independence requirements."

In thinking back on the experience, Banyi remembers how politicized the process was. She also thought then head of the SEC, Arthur Levitt, was down-to-earth and devoted to protecting investors.

"He (Levitt) loved ice cream," said Banyi. "After the Auditor Independence Bill passed, he hosted a big ice cream social and took pictures with everyone. He made an impression." ♦

# Baldrige Examines Willingness of Disabled to Request ADA Accommodation

For 15 years now, the American with Disabilities Act has guided employers in providing reasonable accommodation to employees with disabilities. When initially enacted, business leaders expressed concern that providing workplace accommodation would be a substantial burden; however, numerous studies have proven otherwise. Instead, some researchers think that low ADA expenses may be an indicator that the ADA is not having its intended impact and that people with disabilities are being underaccommodated.

In a paper titled “Toward A Greater Understanding of The Willingness to Request an Accommodation: Can Requesters’ Beliefs Disable the Americans with Disabilities Act?” David Baldrige, COB Assistant Professor of Management and John Veiga, University of Connecticut, explore a framework to help understand the perspective of the requester.

“What we find is that people don’t often use

ADA accommodations even if they are entitled,” said Baldrige. “Half of all accommodations cost little or nothing, but for a variety of reasons, people don’t request the equipment, breaks, quieter workspace, office adjustments, software, etc. that might make them better performers.”

To put this in perspective, Baldrige and Veiga theorize that situational characteristics shape the requester’s beliefs which in turn influence the likelihood that a requester will ask for a needed accommodation.

For example, in the Baldrige-Veiga framework, if a requester thinks that the accommodation will be helpful in accomplishing work tasks and the pursuit of equal employment opportunities, the person is more likely to make a request.



David Baldrige,  
assistant professor of  
management

Likewise, if the requester believes that compliance is likely, then the likelihood of a request is increased. However, if making an accommodation request might negatively impact the requestor’s image, a request will be less likely because the person would want to avoid being labeled or stigmatized, and/or avoid damaging trust by appearing to threaten a lawsuit. For instance, a request for accommodation may convey a three-part message: (1) “I need help,” (2) “I am disabled,” and (3) “I may assert my legal rights” each of which have been shown to negatively impact an employee’s image.

Perceived “fairness” within an organization can also inhibit a requester. While fairness in organizations is typically viewed through an equity lens—those who produce more should receive more—the ADA is rooted in fairness based on need. These conflicting views of fairness in resource allocation can lead to feelings of guilt and fear of resentment from coworkers. As a result, when fairness is judged based on need rather than equity, requests are more likely.

In addition to personal assessments, requesters often take into consideration normative assessments—what others might think. If the accommodation request is consistent with help-seeking norms, a request is more likely. Likewise, if requesters believe that others think they should advocate their rights, they are more likely to do so.

Situational characteristics — workplace, accommodation and disability attributes — also called also play a role. The more supportive the accommodation culture, the more likely a request.

However, the greater the magnitude of the accommodation, the more negative the requester’s personal and normative assessments will be, thereby decreasing the likelihood of an accommodation request. Finally, the more the origin of a disability is within the individual’s control—as in the case of drug addiction or from not wearing a helmet in a motorcycle accident—the more negative the requesters personal and normative assessments will be, thereby decreasing the likelihood of an accommodation request.

“It would be easy to say that increasing the impact of the ADA is just a matter of getting the disabled to take responsibility for making a request for an accommodation,” said Baldrige. “However, there is nothing simple about making such requests when you take into consideration situational characteristics and personal costs. There is still a strong reluctance to ask for even the simplest accommodation.” ♦

## Baldrige Knows What It Is Like to Request ADA Accommodations

Before he earned his Ph.D. and received a cochlear implant to restore his hearing, David Baldrige was completely deaf and relied on an interpreter for his first job as a professor, both in the classroom and for meetings with colleagues.

“As I went through that experience, I had to be assertive yet understanding of others’ needs and limitations,” said Baldrige. “There are a lot of smart, hard-working folks who are unwilling to make such requests because of the social consequences involved.”

Because of that experience, Baldrige hopes that his role as observer and researcher in gaining knowledge will help organizations gain the full benefit from employees with disabilities.

“As the labor force continues to age, a greater proportion of the labor force is apt to have disabilities,” said Baldrige. “It has been estimated that 85 percent of future additions to the workforce will be drawn from previously underrepresented groups, including people with disabilities.”

## Banyi Provides Insight into M&A Intangibles

Typically when one company acquires another, accountants note tangible items such as capital and assets, as well as intangible items such as goodwill and in-process research and development (IPR&D) when reporting to the Securities and Exchange Commission (SEC). How companies subjectively calculate and allocate intangibles can often raise a red flag with the SEC as it did in the late 90s. At that time, in the heyday of the Internet, the SEC thought that companies were abusing their IPR&D reporting to manage their earnings. Intangible assets classified as good-

will were put on the books and amortized every year causing companies to reduce reported earnings every year. When the intangible assets were classified as IPR&D, companies just took a one-time charge on their income for that year.

“Think about the Internet boom. Many companies had no tangible assets,” said Monica Bany, assistant professor of accounting. “It was not uncommon to see 80 percent of the cost of the purchase transaction written off to IPR&D.”

