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Contents

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Volume XVIII, Number 2

Departments:

2 From the Dean

3 At the Forefront
   University of Miami President Julio Frenk takes office

4 Thought Leadership
   Media censorship doesn’t always help dictators; the best way to settle workplace conflict; the attraction of highly “male” or “female” products; a new distribution math model; informative political campaigns

8 Insights
   The “right to be forgotten” online, inside Indian business, marketing “Suffragette” the movie, income taxes and the economy and more

13 Out in Front
   Alumni take the Citi Mobile Challenge around the world, Mentor Program marks 25 years, Canes corporate connections and more

21 In the News
   Faculty experts on saving for retirement, Chinese business partners, economic turmoil in Latin America and other timely topics

22 Faculty News

40 Events
   Homecoming and alumni events

43 Alumni News

48 How I Did It
   Forensic accounting and litigation economics expert Karl Schulze

Features:

24 The Family Business: Build it to Last
   Careful planning, clear processes, defined roles, transition plans and other best practices, from expert faculty and alumni.

32 Our Money and Our Minds
   We believe we make financial decisions rationally. But researchers have found that we’re really influenced by everything from our DNA and our teenage experiences to our social biases and marital status.

38 Creating a New Scholarship Program
   Working with the School of Business, Ernst & Young alumni founded a scholarship program that helps students in particular areas of interest to the firm.
Cracking the top 50 – and Not Done Yet

THE SCHOOL OF BUSINESS has much to be proud about – and much to be grateful for. Perhaps the biggest news this semester is our MBA program cracking the Top 50 in Bloomberg BusinessWeek’s influential ranking, coming in at No. 47 in the U.S. This news came shortly after The Economist ranked our MBA No. 49 among U.S. schools.

While rankings may be imperfect, they are also important to current and prospective students, alumni, recruiters, partners and supporters. They provide highly visible external recognition of the excellence of our students, the quality of our programs and the hard work of our faculty and staff.

The School is well-positioned to rise even further up the league tables of business education. Undergraduate enrollment is up 25% since 2011 and graduate enrollment has doubled, even as we have become more selective. We have expanded the portfolio of experiential learning opportunities we offer all students and have successfully launched 12 new graduate programs. We have increased our research and teaching capabilities, hiring more than 25 faculty from institutions around the world – including Duke, Penn and Yale in the U.S.; Carlos II de Madrid and IE in Spain; and CEIBS in Shanghai.

Our ultimate success, however, depends on pursuing our own beliefs about program quality, especially those most central to our vision of becoming the most global U.S. business school and the one that is best connected with practice:

- A globally diverse, inclusive and welcoming multicultural learning environment
- World-class faculty pursuing ongoing, impactful programs of research, teaching, service and external engagement
- The best possible learning, professional development and career opportunities for our students
- A robust set of experiential learning opportunities that engage students and faculty with business and community organizations at home and abroad
- A strategic portfolio of areas of excellence that make us a school of choice for specific groups of students, faculty, recruiters and supporters
- High levels of engagement among students, staff, faculty, other university units, parents, alumni, business and community leaders, recruiters, practitioners and partners
- Spatial and technological infrastructure to support a dynamic and engaged 21st-century academic learning community

We still have much to do on all these fronts and more. Every gift of time, talent or treasure will have a meaningful impact and help us to reach our goals. I encourage you to make a commitment to the School and, on behalf of all our faculty and staff, extend heartfelt thanks to those who have already stepped forward.

— Gene Anderson
genea@miami.edu

Mission Statement: To develop innovative ideas and principled leaders that transform global business and society.
ON SEPTEMBER 10, some 1,200 people from every corner of the U – students and scholars, scientists and supervisors, trustees and alumni – gathered at the BankUnited Center on campus to hear new University of Miami President Julio Frenk in his first major University community appearance. At his Town Hall Meeting, Frenk answered questions about everything from Hurricanes football (“Make no mistake, I also like to win.”) to the problem of rising sea levels (Frenk pointed to the importance of making sure knowledge generated by University scientists is translated into policy).

The University’s first Hispanic president also committed to making the institution an example of diversity. A former Harvard dean and Mexican minister of health, Frenk also addressed ways to expand the UHealth brand. In addition, he discussed making a University of Miami education more accessible to students who may be struggling financially. Noting that 58% of University of Miami students receive some form of financial aid, he said that part of his vision for the school is to ensure that financial barriers will not prohibit bright and intelligent students from obtaining an education at the University.

“Dr. Frenk’s appointment marks a renewed commitment to excellence, relevance and advancing the University as a model learning community and research institution for the Americas,” said School of Business Dean Gene Anderson. “His appointment underscores the importance of developing the ideas and leaders needed to transform business and society for the common good – which is the very core of our School of Business mission.”

During his first 100 days as president, Frenk is engaged in a “Listening Exercise,” which he described as an “intensive, immersive and iterative listening project” that invites students, faculty, staff and alumni to share with him their aspirations and hopes for the University.

Frenk also holds a position at the University as a professor of public health sciences. He earned his medical degree at the National Autonomous University of Mexico in Mexico City (and passed the United States’ Educational Commission for Foreign Medical Graduates exam), then went on to earn master’s degrees in public health and sociology, as well as a joint PhD in medical care organization and sociology — both at the University of Michigan.
Ban the Book, Fan the Flames?

DOES NEWS-MEDIA CENSORSHIP PROP UP DICTATORS OR DRIVE DISSENT? BY ERIC SCHOENIGER

LET'S SAY YOU'RE A DICTATOR, and your subjects begin to show unrest. You're inclined to censor media reports to quash negative news about your regime. Will that tactic be more likely to let you hang on to power? Or will it make the citizenry more apt to revolt? It's a question that has implications for millions of people who live under repressive governments around the world.

There are surprising answers in the findings of Mehdi Shadmehr, assistant professor of economics at the School of Business, and his colleague Dan Bernhardt, professor of economics at the University of Illinois; these findings were included in a mimeo (“Can Citizen Communication Hinder Successful Revolution?”) and published in the May 2015 issue of American Economic Journal: Microeconomics. The researchers applied a mathematical model to predict the effects of more and less media censorship on a regime’s ability to retain power. “Mathematical models help to analyze human behavior,” Shadmehr explains. “They help to identify which behavioral patterns to look for in the real world.”

The researchers’ model is based on the form that most actual censorship takes: a regime aims to prevent media reports about unfavorable news, which might cause citizens to revolt. But citizens understand this motivation, so when they receive no news at all, they tend to assume that the regime might be concealing something negative. When censorship is high, “‘No news’ becomes ‘bad news,’” the researchers note in their paper.

Some of what Shadmehr’s model uncovered is counterintuitive. For instance, when the potential benefits to citizens of a revolution are very high – making revolution likely – a dictator is always better off with a strong media that uncovers almost all news, both good and bad, rather than with a weak media that rarely uncovers any news. In contrast, when revolution is very unlikely, a dictator is better off with a weak media rather than a strong one. Factors that raise the cost of censorship can, paradoxically, benefit a bad regime.

“That’s the advantage of using a mathematical model,” Shadmehr says. “We might not know to look for some of these things, because they aren’t intuitive. But now that we’ve shown these results, activists can look to see if regimes are actually behaving this way.”

An Informed Citizenry

Shadmehr’s results can tell us a lot about censorship. First, one reason censorship works is that citizens don’t know for sure if a regime is censoring at any given time. Second, regimes never censor all bad news. They typically allow mildly bad news to be reported, because if there’s no bad news whatsoever, citizens may assume the worst: that the news is quite terrible, and the regime is suppressing it.

In addition, many people assume that technology such as the Internet and social media is bad for regimes, because it allows citizens to share information. But communications technology can actually benefit regimes. “We’re the first researchers to use a model to show this,” Shadmehr says. For one thing, regimes can use technology to censor media and to disseminate propaganda. “And even if technology makes censorship more difficult, that can, perversely, benefit the regime,” Shadmehr notes, because the lighter censorship can be perceived positively by citizens.

Finally, a regime facing a high threat of revolution prefers a very strong media that citizens trust to a very weak one. In fact, Shadmehr says, when a regime is on the verge of collapse, its only hope for survival may be that citizens begin to believe a new regime will be even worse. A strong media can help circulate these ideas.

Shadmehr explains that the purpose of the research was to point out aspects of bad regimes that might otherwise be overlooked. “Censorship works best if citizens aren’t aware that the government is censoring,” he notes. “The more people are aware of censorship, the less likely it is that a government will censor. Activists can use our research to look closely at how a regime is censoring, and then inform citizens.”
We Can Work It Out
THE OUTCOMES OF WORKPLACE CONFLICT DEPEND LARGELY ON HOW DISAGreements ARE EXPRESSED. FOR BEST RESULTS, BE HIGHLY DIRECT, BUT NOT TOO INTENSE. BY ERIC SCHOENIGER

When you have a conflict with a co-worker, how do you handle it? A direct approach? Try to be low-key? The strategy you choose will go a long way toward a successful outcome – or an escalation of the problem.

That’s according to a recent paper by Gergana Todorova, assistant professor of management, and colleagues at Carnegie Mellon University, the University of Virginia, the University of Melbourne and the University California, Los Angeles. Drawing on their own and others’ research, the group found that effective conflict resolution depends not only on the nature of the disagreement but also on how the friction is expressed. “We focused on two properties of conflict expression: the directness and the oppositional intensity,” Todorova says. “This is a new way of looking at conflict in the workplace.”

In Your Face or Behind Your Back?
Conflict research often characterizes disagreements by their type, such as task-oriented or relationship-oriented. Instead, Todorova and her colleagues looked at how discord is expressed, identifying four conflict-expression styles, listed here in order of effectiveness:

1. High directness/low intensity: Conflict expressers clearly state the problem and their position, yet they approach it as a debate, integrating the merits of others’ viewpoints.
2. High directness/high intensity: Conflict expressers clearly state the problem and their position. They also approach it as a fight, refusing to yield their position while trying to undermine their opponents.
3. Low directness/high intensity: Conflict expressers hint there’s a problem but leave room for interpretation. Even so, they approach it as a fight, resorting to shouting and criticism.
4. Low directness/low intensity: Conflict expressers don’t describe the problem clearly, or they merely complain to third parties. But they also consider the merits of others’ viewpoints.

To illustrate high directness/low intensity, let’s say Mary has an allocated budget, but Tom believes it isn’t enough. In one scenario, Mary explains why the allocation is adequate and even provides discretionary funds. Tom feels Mary doesn’t understand the hidden costs and suggests they discuss the issue further. Mary disagrees.

Both scenarios involve the same conflict, but the directness and oppositional intensity differ. Consequently, Mary and Tom will perceive the conflict differently, focus on different information and respond to each other differently. And these differences will likely drive different outcomes.

Get to the Point, Gently
Which conflict-expression style works best? That would be high directness/low intensity. “This gives people a lot of information, and it allows them to process opposing views,” Todorova explains. “The result is better conflict resolution and more-accurate decisions.”

Todorova believes businesses can apply these findings to drive better conflict resolution – and performance. First, they should select and train leaders to be role models for direct, low-intensity conflict expression. If leaders exhibit these traits, their teams are more likely to, as well. Second, when developing organizational culture, they should encourage directness. When employees avoid conflict, problems aren’t addressed. Third, they should consider how conflict expression affects diverse teams. In cultures that are more collectivistic, people may express opposition in less-direct ways. Finally, organizations should factor conflict expression into internal communications. Virtual teams, in particular, need direct, low-intensity conflict expression, because otherwise problems can become ambiguous, avoided and harder to solve.

The researchers are now developing measurement tools for conflict expression. Their goal is to help managers quantify their teams’ current state of conflict expression and monitor whether it’s becoming more or less effective.
Masculine Perfume, Feminine Shoes and More

NO MATTER A PRODUCT’S PURPOSE, WE’RE MORE LIKELY TO BUY IT IF IT’S AESTHETICALLY VERY “FEMALE” OR VERY “MALE.” BY TRACY SIMON AND ROCHELLE BRODER-SINGER

CONSUMERS ASSIGN GENDER to most products, based on aesthetics. And they are more likely to buy products that are highly “gendered” – whether masculine or feminine – than they are to buy products that are not as “gendered.” In fact, according to a study by Claudia Townsend, an assistant professor of marketing at the School (published in the April 2015 issue of Psychology & Marketing), consumers place a higher value on products that they perceive as highly gendered. They believe they are more functional and are more likely to buy them.

“We found that this was the case for both male- and female-gendered products, regardless of the gender of the consumer,” says Townsend, who conducted the research with professors from the University of St. Gallen. “The findings offer real design guidelines for product makers.”

Products that were strongly gendered, in both the masculine and feminine dimensions, resulted in positive affective and behavioral responses, regardless of whether the “buyer” was male or female.

Townsend and her colleagues found that consumers assign products a gender by using aesthetic attributes like color, texture, weight and tone. We tend to view products that are shiny, smooth, colorful and lightweight as female. And those that are angular and bulky with a dull texture, we tend to view as male.

The research encompassed two different studies, as well as interviews with designers. The first study showed that the perception of product gender can be influenced by the design elements of form (proportion, shape and lines), color (tones, contrast and reflection) and material (texture, surface and weight). It also identified which specific variations of each of those elements created a perception of masculinity or femininity. Townsend and her collaborators accomplished this by having close to 150 people look at three gender-neutral products (shoes, fragrances and glasses) designed in eight different ways. They were asked to identify the impact of form, color and material on identifying a gender for the product.

The second study examined the response of perceived product gender on consumers. Around 1,600 people were asked to rate each of those same gender-neutral products in terms of their attitude toward the object, its visual aesthetic value, their perception of its functionality and the likelihood that they would purchase the product. The findings revealed that the products that were strongly gendered – in both the masculine and feminine dimensions – resulted in positive affective and behavioral responses, regardless of whether the “buyer” was male or female. The study subjects perceived highly aesthetically masculine or feminine products as more functional and more attractive than the same products designed in an undifferentiated way.