Excessive IPR&D write-offs allowed acquiring companies to report higher earnings, earnings-per-share, return on assets and return on equity than



Monica Bany, assistant  
professor of accounting

if the companies capitalized the IPR&D amounts and amortized them over subsequent periods. IPR&D write-offs helped future earnings by saving on amortization costs that would have resulted had the company identified the IPR&D costs as either good will or other intangible assets.

As a result, the SEC issued warnings to companies citing concern over the increased frequency and magnitude of incidences of IPR&D write-offs. The SEC believed that IPR&D charges reported by many companies were unreasonable and misleading to investors. As a result, more than 100 companies in 1998 and 1999 restated their financial statements, reduced their overly aggressive IPR&D claims and capitalized \$2.4 billion of the \$5.2 billion that had been previously written off as IPR&D.

In her research, Bany wrote a report titled “An Examination of the Restatements of In-Process

Research and Development.” She examined the characteristics of firms choosing to overstate IPR&D and the market’s reaction to the restatement announcements.

“The SEC wanted better transparency of the treatment of IPR&D,” said Bany. “However, in my analysis, market reaction to the restatements was minimal. Investors had already made their assessments of IPR&D write-offs in the already volatile market and with only a few exceptions, stock prices weren’t impacted after companies restated. For the most part, investors were not misled by the IPR&D overstatements as claimed by the SEC,” said Bany.

However, in another part of her study, Bany found that IPR&D restating companies had lower future performance based on earnings and cash flow measurements than those companies with

## DID YOU KNOW?

- ♦ 48.9 million people have one or more disabilities — 19.4 percent of the total U.S. population
- ♦ 29 percent of people with disabilities are employed versus 79 percent of the non-disabled population
- ♦ Half of all accommodations cost little or nothing
- ♦ 90 percent of accommodations cost less than \$500

(Continued on page 27)

# College of Business Faculty Shine at Awards Ceremony

After a year of transition and growth, the College of Business took time out to honor its employees at its 2004 Faculty and Staff Awards Dinner held last year at the CH2M Hill Alumni Center. The event, sponsored by the College's Business Advisory Council (BAC), drew BAC members, emeriti faculty and employees and their spouses.

"We successfully hired six of seven open lines, delivered nearly 58,000 student credit hours to 2400 majors, 490 minors and 1525 other students," said College of Business Dean Ilene Kleinsorge. "We initiated the entrepreneurship minor, made numerous improvements to our options, agreed on a set of learning objectives, made 94 presentations and had another 21 manuscripts accepted for publication," she said.

In all, ten awards in seven categories were presented. Assistant Professor **Nancy King** received prestigious title, Newcomb Fellow for meritorious performance. King was acknowledged for her superior performance, work ethic and "relentless" advocacy for the importance of business law. She was instrumental in getting business law included in the MBA program. She receives strong evaluations from students. King also has a steady stream of cyber law research that has yielded more than seven publications in respected business law journals over the past three years. Her spirit of continuous improvement in her contributions to the strategic objectives of the College was also acknowledged.

King, along with Associate Professor Steve



The 2004 faculty and staff award winners include Rene Reitsma, Steve Lawton, Clay Dibrell, Steve Landis, Mark Clements, (Front row): Nancy King, Mark Pagell, and Tom Dowling.

Lawton and Instructor **Tom Dowling**, were recognized for their Service to the Sustainability Business Initiative and its impact on the College's strategic plan. Lawton's and Dowling's leadership and vision have laid the foundation for the initiative. King, on her own initiative, developed a turn-key course module that ensured all students received instruction on the link between sustainability and business law.

The Excellence in Scholarship Award went to Associate Professor **Mark Pagell**. Pagell has published more than 20 peer reviewed articles on topics such as supply chain management, operational responses to environmental uncertainty and human resource issues in operational environments. His research has been published in premier scholarly outlets and he has won awards for best Operations Management paper at the Academy of Management meetings in 2001 and 2003, as well as the best paper published in the Journal of Op-

erations Management in 2002.

Associate Professor **Rene Reitsma** received the Outstanding Faculty Service Award for his service to the College. He was instrumental in leading the Undergraduate Program Committee in evaluating the Colleges core set of courses. He has served on the Faculty Senate and the University Bicycle Committee. Reitsma is active in his research, in designing MIS curriculum and in interacting with alumni.

Assistant Professor **Clay Dibrell** won the Byron L. Newton Award for Excellence in Teaching. Dibrell was acknowledged for his consistently high ratings from students. According to his nominator, "he sets high standards and is rigorous in his evaluations. He is a well-organized, engaging teacher who cultivates a supportive learning environment." Dibrell was also noted for his gift in teaching, his productivity as a researcher and his contributions to the college by serving on major committees.

Development engineers **Steve Landis** and **Mark Clements** were co-recipients of the Exemplary Service Award for their excellence in service and performance. As part of the College's Business Solutions Group, the duo has led the design and implementation of OSU's online catalog and schedule of classes, the OSU Extended Campus website and underlying database, the School of Education student tracking web service and database system and many more projects including the

College's website content management system. They mentor student interns and are considered experts in their field, recently teaching a training program for ODOT developers.

The Gazette-Times Leadership Award went to **Ray Brooks** for his leadership for the College and University, his profession and the community-at-large. Brooks is chair of the COB Scholarship Committee, an advisor for the Investment Club, coordinator of the Finance Option, advisor to the Economic Impact Study for the OSU Athletic Department and more. He has served on the student chapters committee and the board of directors for the Financial Management Association. He has also had leadership roles for the Midwest Financial Association. In the community, he has served on the board of directors of the Benton County Library Foundation and completed five years on the board of directors of the United Campus Ministry, and more.