The researchers theorize that the same evolutionary processes that have led to humans’ appreciation of strong gender characteristics in other humans also lead them to find highly gendered products more attractive. And, Townsend says, people are more likely to buy those highly gendered products because they are better looking. As the researchers wrote in their paper, the fact that highly gendered products were also perceived as more functional “is evidence that the ‘what is beautiful is good’ stereotype applies to products.”
Manufacturers spend $150 billion per year to transport their products via third-party logistics providers to big retailers. The logistics managers of these firms face the important issue of what payments to make to the 3PL providers for their delivery services. But a new model developed by Hari Natarajan, associate professor of operations and supply chain management at the School, can help logistics managers address this problem and save nearly 10% in distribution costs annually.

“Our math model provides a much-needed tool in the industry that considers various aspects that play into distribution costs, and offers a structured approach to negotiating customized rates with [third-party logistics providers] that also offer cost savings to manufacturers,” says Natarajan, who developed the model along with a University of Texas at Austin professor.

Today, rates for retail distribution via third-party logistics providers are typically based on tables provided by the rating engines of transportation data companies. However, these rate tables do not reflect the long-term collaboration between manufacturer and logistics provider, the variability in quantities shipped or the periodic nature of the deliveries.

Natarajan’s work frames the problem of negotiating delivery fees as an optimization model, and it considers distance of each store from the distribution center, the probability of delivery weights to each store and the total delivery cost incurred by each logistics provider. It then offers a tailored solution that takes into consideration both industry benchmarks and the specifics of the partnership. The model should be able to generate significant savings in distribution costs while ensuring fair compensation to distributors. The research was published in IIE Transactions.

More informative political campaigns give voters more information about each candidate’s quality (from their character and how well they think on their feet to their competence and trustworthiness). But they also tend to weaken the link between a candidate’s ideology and his or her election chances. This reduces incentives to moderate policy platforms and encourages polarization between candidates, according to research by Raphael Boleslavsky, assistant professor of economics at the School, and Christopher Cotton of Queen’s University (a former assistant professor of economics at the School).

In the researchers’ game theory model, if the voters initially believe that the candidates have the same quality and the campaign is uninformative (perhaps because it is short), then voters choose a candidate based on policies rather than character. This gives parties an incentive to select more moderate candidates to appeal to the largest number of voters. The same model shows that, in a more-informative campaign, voters receive far more information about candidate quality and are less likely to make their choice based solely on policies. “When voters care primarily about candidate quality … parties respond by nominating more extreme candidates,” Boleslavsky and Cotton wrote in a paper on the research that appeared in the February 2015 issue of American Economic Journal: Microeconomics. “When voters receive better information about quality, the election winner simultaneously has higher expected quality and is more extreme.”

The optimal level of campaign information balances the trade-off between giving voters good information to elect a quality candidate and not giving them so much that they are hurt by candidates’ policy extremism, with which they may disagree.

The research doesn’t model the politics behind parties’ nominees, nor does it take into account fundraising or endorsement-seeking. But the results help explain why politicians are more polarized today, in an age where cable news, the Internet and seemingly unending debates mean that plenty of information on candidate quality is available.
“Right to Be Forgotten” Online

SHOULD SEARCH ENGINES BE RESPONSIBLE FOR PROTECTING AND ERASING PRIVATE INFORMATION ONLINE? BY TRACY SIMON AND ROCHELLE BRODER-SINGER

A 2014 ruling by the Court of Justice for the European Union requires that search engines like Google, Bing and Yahoo remove items from their search results, at the request of people seeking greater privacy. The ruling recognized that, as a result of inaccurate, irrelevant or out-of-date online information, people may be discriminated against or suffer reputational harm. As a result, the court ruled that Google and other search engines are responsible for taking down (or delisting) such information when requested by individuals. It also held that the search engines themselves should decide what information to remove, and what information to keep.

But search engines – despite the important role they play in gathering information – are simply businesses. And businesses should not be solely responsible for deciding what information stays online, argues Patricia Abril, associate professor of business law at the School. “It is ill-advised to give a private company that kind of power over people and people’s lives,” she says. “They do not want it and they should not have it.”

The Kentucky Law Journal recently published an article in which Abril and co-author Jacqueline D. Lipton from the University of Akron School of Law examined legal scholarship and judicial decisions related to the topic. The authors argue that the E.U.’s decision puts search engines in the role of judges and juries. “It is bad policy for businesses to act as the arbiters of privacy – and ultimately, history – but the pendulum might have swung too far in that direction, at least in Europe,” Abril says. The authors argue that requiring search engines to assess whether information is “inaccurate, irrelevant, or out-of-date” is bad policy for reasons including:

• Search engines’ decisions and processes are left unchecked by a third party.
• Search engines do not have the legal expertise to perform the delicate balancing between free speech and personal privacy.
• The added administrative burden may be costly, and consumers will eventually pay the price.
• Because no records are required, there will be no data, precedent, or opportunity to understand decisions to delist.
• Individuals do not currently have a right to appeal delisting decisions.

READ THE FULL PAPER: bus.miami.edu/magazine
Inside Indian Business
BUSINESS LEADERS SHARE THEIR EXPERIENCES IN AVIATION, HEALTH CARE AND POWER BY LAUREN COMANDER

ALTHOUGH INDIA, which will have the world’s largest population within the next decade, boasts a strong and growing economy, the country also presents many challenges. Some 250 School of Business students gathered in September to sample Indian food, listen to Indian music and hear from panelists representing the aviation, health care and power industries about the highs and lows of doing business in such a vital part of the world.

Aviation Industry Hampered by Taxes and Fees
“The potential opportunity in aviation in India is huge!” said panelist Sanjay Aggarwal, who ran two airlines in India and today is the co-founder of SAR Trilogy Management, an aviation management and investment firm. The sheer number of people, combined with the growing middle class and the small number of airplanes servicing the population, looks good on paper. But in reality, airlines are losing big money, hampered by government policies. The government-owned oil companies charge a 25% sales tax, banks charge 12% interest and the country’s airports charge among the world’s highest fees. The depreciating rupee further raises costs.

A silver lining, Aggarwal said, is government policy changes that allow direct foreign investment into Indian carriers and remove Air India’s right of first refusal on routes so other airlines can fly desired routes.

Health Care
The health care industry also faces challenges in India, said Prasanna Jayakar, chairman of the Brain Institute at Miami-based Nicklaus Children’s Hospital. India spends only 4% of GDP on health care, and access is a major problem. “You can have the best health care team, but a local village system that doesn’t allow you to penetrate is a significant problem,” Jayakar said. Mortality from diseases like diabetes and cancer is a real threat, and patients often die from diseases that have simple treatments. In rural areas, the greatest dangers are preventable diseases like HIV and malaria. India’s infant mortality rate is three times China’s and seven times that of the U.S.

That said, recent infrastructure improvements are reducing obstacles to health care access, and the country has managed to offer certain high-quality services at a fraction of the cost, raising hopes for a medical tourism industry. Jayakar spoke of an epilepsy procedure that costs $100,000 in the U.S. but less than $5,000 in India.

Taking an Indian Company Multinational
Sandeep Chakravarty, vice president for sales and marketing for CG Power USA, explained how his India-based company chose to globalize. At one time, the company manufactured government-dictated products and sold them at government-set prices without competition. In the early 2000s, the company decided to focus on improving quality and expanding beyond India through acquisitions.