In closing, Dean Kleinsorge commented, "...working towards a new vision and mission is more like running a marathon than a sprint," she said. "We have much work ahead of us and the right people to make it happen." ♦

## In Memory

### Stefan Bloomfield

May 2, 1944 to August 15, 2004

Stefan Bloomfield died after a courageous battle with cancer. He was a retired College of Business professor specializing in management science and total quality management. He cared deeply about his students and loved to challenge them to examine problems from multiple perspectives.

### Tom Veit

April 30, 1948 to February 26, 2005

Tom Veit passed away from a stroke. He was an instructor of accounting for the College of Business since 2002. His MBA students posted a note on his door. An excerpt from that letter states, "Your wisdom and humility showed all of us what excellence in management truly is; Your MBA class was hard, fun, spontaneous and memorable; We, your loyal students, hope you have found a better place; We thank you for helping us to come closer to reaching our goals and dreams..."

## New Faculty & Staff

**Accounting:** Monica Banyl, Dennis Caplan, Li Dang and Madeleine Romero

**Austin Family Business Program:** Margo Procopio

**BIT Extension:** Dina Pope

**Business Solutions Group:** Carrie Kolstad

**Finance:** Bob Johnson and Prem Mathew

**Information Services:** Gwen Wolfram

**Management:** David Baldrige, Cliff Cordy, Julie Stenson and Ken Stodd

**Marketing:** Keven Malkewitz



# Faculty Research Published in Peer Reviewed Journals

## David Baldrige

“Are Managers from Mars and Academicians from Venus? Toward an Understanding of the Relationship between Academic Quality and Practical Relevance,” *Strategic Management Journal*, Vol. 25, No. 11, 2004 (with S.W. Floyd and L. Mackoczy).

“Reluctance to Request Assistance: When Family-Friendly Programs Miss the Mark,” *Human Resource Management Review*, Vol. 14, No. 3, 2004 (with J.F. Veiga and K.A. Eddleston).

“Paths to Success: Do Male and Female Managers Follow the Same Road?” *Journal of Managerial Psychology*, Vol. 19, No. 4, 2004 (with K.A. Eddleston and J.F. Veiga).

## Ray Brooks

“The Interaction between Opening Call Auctions and Ongoing Trade: Evidence from the NYSE and AMEX,” *Review of Financial Economics*, Vol. 13, No. 4, 2004 (with Jonathan Moulton).

“When Issued Shares, Small Traders and the Variance of Returns around Stock Splits,” *Journal of Financial Research*, Vol. 27, No. 3, Fall 2004 (with J. Angel and P. Mathew).

## Dennis Caplan

“A Model of Auditing under Bright-Line Accounting Standards,” *Journal of Accounting, Auditing and Finance*: Vol. 19, No. 4, 2004 (with M. Kirschenheiter).

## Jim Coakley

“Making Sense of Strategic Alignment: An Interpretive View of Alignment Problems and Practices,” *Journal of Information Technology Management* (with M. Fiegenger).

## Justin Craig

“The Professionalization Process: The Dennis Family Corporation Case,” *Family Business Case Journal*, 2004, (with K. Moores).

“Establishing Individual Differences Related to Opportunity Alertness and Innovativeness Dependent on Academic-Career Training,” *Journal of Management Development*, forthcoming (with D. Johnson).

“Entrepreneurship Education: Towards a Discipline-Based Framework,” *Journal of Management Development*, forthcoming (with D. Johnson and R. Hildebrand).

“A Ten Year Investigation of Strategy, Systems and Environment upon Innovation in Family Firms,” *Family Business Review*, forthcoming (with G. Cassar and K. Moores).

“Balanced Scorecards to Drive the Strategic Planning of Family Firms,” *Family Business Review*, forthcoming (with K. Moores).

## Clay Dibrell

“Empirical Evaluation of an Integrated Supply Chain Model for Small- and Medium-Sized Firms,” *Information Resources Management Journal*, Vol. 17, No. 3 (with T. Sakaguchi and S. Nicovich).

“Revisiting the Complex Relationship between Multinational Enterprises and Organizations in Transitions Economies,” *Journal of World Business*, forthcoming (with P.D. Harveston and B.L. Kedia).

“The Influence of Internationalization on Time-Based Competition,” *Management International Review*, forthcoming (with P.S. Davis and P.D. Harveston).

## Roger Graham

“Political Uncertainty and Firm Valuation: Evidence of a Discount Related to the Quebec Independence Movement,” *Journal of International Financial Management & Accounting*, Vol. 16, No. 1 (with C. Morrill and J. Morrill).

## Mark Green

“Political Corruption: Establishing the Parameters,” *International Public Management Review*, Vol. 5 No. 1 (with P. deLeon).

“Oregon and Tax Reform,” *Public Budgeting and Finance* (with Fred Thompson).

“The New Public Management and Political Corruption,” *Strategies for Public Management Reform* (with P. deLeon).

## Ping-Hung Hsieh

“A Data-Analytic Method for Forecasting Next Record Catastrophe Loss,” *Journal of Risk and Insurance*, Vol. 71, No. 2.

## Nancy King

“Regulation of Electronic Employee Monitoring: Identifying Fundamental Principles of Employee Privacy Through A Comparative Study of Data Privacy Legislation in the European Union, United States and Canada,” *Stanford Technology Law Review*, Fall 2004 (with G. Lasprogata and S. Pillay).

## Ilene Kleinsorge

“The Cost of Safety,” *Professional Safety*, Vol. 49, No. 4, April 2004 (with M. Behm and A. Veltri).

## Hal Koenig

“Building a University Brand Community: The Long-Term Impact of Shared Experiences,” *Journal of Marketing for Higher Education*, forthcoming (with J. McAlexander and J. Schouten).

## Keven Malkewitz

“The Program Context of War News: Exploring Influences on Television Advertising Effectiveness,” *International Academy of Business Disciplines Yearbook*,

Vol. IX (with D. Aiken and D. Bowe).

## Prem Mathew

“A Re-examination of Information Flow in Financial Markets: The Impact of Reg FD and Decimalization,” *Quarterly Journal of Business and Economics*, Winter/Spring 2004 (with C. Hughen, and K. Ragan).

“The Effects of Market Inefficiencies on Trading Strategies for Country Funds,” *International Journal of Finance*, forthcoming (with C. Hughen and K. Ragan).

“When-Issued Shares, Small Trades, and the Variance of Returns Around Stock Splits,” *Journal of Financial Research*, Vol. 27, No. 3, Fall 2004 (with J. Angel and R. Brooks).

## Jim McAlexander

“Building a University Brand Community: The Long-Term Impact of Shared Experiences,” *Journal of Marketing for Higher Education*, forthcoming (with H. Koenig and J. Schouten).

## Fran McKee-Ryan

“Psychological and Physical Well-Being during Unemployment: A Meta-Analytic Study,” *Journal of Applied Psychology*, January 2005 (with Z. Song, C.R. Wanberg and A. J. Kinicki).

“A Covariance Structure Analysis of Employees’ Response to Performance Feedback,” *Journal of Applied Psychology*, forthcoming (with A. J. Kinicki, G. E. Prussia and B. Wu).

## Jon Moulton

The Interaction between Opening Call Auctions and Ongoing Trade: Evidence from the NYSE and AMEX,” *Review of Financial Economics*, Vol. 13, No. 4, 2004 (with Ray Brooks).

“California Electricity Futures: The NYMEX Experience,” *Energy Economics*, forthcoming.

## James Nielsen

“Is the Book-to-Market a Measure of Risk,” *Journal of Financial Research*, forthcoming (with B. Peterkort).

## Ulrich Orth

“Promoting Brand Benefits to Consumers: The Role of Psychographic and Lifestyle Factors,” *Journal of Consumer Marketing*, Vol. 21, No. 2 (with K. Lopetcharat, T. Shellhammer and M. McDaniel).

“Optimum Stimulation Level Theory and the Differential Impact of Olfactory Stimuli on Consumer Exploratory Tendencies,” *Advances in Consumer Research*, Vol. 31, 2004 (with A. Bourrain).

“Consumer Response to Scent-evoked Nostalgia,” *Developments in Marketing Science*, Vol. 27, 2004 (with A. Bourrain).

## Mark Pagell

“Understanding the Factors that Enable and Inhibit the Integration of Operations, Purchasing and Logistics,” *Journal of Operations Management*, Vol. 22, No. 5, 2004.

“Re-exploring the Relationship between Flexibility and the External Environment,” *Journal of Operations Management*, Vol. 21, No. 6 (with D. Krause).

“Assessing the Impact of Alternative Manufacturing Layouts in a Service Setting,” *Journal of Operations Management* (with S.A. Melnyk).

“Does the Competitive Environment Influence the Efficacy of Investments in Environmental Management?” *Journal of Supply Chain Management* (with C. Yang, D. Krumwiede and C. Sheu).

“The Importance of National Culture in Operations Management Research: An Exploratory Study,” *International Journal of Operations and Production Management*, forthcoming (with J. Katz and C. Sheu).

## Bob Peterkort

“Is the Book-to-Market a Measure of Risk,” *Journal of Financial Research*, forthcoming (with J. Nielsen).

## Rene Reitsma

“Spatialization of Web Sites Using a Weighted Frequency Model of Navigation Data,” *Journal of the American Society for Information Science and Technology*, Vol. 55, 2004 (with L. Thabane and J.M.B. MacLeod).

## Bill Robinson

“Goal Directed Analysis with Use Cases,” *Journal of Object Technology*, Vol. 3, No. 5, 2004 (with G. Elofson).

“Finding Reusable UML Diagrams Automatically,” *IEEE Software*, Vol. 21, No. 5, September/October 2004 (with H.G. Woo).

## Jeff Wong

“Enhancing Customer Value through IT Investments: A NEBIC Perspective,” *Database Special Issue*, forthcoming 2005 (with K. Dow and G. Hackbarth).

## Jimmy Yang

“What Makes Circuit Breakers Attractive to Financial Markets? A Survey,” *Financial Markets, Institutions, and Instrument*, Vol. 13, 2004 (with Y. Kim).

## Congratulations!

**Mark Pagell** was promoted to associate professor and was named editor of the year for *The Journal of Operations Management*.

**Jonathan King** was one of six awarded a Certificate of Appreciation for his “outstanding service and support of the Army ROTC Program.”

**Nancy King** was a 2004 finalist in a national Master Teacher Competition for a teaching module she developed for COB undergraduate students. The module introduces students to concepts of sustainable business development and its relationship to law.

## 2000-present

**Juli Johnson**, '04, is working in Portland as an assistant media planner at Wieden + Kennedy. "The fast-paced environment of media planning has been a great learning experience for my first job out of college," she said.