“We succeeded in growing the company, which could not have happened in India itself,” Chakravarty said. CG Power now has 43 factories, with half of them (and 30% of the workforce) outside India. The biggest challenge now? “Managing things from India,” Chakravarty said. “When we started off, we had a hands-off approach and didn’t realize the subtle difference of how they were going to see things.”
From Gilt to Glam

THE CO-FOUNDER OF E-COMMERCE COMPANY GILT ON WHAT SHE LOVES ABOUT BEING AN ENTREPRENEUR, WHAT’S PAINFUL ABOUT IT AND KNOWING WHEN TO LET HER COMPANY GO ON WITHOUT HER  BY ROCHELLE BRODER-SINGER

ALEXANDRA WILKIS WILSON co-founded e-commerce company Gilt Groupe in 2007. After more than seven years with the company she still calls her “baby,” she left, joining start-up GlamSquad as CEO. The on-demand beauty service sends hairdressers, makeup artists and manicurists to clients’ homes, and works with more than 350 professionals in New York, Miami and Los Angeles. Clients range from professionals with standing weekly appointments to celebrities such as Brooke Shields and Paris Hilton.

In September, Wilson spoke with School of Business students about the two companies and her entrepreneurial journey, which began in 2007. “I had just gotten married, and I felt like this was my chance,” she said of leaving the corporate world and starting Gilt. “I thought, ‘I don’t have kids yet. If I’m a total failure and it all goes to zero, we can still pay our rent. … This is a good point in my career to take a risk.”

Wilson loved working at Gilt, but during her last year with the company, she found herself bored sitting through six-hour meetings and restless to be out pursuing deals. “I started to feel like, while Gilt will always be my baby, it had gone off to college and didn’t really need me,” she said. Meanwhile, she was advising start-ups and connected with founders of GlamSquad, then six weeks old. She became a formal advisor to the company, taking equity in return for her advice, and found herself falling asleep at night thinking about GlamSquad instead of Gilt. When the company asked her to become CEO, she thought about it for a couple of months, agreeing only if she could have a co-founder role. In September 2014, she officially took the CEO reigns.

In the Woods as an Entrepreneur

Not every entrepreneur has to have an idea, Wilson stressed to the students, noting that a company needs both visionaries and people who can solve crises in the moment. “At start-ups, every day is hand-to-hand combat. Something goes wrong every day,” she said, adding that being an entrepreneur isn’t for everyone. “When you’re doing something entrepreneurial, whatever your business card says – it’s all-consuming,” she cautioned. “You have to be up to that emotionally. The unglamorous side of start-ups is that most entrepreneurs burn out. It’s very normal. There was a point at Gilt where I had migraines every day for two months.”

The CEO also talked about failure, stressing that most start-ups fail and noting that she has seen it firsthand with many start-ups she has advised. Her willingness to share buoyed the hopes of first-year MBA student Andrea Restrepo, who hopes to one day start her own business. “Actually hearing someone say it happens all the time, you think, ‘OK, it’s something really normal. I have to be okay with it,’” she said. “She is okay with it, and she’s doing well.”

Restrepo was most moved, though, by the opportunity to meet a female entrepreneur. “You hardly ever meet anyone who is in that world. … I definitely had to take this opportunity,” she said. “If she can do it, then I can do it. You can’t be scared.”
Garnering Votes for “Suffragette”

A TOP HOLLYWOOD MARKETER SPEAKS ON SELLING AN IDEA, MAKING THE IMPOSSIBLE POSSIBLE AND WHAT BOTH MEAN TO WOMEN IN TODAY’S WORKPLACE

BY LAUREN COMANDER

Christine Birch has marketed hundreds of movies during her 25 years in Hollywood, but the president of marketing at Focus Features needed a new plan to create buzz around her latest project, “Suffragette.” The film follows a group of working women in early-20th-century Britain who mount a fight for the right to vote. It seems to be an art-house film – one that, on the surface, doesn’t have a wide audience. “The biggest challenge is to persuade an American audience that a British movie full of ‘foreign accents’ and period costumes could be relevant to today’s audience,” Birch explained during a visit to the School.

The Hollywood veteran was so moved by the film, though, that she resolved to get it in front of as many people as possible. Her goal: wide release. So, Birch built a marketing campaign around bringing “Suffragette” to college campuses nationwide, including an October stop at Storer Auditorium for a special screening and roundtable discussion. “Our goal is to keep screening it in venues like this, and begging people like you to get on the web machine and say to everyone you know that this is a movie people should see,” Birch told the crowd at the screening. “We are going to get to a wide release ultimately, but we are starting slow.”

Birch figures that students will see the obvious ways the movie relates to their lives today. “When you see the film, you realize that we stand on the shoulders of women who have done extraordinary things, and we have a great deal of work left to do,” she said. She particularly pointed to the main character’s awakening to activism, noting that it is relevant to women just entering the workforce today. She said women in the workforce should be asking themselves: “What is my role, and what do I have to do in this role to make the impossible possible?” She noted that some work environments make that easier than others, but “it’s never just a walk in the park. It’s always looking at where you are and digging in when it’s hard.”

In the workplace, women must be able, above all else, to sell an idea, Birch said. That’s what she’s doing with the movie she’s so passionate about. “If you have the ability to express your ideas in a way people can get behind, you’ll find yourself at the table faster than you think,” she said. “Ultimately, Hollywood is a business, and they make movies that make money. If we don’t galvanize around a movie like this, then Hollywood won’t make any more of these kinds of movies – and there are too many stories to tell and too many voices that need to be heard.”
Women Technology Leaders Share Trends in Play Right Now

PREDICTIVE ABILITIES, JUST-IN-TIME ACCESS, HEALTH SECTOR TECH AND MORE. BY LAUREN COMANDER

A PATIENT SWISHES, gargles and spits into a cup to find out if she has oral cancer. A woman stares into the car mirror to apply lipstick while her car drives itself seamlessly along the road. A student scribbles her work on a sketchpad in a tutoring session with an intelligent computer. These were among the technological innovations highlighted by panelists who gathered at the School of Business in November for a special panel presented with WITI South Florida.

“Women traditionally have shied away from computer science and technology,” said moderator Sara Rushinek, professor of business technology at the School. “There is more to technology than coding in the back room. Technology is part of every field.”

Indeed, technology is leading to innovations across industries. Jen Underwood, principal program manager at Microsoft, showed off the soon-to-be-launched Cortana digital assistant and HoloLens, which allows users to experience their data by transforming it from charts into a sort of virtual reality. Predictive abilities, Underwood said, are “the secret sauce of applications. Whether it’s a sports team trying to predict what the next moves will be or trying to predict stocks and when to sell, these are massive windows of opportunities.”

Other key trends of the moment include “just in time” access to transportation, deliveries, food and lodging, said Melissa Krinzman, managing partner of venture capital firm Krillion Ventures. She’s also seen a lot of technology in the works for drones, particularly for the real estate and cybersecurity industries.

Miami Herald business reporter Nancy Dahlberg, meanwhile, pointed out that 70% of the venture capital coming into South Florida has gone to companies in the health sector. Norma Kenyon, chief innovation officer for the University’s Miller School of Medicine, added that the Cambridge Innovation Center plans to house up to 500 startups in the university’s health district, which is near the park.