**Scott Bulloch**, '03, works at Accent Marketing in Tigard in sales and is looking to network with fellow OSU graduates.

**Leisa Hall**, '03, is an account coordinator at Anvil Media, a marketing consultancy specializing in solving client business problems via the Internet.

**Valerie Hibler**, '03, is a studio director for Encore! Photography in Salem. She graduated a year early (3 years) and married Kyle Hibler.



**Casey Cavanaugh**, '02, and friends gather at the *Business Alumni Network social in Portland*.

**Joseph A. Holmes**, '03, works as an auditor at CPA firm Pauly, Rogers and Co. in Tigard. He is studying for the CPA exam and plans to take the test this fall. He previously worked in the accounting department at Corinthian Colleges Inc.

**Kelly (Marrs) Nash**, '03, recently married and moved to Seattle. She is working at PLI as an account manager.

**Michael Thomas Smith**, '03, lives in Oslo, Norway. He was married in August of 2003 to a Norwegian that he met when she was on exchange at the COB

in fall 2001. Due to immigration laws in Norway, he only just recently got permission to work in Norway. In the meantime he has been taking Norwegian language classes to facilitate his transition into their culture and work environment.

**Timothy E. Stutzman**, '03, recently got promoted from programmer in the IS department to manufacturing systems analyst in the Manufacturing Department at Oregon Freeze Dry Inc. in Albany.

**Tyler Travis**, '03, is working as a web developer in Portland at CollegeNET.

**Erik M. Hagestedt**, '02, moved from Portland area manager to Execute Sports NW territory manager within two months of hire date.

**Waylon Andrew Henry**, '02, works as a Provident Funding mortgage underwriter in Sacramento.

**Neal Kerner**, '02, from Aloha, finished rehabilitation due to a very serious car accident. Since recovering from two months in the hospital and three months of outpatient therapy, he has been looking to return to work and is seeking employment.

**Heather Logan**, '02, is working as a project manager and buyer for an interior/exterior design company in Los Angeles. She was previously a store manager for Abercrombie & Fitch.

**Christy Lowry**, '02, married Tim Lowry, '98, in 2000 and had a baby girl in July 2003. They live in Portland.

**Kendall Moore**, '02, started Interlaken, Inc. in Portland.

**Reed Perry**, '02, spent a year as a technical service rep gaining product knowledge for Seattle Fluid System Technologies products then was promoted to his current sales position.

**Amy Burreight**, '01, is the IT intern program coordinator for Weyerhaeuser in Federal Way, WA.

**Douglas Todd Deurwaarder**, '01, was married on October 16, 2004. He is a commercial real estate broker for Cushman & Wakefield in Portland.

**Katrina (Shade) Douglas**, '01, is branch manager of Selectemp Employment Services in Medford. She married in August 2003.

**Alex J. Bianchi**, '00, married Mary Schlim on October 11, 2003 in Monterey, CA and spent two weeks in Italy for their honeymoon. Bianchi is a project manager/assistant estimator for Bianchi-Amaker Construction. He got his company involved in a community service project called "Adopt-A-Creek" that involves an hour and a half a month to clean a creek chosen through the Santa Clara Water District.

**Elizabeth Coleman Koza**, '00, writes, "We moved to Casa Grande, AZ in June 2003 for my husband to do a one-year dental residency. I continued working for Deloitte & Touche as an audit senior through January 2004 when our son Timothy Adam was born. In July 2004, we moved back to Oregon (hooray) and are settled in LaGrande. My husband is associating in a dental office here and I am staying home with Timothy. I love being at home and keep very busy. We still get down to Corvallis for a few home football games each fall."

**David M. Martin**, '00, was transitioned to Electronic Data Systems (EDS) from Willamette Industries

two Decembers ago during the Willamette Industries/Weyerhaeuser merger. He was on the EDS Intel server operations team for 12 months. He has since transitioned back to Weyerhaeuser, as of this last December, as an IT project manager. He works closely with enterprise business applications, as well as process control systems, at the Albany Paper Mill. He has a two-year-old daughter.

**Adam Weber**, '00, moved down to San Diego with no job experience or place to live and only his OSU degree. He found a great job with Wells Fargo as a loan officer. He now works for Citigroup as a buyer for auto loans. He says, "I'm 25, drive a slick car and live in a ninth floor condo with an ocean view. Thank you OSU!! My life is unbelievable and I owe it to my OSU degree."

## 1990-1999

**Joyce Boss**, '99, is a senior associate at KPMG in Portland.

**Meadow Clendenin**, '99, is attending law school at Emory University in Atlanta, GA.

**Terence Chesire**, '98, moved to Cambridge, MA to start his MBA at MIT's Sloan School of Management.

**James Jensen**, '98, of Mukilteo, WA was promoted to capability manager at Procter & Gamble, co-managing Western U.S. for Professional Dental CBD. He is currently managing a North American IT project for PD CBD and maintaining offices in both Cincinnati and Seattle.



**Pam Garcia**, '81, hosted *Portland Business Roundtable members for a summer picnic*. Left to right: **Jeff Strickler**, '82, **Mary (VanVliet) Austin**, **Brent Bullock**, '83, and **Kathy (Peters) Dooley**.

**Lora (Cross) Catton**, '97, recently completed her first year as owner and broker for Catton Mortgage in Salem. "My focus this year is to expand by adding loan officers and a processing staff. I work from home and have the flexibility to support my career and my family at the same time," said Catton.

**Ingi Song**, '97, transitioned from the Nike Supply Chain training group to the Global Trade IT group as a senior systems engineer working on the Nike Supply Chain project.

**Stef Apperson**, '96, is in his fourth year teaching information technology/business at Yakima Valley Community College in Yakima, WA and won a na-

tional teaching award: "Who's Who among America's Teachers" for 2004.

**Karen Watte**, '96, is an adjunct faculty member for Linn Benton Community College in Albany teaching in the Business Technology Department.

**Adrian Drake**, MBA '95, is a senior manager responsible for credit risk and portfolio management at Sirius International Insurance Corporation in Stockholm, Sweden.



**John Porter**, '83, *AAA Oregon/Idaho CEO*, sponsored a *Boise Alumni event prior to the OSU/Boise State football game last fall with more than 30 area alumni attending*. Left to right: **Ross Nishihara**, '70; **Arnie**, '71, and **Sunny Kurnagai**, **Barbara Nishihara** and **Andrew Nishihara**.

**Becca Williams**, '95, the owner of WallNutz, was featured on the *Today Show* in the fall of 2004.

**Renee Harris**, '94, relocated to Chicago to become an Americas marketing manager for Intentia, an ERP software solution.

**Ken Surrent**, '94, is a national account manager for DevelopMentor in Torrance, CA.

**Yoko Prentice**, '93, of Long Beach, CA, gave birth to her first daughter, Mia Rona Prentice, in July. "My husband, Christopher, and I also purchased our first home around the same time. This house has an extra room that will be converted for my home office so that I can continue working from home and spend as much time with Mia," she said.

**Roger H Cummings**, '92, of Portland, started as a sales executive with a Dutch technology firm WCC Services as their sole U.S. employee.

**Darrell G. Hawkins**, '92, of West Linn, received his Master of Science in Management from the Weatherhead School of Management, Case Western Reserve University, with a concentration in information systems in 2001. "My daughter, Leah Cast Hawkins, was born on March 7, 2003," he said. Hawkins is a senior consultant for IBM.

**Mike Irving**, '92, has been appointed research and project manager at A-dec and plays a key role in furthering A-dec development capabilities.

**Shana Klemchuck**, '92, was promoted to organizational performance consultant for Northwest Permanente Medical Group in Portland. Prior to this, in summer 2003, she completed her MS in organizational development from Pepperdine University.

**Jeffrey Lane**, '92, of Eugene, is responsible for quality management projects and systems in the Home Entertainment division of Shorewood Packaging (a business of International Paper), with oversight of facilities in Oregon, North Carolina, Kentucky, and New Jersey.

**Teresa Carpenter**, '91, of Vancouver, WA has been named vice president and relationship manager in the Commercial Banking Group of West Coast Bank. She previously was an assistant vice president at Washington Mutual.

## SEND US YOUR NEWS!

We want to hear from you and share your news and accomplishments with other alumni and friends in the next issue of *The Exchange*.

Let us know of your promotions, transfers, special honors, and personal news by emailing [exchange@bus.oregonstate.edu](mailto:exchange@bus.oregonstate.edu). Please put Alumni Update in the header. You can also send us your information online at [www.bus.oregonstate.edu/alumni/alumni\\_notes.htm](http://www.bus.oregonstate.edu/alumni/alumni_notes.htm).

**Chris A. Dandeneau**, '91, says, "Prep work at OSU was instrumental in preparing me for the real business world. Invaluable knowledge and management practice gained from Professor Barry Shane still apply today in banking!" Dandeneau is a manager/asst. VP for Northwestern Bank in Elmira, MI.

**Greg Ross**, '91, has been elected president of the OSU Alumni Association. Ross is an Oregon City resident and senior account executive for Western Food Service Marketing.

## 1970-1989

**Vic Angoco**, '89, has been named vice president of marketing and sales at Young Brothers, Ltd. in Honolulu. He previously served as container operations manager at Matson Navigation Company.

**Michael Daniel**, '86, of Portland, has been named senior vice president and general manager for Integra Telecom's Oregon and Washington operations. He previously served as vice president of sales at Electric Lightwave.

**Michael Webb**, '86, works at Oregon Pacific Banking Company as a commercial lending officer in Florence, OR. He says, "I am married and have two wonderful children."

**Rich Fisher**, '84, of Eugene, has been named vice president of sales and marketing at Keith Brown Building Materials in Salem. He is former owner and operator of Pacific Tape Co. in Eugene.



*Mariel Zagunis, daughter of Robert Zagunis, '77, won the fencing gold medal in the 2004 Olympics.*

**Scott Hibbs**, '84, of Lake Oswego, has been promoted to vice president, corporate strategy and business development at StanCorp Financial Group Inc. in Portland. He has been with the company since 2000.

**R. Michael Williams**, '84, of Tigard, has been promoted to vice president, finance at HemCon, Inc. He previously served as the company's controller.

**Douglas Feldkamp**, '83, has been named to the board of directors of Oregon Pacific Banking Company. He is president of Umpqua Dairy Products Inc. in Roseburg.

**John Rauvola**, '82, of Longmont, CO, has been named vice president of sales, marketing and product development at GPX Inc. in St. Louis. He previously served in the same position at Case Logic.

**Sally Smedal**, '82, has been elected chair of the Association for Financial Professionals Board of Directors. She currently serves as treasurer and director of corporate accounting at Basic American Foods in Walnut Creek, CA.