Along with current technology trends, panelists also shared advice for women entering the male-dominated field. Panelist Geeta Nayar, chief health care and innovation officer at Femwell Group Health, offered this: “You’ve got to find mentors and help each other out, just like the guys do. And you have to make light when you’re in a male-dominated industry and sitting in a boardroom. When the guys want to make big decisions over cigars and drinks, I laugh and say, ‘Let’s do it over manis and pedis!’”

Income Tax Strategies Proposed by Presidential Candidates Could Backfire

REDUCING INCOME INEQUALITY THROUGH TAXES DOESN’T ALWAYS LEAD TO ECONOMIC GROWTH.

BY TRACY SIMON AND ROCHELLE BRODER-SINGER

GOVERNMENTS USE TAX POLICY in a variety of ways, including reducing income inequality by taxing those with higher income at a higher rate. When used to reduce inequality between households with annual income below the median and those at the median, this leads to increased economic growth. But, using taxes to reduce income inequality between high-income households and those at the median can slow economic growth.

These findings come from research by Indraneel Chakraborty, an assistant professor of finance at the University of North Carolina and University of Chicago, who studied 30 years of state-level individual tax filings and economic indicators. “Income taxation to relieve inequality is a two-edged sword,” Chakraborty says. “Government policies aim to reduce income inequality through tax policy because income inequality creates lower economic growth. But, policymakers should not assume that reduction of income inequality will always translate into economic growth, as the opposite occurs in some cases.”

For households below median income, reduction in income inequality encourages them to work more hours and increase their per-capita consumption. It also leads small businesses to employ more workers. But, says Chakraborty, “For households above the median income level, the effects are the opposite: More taxes reduce the amount of hours workers wish to work at a given wage rate, as well as job creation by small businesses.”

The study results don’t say what optimal tax rates should be. “Hopefully, though, our research will help policymakers make more-informed decisions regarding tax policy,” Chakraborty says. “Our findings show the importance of understanding the need to balance these opposing effects in order for economic growth to occur.”

The findings are currently being reviewed by an academic journal but have not yet been accepted for publication.
When Citibank decided in 2014 to hold a hackathon, an event where a company opens its platform up to software developers for a competition to elicit new apps, School of Business students were among the first to know. They applauded the plan at a reception marking the end to a successful reverse-mentoring program, in which students had counseled senior Citi executives on leveraging social media and digital technology, and they celebrated their role in fostering support and innovation.

Today, the hackathon continues as part of the successful Citi Mobile Challenge, a next-generation accelerator that combines a virtual hackathon with an incubator and a worldwide network of FinTech (financial technology) experts. Developers from around the world are submitting solutions capable of running on Citi's digital platform for all areas, including mobile banking and authentication.

Helping to lead the challenge are, as the more than 75 alumni working at the financial institution call themselves, three Citi 'Canes: Itziar Diez-Canedo (BBA '09), Elena Anisimova (MBA '12) and Krithi Bojja (MBA '15).

"The whole concept was that our students would teach senior Citi executives how to leverage social media and digital technology," explains Mary Young, director of the School's Ziff Graduate Career Services Center. "Over two years, we went from envisioning to building to executing this idea." The initiative has already generated a global portfolio of cutting-edge FinTech applications.

A series of multi-week competitions in various regions of the world, the Citi Mobile Challenge kicked off in April 2014 in Latin America. Bill Fisse (BBA '75, MBA '76), the managing director of Citi human resources, campus recruiting and program management strategy, notes that the competition - and cooperation with the School of Business - helps let students know there are innovative things going on inside the "traditional" financial services institution. "You can do cool stuff at a place like Citi instead of trying to do those things in Silicon Valley," he says.
Town Hall with President Julio Frenk
If you couldn’t attend September’s Town Hall Meeting with the University’s new president, you can watch it on video. Also view his takes on the University’s global connectivity and the future.

The Volkswagen Scandal
Robert Plant, an associate professor of business technology at the School and a software engineer by training, on why revelations of Volkswagen’s emissions data falsification are particularly chilling.

Business United Day 2015
Photos from the annual School of Business freshman day of service.

“Ultimate Insider” Roomy Khan on the Dangers of Insider Trading
The former hedge fund executive, who was jailed on insider trading charges, talks with students and alumni about insider trading, including the danger of not knowing your actions are illegal.

Meet a ‘Cane
Students and alumni from the School’s Miami Executive MBA for the Americas and Executive MBA in Health Sector Management and Policy talk about why they chose the University of Miami School of Business.
Students Wrestle With Real-Life Dilemmas at 13th Annual Ethics Bowl

BY RICHARD WESTLUND

SHOULD A POLICE OFFICER RECEIVE additional legal protection after a fatal shooting? Do fashion models with a high body mass index (BMI) promote unhealthy eating habits? Should a nursing home prevent a woman with dementia from having sex with her husband?

University of Miami students debated these types of challenging real-life situations in the 13th annual Ethics Bowl, hosted by the School of Business in October. School of Business freshman Eleanor Martin and teammates Blake Weil and Rohit Reddy from the School of Arts and Sciences won the competition, which took place over multiple rounds. “This competition encourages students to think on their feet and explore different viewpoints,” said student Kassandra Samuel, president of the University of Miami Ethics Society.

The annual Ethics Bowl competition is sponsored by longstanding supporters Karl Schulze (BBA ’74) and his wife, Terri. “Thirteen years ago, Terri and I were considering endowing a scholarship,” Schulze said. “Instead, we chose the Ethics Bowl, which has an impact on far more students and has been very rewarding for us on a personal level.” (Read more from Karl Schulze on page 48.)

A panel of six volunteer judges, including Joseph Centorino, executive director of the Miami-Dade Commission on Ethics and Public Trust, evaluated the teams’ presentations, asked questions and scored each round. “Competitions like this help students develop the moral reasoning skills to confront ethical issues,” said another judge, attorney Ryan Kairalla (BBA ’08), who was a member of the University’s first-place 2007 National Intercollegiate Ethics Bowl team.

Anita Cava, professor of business law, director of the School’s Business Ethics Program, and co-director of University Ethics Programs, welcomed the six student teams, saying, “The Ethics Bowl is a pillar in our School’s mission to develop principled business leaders.”

Before the final round of the competition, Schulze spoke to students. “In my work, I see the downside when ethics is not part of business behavior,” he said. “I strongly encourage you to tell the truth, since honesty is still the best policy. You should also be aware of the many schemes designed to steal money. Keep your eyes open, and if you see something wrong, say something.”
new scholarship fund memorializes long-time accounting professor

to honor the memory of Larry Phillips, who was a member of the School’s accounting faculty for 26 years, the School established the Lawrence C. Phillips Memorial Endowed Scholarship in Taxation Fund. The fund will award scholarships to cover tuition and expenses for students in the Master of Science in Taxation (MST) program who demonstrate a particular passion for tax and accounting.

An endowed scholarship requires a minimum initial fund of $50,000. The School is currently working to raise the needed funds, which can come from gifts of any amount. Kay Tatam, Phillips’ widow and an associate professor of accounting at the School, says the endowed scholarship will be an important component of the legacy he hoped to create – one that would benefit future School of Business students.

– Rochelle Broder-Singer

Learn more or donate to the memorial fund: miami.edu/larryphillips.