**Pam Garcia**, '81, currently serves as chairman of Pinnacle Bank. Pinnacle Bank opened in September '02 after over a year of planning and involvement from a very diverse group of Board members from the Portland area.

**David Lee Cooper Jr.**, '80, of Elk Grove, CA, is the western region marketing manager for Metals USA.

**Lori Boyd**, '79, has been appointed to the board of directors of Columbia Bancorp. She is an accountant and co-founder of Boyd & Boyd LLP in Bend.

**Steve Schreiber**, '79, has been promoted to chief financial officer for the Port of Portland. He joined the port in 1981, most recently serving as aviation director.

**Corey Smith**, '79, is CEO of Privia Inc. in San Mateo, CA.

**Dan Whitaker**, '79, has been honored as Entrepreneur of the Year by the Corvallis Chamber of Commerce. He is CEO at Pixio Corp. in Corvallis and has been a driving force in many other startup companies.

**Scott Hildebrandt**, '78, has been named chief financial officer of Planar Systems in Beaverton. He previously was CFO of Merant Software and InFocus Corp.

**Robert Zagunis**, '77, is a principal with Jensen Investment Management. His daughter, Mariel, won the fencing gold medal in the 2004 Olympics.

**Patty Bedient**, '75, of Sammamish, WA, has been elected to the board of directors of Alaska Air Group, Inc. She is vice president of strategic planning for Weyerhaeuser Company.

**Duane McDougall**, '74, of Lake Oswego, has been named to the board of directors of Portland General Electric Company upon completion of the acquisition of PGE by Oregon Electric. He is the immediate past chair of the OSU Foundation Board of Governors and is former CEO of Willamette Industries.

**Victor Bartruff**, '71, serves as president of Pinnacle Bank. He is formerly CEO of West Coast Bank.

**Jack Wilborn**, MBA '71, of Lake Oswego has been named managing partner of KPMG LLP's Portland office. He joined KPMG in 2002.

## 1949-1969

**Jim McCall**, '69, has been promoted to chief administrative officer at Columbia River Bank in The Dalles. He previously served as chief operating officer.

**William W. Sims**, '67, joined Perlegen Sciences, in Mountain View, CA, as chief financial officer. He says, "Perlegen is a privately held genetics company that uses proprietary technology to conduct analyses of the entire genome. The results enable scientists to identify genes that work in concert to cause common diseases and affect the body's response to drugs. There is a great deal of promise regarding the work being done."

**Dorothy (Hughes) Wilson**, '55, recently retired as medical transcription supervisor for Dallas Diagnostic Association, a large group of doctors in Dallas, Texas and is enjoying retirement. She says, "After all these years, I still miss Oregon and the beach! I live in Plano, Texas, and have three kids, twin sons and a daughter, as well as five grandchildren. My sons are both engineers and both boys played in their college bands, as did I at OSU. I fondly remember my days at OSU in band and orchestra and certainly give the Business school credit for the great education I had. All the doctors I have ever worked for have said I was the best

transcriptionist they have ever had and I have told them that I had college professors who demanded perfection and what a great education I had."

**Robert Drews**, '53, writes that he spent eight years in the Navy, followed by the reserve and then as a Federal civil servant in Washington, D.C. He continued supporting the Navy and received his Masters in Government and Public Administration. He retired and moved to Rogers, Arkansas.



*Bonnie and Tom Stitzel and Don Knodell, '52, at last year's Boise alumni event.*

**Jack Borsting**, '51, Professor of Business Administration and Dean Emeritus of the Marshall School of Business, was selected to be a member of a National Academies panel. The panel will assess the basic research portfolio of the Department of Defense (DoD), including that managed by the Office of the Secretary of Defense (OSD), the three military departments, and the Defense Advanced Research Projects Agency (DARPA), to determine if the programs in that portfolio are consistent with the definitions of basic research contained in DoD regulations and consistent with the characteristics associated with fundamental research activities. Professor Borsting is also a member of the Army Science Board and was recently elected to the Fellows selection committee of the Institute for Operations Research and the Management Sciences (INFORMS). He will chair the committee in 2006.

**Ben Whiteley**, '51, of Portland has been elected chairman of the board of The Greenbrier Companies. He has served on the board since 1994 and is a retired CEO and chairman of StanCorp Financial Group.

**William D. Logan**, '49, of Beaverton, says, "After three years doing duty in the Marine Corps, I enrolled at Oregon State University in April 1946 and graduated in 1949. I got married in September of the same year and continued on at Lewis and Clark College in Portland working for a Master Degree in Education. I wanted to become a teacher and coach. I had remained in the Marine Reserves and when the war broke out in Korea, I was called to active duty in July 1950. I did duty in central Korea until 1951 when I returned to the states and was released from active duty in August. I got the last teaching position at Beaverton High School and taught Economics and Business Law for the next seven years. I also was an assistant football and baseball coach in 1958. A second high school opened in Beaverton, and I transferred there as vice-principal, became principal in 1963 and was transferred back to Beaverton in 1967. I remained there for 12 years. I then was transferred to the central office as the Director of Operation for Sunset High School and the feeder intermediate and elementary school."

## Banyi Provides Insight into M&A Intangibles

(continued from page 23)

IPR&D write-offs that didn't restate.

Banyi also found that the market valued the IPR&D write-off because the R&D of the acquired company was seen as an asset by investors.

Since then, the Financial Accounting Standards Board has changed the accounting treatment of Goodwill requiring annual assessments for impairment rather than regular amortization under the former rule. At the end of 2003, FASB also decided to soon treat IPR&D as an indefinite life intangible asset like Goodwill. This means that companies will capitalize IPR&D and assess it for annual impairment until either the R&D project is completed or abandoned. Once completed, the company makes an assessment of the project's useful life and amortizes the IPR&D accordingly.

"Intangible assets are still fuzzy and they can still be used to manage earnings," said Banyi. "However, investors understand this and based on my research, the market takes it in stride." ♦

## The Exchange

*The Exchange* newsletter is published for alumni, business partners, students and friends of the OSU College of Business.

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## COB Spring 2005 Calendar

April 14	International Exchange Alumni Reunion; McTarnahan's, Portland; 6 - 8 p.m.; RSVP: 541-737-3716
April 21	Business Killers: Keep Your Business Alive for Generations; OSU Food Innovation Center, Portland; 8:30 - 10 a.m.; RSVP: 541-737-3326
April 27	Portland OSU Business Roundtable featuring Jim Rudd; OSU Foundation Board of Trustees; Portland; 11:30 a.m. - 1 p.m.; RSVP: 503-553-3405
April 29	COB Business Advisory Council Meeting; OSU LaSells Stewart Center, Ag Leaders Room; 8 a.m. - 4 p.m.
May 4	Family Business Advisory Council Meeting; OSU Weatherford C508; 4-5:30 p.m.
May 5	Austin Family Business Program - The Business Journal Luncheon; Benson Hotel, Portland; 11:30 a.m.-1 p.m.; RSVP: 503-219-3432
May 11	COB Alumni and Business Partner Awards; Downtown Portland Embassy Suites; 5:30 - 8:30 p.m.; RSVP: 541-737-2219
May 12	Financial Accounting Conference (Back-to-Campus CPE Day); CH2M Hill Alumni Center; 8:30 a.m. - 5 p.m.; RSVP: 541-737-4276
May 12	Business Alumni Network (BAN) Meeting featuring Kirby Dyess; State Board of Higher Education; McTarnahan's, Portland; 6 - 8 p.m.; RSVP: 541-737-3716
May 14	MBA Picnic; Thompson Kitchen Shelter, Avery Park, Corvallis; noon - 4 p.m.
May 17	Management Option Bash & Student Award Ceremony; Thompson Kitchen Shelter, Avery Park, Corvallis; 6 - 8 p.m.
May 19-20	Austin Family Business Conference; The Resort at the Mountain, Welches; 8 a.m. - 5 p.m.; RSVP: 541-737-3326
May 21-22	Family Enterprise Research Conference; The Hilton & Executive Tower, Portland; 8 a.m. - 5 p.m.; RSVP: 541-737-3326
June 3	AEP Board Meeting; Perkins Coie, 1120 NW Couch St., 10 <sup>th</sup> Floor, Portland; 3-5:30 p.m.
June 3 - 5	Golden Jubilee; OSU CH2M Hill Alumni Center; Reception, June 3; 3:30 - 5 p.m.
June 12	COB MBA Graduation Program; OSU LaSells Stewart Center C&E Hall, 9:30 a.m.
June 12	COB Undergrad and MBA Commencement Reception; OSU LaSells Stewart Center, 11 a.m. - 12:30 p.m.
June 12	Commencement; OSU Reser Stadium, 2 p.m.

# the exchange

Newspaper of the College of Business at Oregon State University >> Spring 2005

## Entrepreneurs Learn to Professionalize Their Business

Whether launching a product- or service-based business, students at OSU are learning that being an entrepreneur requires a lot more than having a good idea.

When **Tyler Morita**, a sophomore from Troutdale, came to OSU he was interested in high quality sound. He entered as a music major and began designing and building amplifiers for headphones from scratch.

"The more I build, the more people ask me to build them," Morita said. "Now, I can't keep up with the orders."

Morita's desire to turn his hobby into a business led him to the Austin Entrepreneurship Program (AEP). He switched to an engineering major to learn more about the technology behind the sound and is participating in the AEP informal curriculum. He has partnered with students who have time to take the entrepreneurship class to help him put together a feasibility plan. He has also moved his business, Z-Audio, into a larger Weatherford work space.

To date, Morita has sold 60 to 70 amplifiers worldwide over the Internet. Until recently, the amplifiers took Morita two and a half hours to build. Today he has designed a new line of products, with custom cases, ranging in price from \$50 to \$1500 and he can build them in 25 minutes.

"I'd like to have these mass produced and in hi-fi shops," said Morita. "But, I love building them too. With the reduced cycle time, I'll be able to build more and hopefully get some stocked."

**Tyler Walters**, an MBA student, inherited his parents' sound work ethic and didn't think seriously about being an entrepreneur until his first successful, income-generating, web design project. Since then, he has started and ended his first company and is currently working on his second business venture.

"I've been in jobs where I'd do more work than my peers and we were getting paid the same," he said. "I always thought it would be neat to work for myself and be rewarded proportionally for the work I did." Walters is currently the owner of WitMadix.com Inc., a low-cost web development company. While building his automated tool kit for open source web development components, Walters also bids out

*(Continued on p. 1)*



*Tyler Morita, sophomore and Austin Entrepreneurship Program participant, assembles amplifiers as part of his business, Z-Audio.*

**SPECIAL SECTION PAGES 13 - 16:**  
**Austin Entrepreneurship Program at Weatherford Hall Grand Opening**

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