Corporate Connections

strengthening the school’s connections with south florida’s business community

by lauren comander

on a september afternoon, 40 alumni joined sebastian the ibis and school of business dean gene anderson at ryder’s world headquarters in medley, florida, for an update on the latest developments, trends and new programs at the school. such meetings are popping up all over town, as the school increases its connections with the business community and its many alumni.

at ryder, alumni learned how the school is doing with recruitment and placement (better than ever), how its offerings have evolved (more programs for more students) and how they can become more involved (as speakers, mentors and mentees, for starters). “we need your help,” anderson told the crowd. “one of our biggest goals is to get more engaged with the business community, and our alumni are the heart of that. we can’t do these new programs and experiential learning activities without our alumni.”

the event was a festive afternoon, with sebastian leading the crowd in the ‘canes fight song before posing for a group picture. several employees realized their ‘canes connection for the first time after working together for years, then bonded over green and orange cupcakes.

building strong community partnerships is a high priority for the school. in addition to events with alumni at local companies, anderson has spoken to members at the coral gables chamber of commerce, met with alumni in latin america, discussed the importance of partnerships at the life2015 conference and more.

at ryder, alumni were surprised by some of what they learned. sheldon burke (mba ’92), who attended the event despite a job that has taken him to shanghai, singapore, mexico and canada this year alone, was inspired enough to consider becoming a mentor. “i didn’t know these programs existed,” burke said. “it’s thought-provoking because it makes us think about what can we do to give back to the university of miami.”

ryder ceo and ‘cane robert sanchez (bsee ’87) noted that ryder has university of miami alumni from a variety of schools. “we’ve got a great group of alumni from every functional area,” he said. “a lot of kids at the school today are the future leaders in the country, and we’d like to make sure we get our fair share of those.”

interested in arranging a school of business visit to your company? email heather costa: hcosta@bus.miami.edu.

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Alum Earns Investment on ‘Shark Tank’
THREE JERKS JERKY’S JORDAN BARROCAS AND HIS PARTNER MAKE A $100,000 INVESTMENT DEAL BY JENNIFER LECLAIRE

WHAT HAPPENS when premium beef jerky meets ABC’s “Shark Tank?” The sharks eat it up, and one promises to invest more than $200,000 to grow the tasty snack business. Jordan Barrocas (MBA ’11) and Daniel Folgelson founded Three Jerks Jerky, which sells five flavors of beef jerky made from filet mignon. It’s free of MSG, gluten, artificial ingredients and nitrates – and it made the “Shark Tank” judges’ mouths water.

Barrocas and Folgelson’s journey to “Shark Tank” judges began on campus in January, when Barrocas first pitched Three Jerks at a casting call for the business-themed TV series. At the time, he noted that the company was already profitable but was looking to expand to national food chains. When Barrocas and Folgelson made it to the TV show, they asked the judges for a $100,000 investment for a 15% stake in the company. The judges – Mark Cuban, Lori Greiner, Robert Herjavec, Daymond John and Kevin O’Leary – reacted with oohs and ahhhs after tasting the jerky.

The 100% filet mignon beef jerky sells for $12 at retail – twice the price of generic jerky. “The big thing for us is we’re getting killed on our purchasing because we are buying everything at minimums,” Barrocas told the sharks. “We want to be able to buy a decent amount of inventory while the price is low.”

At the time the show was taped, Three Jerks was profitable, was sold in 75 independent grocery stores and had $350,000 in revenue in the six months before the taping. All Barrocas and Folgelson needed to drive the business forward they said was the so-called “third jerk,” an investor that would help take the company to the next level.

Although Cuban had no appetite for the investment, the presentation convinced four of the sharks to bid. O’Leary bid $150,000 for 33% of the company. Herjavec and Greiner offered up $100,000 for 20%. John, an entrepreneur and investor, got creative, offering $100,000 for 15% and another $100,000 for a second 15% stake if the concept grows longer legs. The bidding got fierce, with Herjavec and Greiner offering to join forces and essentially match John’s offer – but Barrocas and Folgelson didn’t want four jerks on board. Ultimately, they chose John, who helped revolutionize the sportswear industry in the 1990s as founder and CEO of FUBU.

Folgelson concluded, “Making a deal with Daymond, we feel, is going to be the accelerator to our business and help us grow into a huge jerky company across the country.”

Expanding Business School Opportunities for Women
SCHOOL WORKS WITH THE WHITE HOUSE AND OTHER BUSINESS SCHOOLS ON BEST PRACTICES FOR INCREASING NUMBER OF WOMEN IN BUSINESS

IN AUGUST, Dean Gene Anderson joined other top business school deans at the White House to announce new initiatives to increase opportunities for women in business. The School of Business and 44 other business schools (including Stanford, Yale and Wharton) agreed to a set of best practices that focuses on areas including ensuring access to business schools for women and ensuring business school career services go beyond the needs of traditional students.

The event, “Best Practices for Business Schools to Lead in Expanding Opportunities for Women in Business and Adapt to the Changing Workforce,” included the Association to Advance Collegiate Schools of Business (AACSB), deans and leaders from AACSB-accredited schools, representatives from the White House Council on Women and Girls, the White House Council of Economic Advisers, administration officials and business stakeholders.

“I am honored to work with the White House and peers on this important initiative,” Anderson said. “All business is now global business, and to compete effectively we need to make certain our best talent is able to rise to the highest possible level. Inclusion is imperative, and business schools are in a privileged position to facilitate the advancement of women and historically underrepresented minorities.”
The School’s Mentor Program: Changing Lives for 25 Years
BY RICHARD WESTLUND

Back in 1990, Marcelo Alvarez (BBA ’62, MBA ’65), Brenda Bassett and Peter Kleinerman (BA ’73, MBA/MS ’74), among others, decided to support the School of Business by volunteering as mentors to undergraduate and graduate students. “I’ve helped dozens of top students and made some great friends through the years,” says Kleinerman, president of Jadan Capital Corp. and a contributor to the Mentor Program since its founding. “They ask me thought-provoking questions about their career paths, job skills, business trends and life in general. I tell them that I’m not any smarter than they are – I’ve just had a little more experience.”

This school year, the School of Business Mentor Program marked 25 years of changing lives – for both mentors and mentees. “One of our top priorities is ensuring the relevancy of our educational program,” School of Business Dean Gene Anderson told students and mentors at this year’s kickoff dinner in September. “Our Mentor Program gives students an opportunity for one-on-one personal engagement with community leaders, helping them connect the dots from the classroom to the business world.”

Joanne Meagher helped launch the program in 1990, when she was the director of alumni relations for the School. “We wanted to enhance our alumni involvement while adding to the value of our business school experience,” she says. “This was before email and the Internet were widely used, so students didn’t have an easy way to access information about job requirements and salaries. We also felt that both our alumni and students would enjoy the experience, and that was certainly the case.”

The program was an instant success. “Our first-year goal was 20 students and 20 mentors,” she says. “We got 41 student applications and were able to make 38 matches.” Because mentoring was a new offering, Meagher prepared an orientation handbook that set down expectations for students and mentors, along with suggested activities and topics. For the first few years, student participants had to be recommended by the undergraduate or graduate program offices. Then it was expanded to give all students an opportunity to participate. “We also learned that many students needed help in making that initial contact with mentors,” she says. “So we held orientation sessions for participants so they could meet face-to-face.”

Along with one-on-one relationships, the Mentor Program grew to include a series of roundtables each year that focus on topics like marketing or finance. “That was a real enhancement in helping students gain more knowledge about certain fields when considering their career options,” Meagher says. “This program … brings so many benefits to our students and mentors.”

Indeed, longtime mentors say they have benefited in many ways. Jose Lamela (BBA ’86), a partner with Crowe Horwath, has found mentoring to be a meaningful experience since he first volunteered in 1992. “There comes a time in our lives when we feel a need to give back to our communities,” he says. “Mentoring has been a very satisfying way for me to express my values and help students find their paths in life.”

Through the years, Lamela has forged deep friendships with his students, and he even became an ordained Protestant minister so he could marry a Catholic mentee and his Jewish fiancé in Georgia. “I now have friends all over the world,” he adds. “That’s the real lasting value of being a mentor.”

As a 21-year mentor, Alvarez, a director of EFG Capital in Naples, enjoys the program’s global nature. “One of my mentees was a graduate student from China who wanted to become acclimated to the U.S. business culture,” he says. “We would go out for coffee or lunch and talk about how to make friends and professional contacts here. I also showed him our trading room at EFG, which he found fascinating.” Alvarez recently reconnected with the student, who had returned from working in China to enter a doctoral program at the University of Mississippi.

Bassett, who is president of production and marketing firm Cefalo-Bassett LLC, said she learned so much from her own business mentors that it was an honor to be asked to participate as a mentor herself. “The school’s Mentor Program is run very well, allowing both mentees and mentors to get the most out of their relationship without
it becoming a burden,” she notes. In the past 25 years, Bassett has helped many students hone their job skills and overcome their fear of the unknowns in the business world. “I enjoy introducing them to the right people who have the expertise they need, and then watching them grow and blossom through the years,” she says.

The Mentor Program now serves more than 100 mentors and students each year, under the direction of Colleen Bernuth, the School’s senior manager of alumni relations. “[Today,] I think our students have a greater understanding of the importance of being mentored,” she says. “We are very appreciative of our mentors, who give their time and support to our school, including business leaders and entrepreneurs from Harvard, Duke, Wharton and other excellent schools.”

This year, the School of Business has added new online components to the Mentor Program, making it easier for participants to apply and to connect with each other. At the September kickoff dinner, Viviana Soto, an MBA student who is spending a second year with her mentor, summed up the experiences of hundreds of students through the years. “A good mentor can support you in many ways, from advising on resumes, cover letters and interviews to opening the door to internships and referrals,” she said. “I found the Mentor Program to be an incredible learning experience, while preparing you to go out to the world with greater knowledge and confidence.”

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**MBA Students Join Leadership Miami Program**

**BY LAUREN COMANDER**

Steven Eisenberg (BA ’81, JD ’84). “The students are getting a real in-depth exposure to the issues that confront our community and to the thought leaders in the areas of the arts, economic development, government and the environment,” he says. “And having students who are actually going for a degree that has leadership as a component is helpful to us. They interact well with the rest of the participants who are in the working world, each group sharing their particular perspective on the issues.”

Leadership Miami participants also complete service projects with local nonprofit organizations, such as the Lotus House, a shelter for abused women. This gives the participants a glimpse into neighborhoods they’d otherwise not learn about, and it affirms the importance of giving back to the community.

Miami-Dade, meantime, stands to gain new connections with some of the best and brightest minds as it positions itself as a global business hub. “Our students, for the most part, want to live, work and build a life here [in Miami],” Young says. “We’re listening to what the community is saying about ‘brain drain,’ and we’re going to put our strength behind stopping it.”

**25TH ANNIVERSARY MENTOR PROGRAM CHALLENGE**

Each year, the Edgar H. Nugent Jr. Scholarship Endowment in Support of Mentorship gives a one-year scholarship to a student participant in the Mentor Program. The endowed scholarship honors the memory of South Florida banking industry leader Ed Nugent Jr., who was one of the program’s most dedicated mentors. Students apply for the scholarship, and mentors give recommendations for the students they believe are worthy of the award.

In honor of the Mentor Program’s 25th anniversary, the School of Business is challenging current and former participants in the program to double the value of the endowment. Doing so will allow the School to award a second scholarship to a student in the Mentor Program. The 25th Anniversary Mentor Program Challenge will run through the end of this school year.

Learn more about the challenge by contacting Marli Lutz: mlutz@bus.miami.edu or 305-284-5347.
new MBA program for artists and athletes in the spotlight

Anuj Mehrotra, the School’s vice dean for graduate business programs and executive education, shared the stage with former professional athletes in October to discuss the pitfalls that come with earning oversized paychecks for a limited amount of time. Athletes and sports lawyers listened intently to the roundtable discussion, which was co-hosted by the School of Business, Duane Morris and the Sports Lawyers Association.

Mehrotra outlined how the School’s Miami Executive MBA for Artists and Athletes helps players avoid those pitfalls with the proper game plan. “There are lots of articles telling us that artists and athletes tend to do very well in their respective fields and still end up having financial trouble,” Mehrotra said. “For them to succeed in their future lives and make the right investments, an MBA can be very helpful.”

It’s something fellow panelists – former Miami Dolphins defensive end Jason Taylor and former Miami Heat player Keith Askins – said they would have appreciated when they were starting out. Like many players, Taylor was impressed by the size of his paycheck. Then he learned about deductions, the government (“Social security? I’m 22! What do I need social security for?”), tickets (“Family and friends want to come see your games, and they hit you for $1,000!”) and timing (“As a football player, you get eight paychecks a year. Once December ends, you don’t get paid until the following September!”). “It’s young guys getting a crazy amount of money very quickly, and I was a victim of it,” Taylor said. “You get that wake-up call.”

Back when Taylor went pro, his off-season was only six weeks, and players barely had enough time to rest and recuperate before they were back on the field. These days, with a collectively bargained longer off-season, he says, “there are resources if you’re willing to use them, more time to take advantage of programs like the one at the University of Miami.”

Mehrotra said there is a clear need for these professionals to learn how to leverage their success into long-term financial security, especially given their short prime-earning years. “We hear many stories from people coming into the program of not growing up with this kind of money, and when they get it, it tends to go very fast because a lot of people are surrounding them,” he said. “They have the temptation of being able to invest in things but not the training to assess those investments.”

The School launched the 18-month Executive MBA for Artists and Athletes program earlier this year with 37 NFL players (half current, half retired), two wives of players and an entertainment industry executive. After the 2016 Super Bowl, a new class will begin the program. With courses covering everything from balance sheets to selecting professional advisers, the program was designed with attention to the unique details of the participants’ lives.

Athletes make good business school students, Mehrotra noted. “They have all the skills they use as athletes,” he said. “They have an impressive work ethic, they’re very competitive and they have extremely good leadership skills. These are the same skills you need in business, whether it’s for-profit or philanthropy.” That competitiveness, though, did have to be curtailed a bit. Mehrotra explained that faculty had to instruct the athletes to stop studying at midnight: “They were staying up until two in the morning, and I was getting calls from agents that they couldn’t be in the program because they have to be at their workouts in the morning!”
Faculty Share Their Expertise

**US News & World Report - 11/13/15**
In an article about whether people should take money from retirement accounts to buy a home, Andrea Hueson, a professor of finance, noted one downside: “A 401(k) gives you much more flexibility as an investor than a house does.”

**Miami Herald - 11/2/15**
Arun Sharma, a professor of marketing, discussed the ongoing success of the family-owned Milam’s grocery stores in South Florida, noting that the family likely realized they couldn’t compete against big chains on price and concentrated on maintaining a loyal following, and “They’ve stuck to what they’re good at.”

**Daily Mail - 10/29/15**
Britain’s second-largest newspaper published an article, titled “Why You Want Your Boss to Have a Daughter and NOT a Son,” about research by Henrik Cronqvist, a professor of finance, which found that companies led by CEOs with daughters are more likely to offer childcare and flexible hours and have more-diverse workforces.

**Fox Business - 10/26/15**
In an article about whether the U.S. government should require Americans to save money for retirement, Stefanos Delikouras, an assistant professor of finance, cautioned that:

“Individuals are not as farsighted as economists think. They tend to overindulge in the present, ignoring the consequences for the future.”

**Harvard Business Review - 9/18/15**
Robert Plant, associate professor of business technology, wrote about how companies can handle employees’ use of free cloud services instead of similar services the company has deployed, called “shadow IT” by some people. He noted that unrestricted use of such services “not only opens a door for infiltrators to get into the company's data, it can provide a channel for that information to be extracted.”

**Miami Today - 8/27/15**
In an article about a slowdown in international trade in South Florida due to economic turmoil in other countries, Joseph Ganitsky, research professor of management, noted that “Brazil’s GDP will not increase at all this year,” and if a scandal there continues, “the impact might be more severe.”

**Sirius XM Business Radio - 8/6/15**
Patricia Abril, an associate professor of business law, discussed “The Right to Be Forgotten” law in Europe, which gives people the right to ask Google to take down from its search engine information that misrepresents them or is no longer relevant to them.

**Bloomberg BusinessWeek - 8/6/15**
Discussing the anger among senior Wal-Mart employees over the company’s raising of the minimum wage without raising their wages, Laura Giuliani, an associate professor of economics, noted that workers pay attention to the wages of their peers:

“Even a small difference can matter, and whether or not it is going to matter may well depend on whether it appears arbitrary or unfair.”

**Forbes - 7/30/15**
An article featured research by Henrik Cronqvist, professor of finance, which found that U.S. firms led by CEOs with daughters spend 13% more of their net profits on corporate social responsibility (CSR) efforts than those with CEOs who do not have daughters.

**Tampa Bay Times - 7/24/15**
Chet Schriesheim, University Distinguished Professor of Management, discussed racist comments made by Hulk Hogan, noting that “most people are more moderate than that and the result is that these types of private utterances that become public really have a very negative effect.”

**The Wall Street Journal - 6/25/15**
In the newspaper’s “The Experts” report, Robert Plant, associate professor of business technology, wrote about companies’ struggles to stay relevant in the market, noting that to do so, a brand must make itself a continuously relevant part of consumers’ lives by: “creating a firm and products that turn consumers into believers, who become deeply and intensely attached to the company, its ethos and brand.”

**Adweek - 7/22/15**
In an article about the documentary “The Wolfpack,” which profiles brothers raised in isolation, Claudia Townsend, an assistant professor of marketing, discussed how the brothers may react to the barrage of advertising and marketing they’re exposed to now: “My intuition would be, without access to the products, you may not develop that knowledge about marketing’s persuasion and you might be that much more susceptible to it.”

**Economist Intelligence Unit - 6/1/15**
Yadong Luo, the Emery Findley Distinguished Chair and a professor of management, shared insights for the report “Courting China Inc: Expectations, pitfalls and success factors ...” He noted that: “Previously, foreign companies tended to focus more on relationship-building capabilities, from business networks to guanxi, from business-government ties to social capital.”

Today, he said:

“I would suggest that foreign companies need to look at both transactional and relational competence possessed by Chinese partners.”
New Faculty Members Across Seven Academic Departments

13 New Faculty Members Joined the School This Fall

Accounting
Roman Chychyla, who initially joined the Department of Accounting last year as a visiting assistant professor, became an assistant professor this year. His specialties include financial accounting and accounting information systems; he earned his PhD from Rutgers Business School.

A new visiting professor – Michael Willenborg – joined the department from the University of Connecticut School of Business, where he is the Richard F. Kochanek Professor of Accounting. Willenborg, who has a PhD from Pennsylvania State University, specializes in empirical, economics-based research in auditing, financial accounting and initial public offerings.

Economics
A new associate professor, Salvador Ortigueira, joined the department from University Carlos III of Madrid, where he had been a professor of economics since 2010. Ortigueira, who earned his PhD from the same university, specializes in macroeconomics, labor economics, optimal fiscal policy and dynamic general equilibrium models.

Esteban Petruzzello joined the department as an assistant professor after earning his PhD from Northwestern University. His research interests include health economics, industrial organization and applied microeconomics.

Finance
Henrik Cronqvist joined the finance department as a professor, coming from China Europe International Business School (CEIBS), where he was the Zhongkun Group Chair and a professor of finance. Cronqvist, who earned his PhD from the University of Chicago’s Booth School of Business, specializes in behavioral and corporate finance.

From the Cox School of Business at Southern Methodist University, Indraneel Chakraborty joined the department as an assistant professor. He had been an assistant professor of finance at SMU since 2011. Chakraborty’s specialties include banking, corporate finance and public finance. He earned his PhD from the University of Pennsylvania’s Wharton School.

Tobias Mühlhofer, whose specialties include commercial real estate and performance of delegated money management, joined the School as a research associate professor. He comes from the McCombs School of Business at the University of Texas, where he was a visiting faculty member and a research economist. Mühlhofer earned his PhD from the London School of Economics.

Also from McCombs, Stuart Webb, whose specialties include corporate finance, investments and mortgage choice, joined the School as a research assistant professor. At McCombs, he had been a professor of finance since 2013. Webb earned his PhD from Duke University’s Fuqua School of Business.

Lorenzo Naranjo joined the School as an assistant professor of professional practice. He came from France’s ESSEC Business School, where he had been an assistant professor of finance since 2009. Naranjo, who specializes in asset pricing, derivatives, international finance, investments and market structure, earned his PhD from New York University’s Stern School of Business.

Health Sector Management and Policy
The Department of Health Sector Management and Policy welcomed Karoline Mortensen as associate professor. Mortensen had been on faculty at the School of Public Health at the University of Maryland since 2009. Mortensen, who earned her PhD from the University of Michigan, specializes in health insurance, access and health care utilization of vulnerable populations; assessing the impacts of the Affordable Care Act; and innovative payment mechanisms in hospitals.

Management
The Department of Management welcomed Xin Geng as an assistant professor. Geng, whose research interests include areas in operations management, particularly in service operations, earned his PhD from the University of British Columbia.

Management Science
Christos Zacharias joined the School’s Department of Management Science as a research assistant professor after earning his PhD from New York University’s Stern School of Business. His research interests include stochastic modeling, applied probability, queuing theory, simulation, scheduling and optimization.

Marketing
Vamsi Kanuri joined the School’s Department of Marketing as an assistant professor after earning his PhD from the University of Missouri. Kanuri’s specialties include pricing, resource allocation, new service development and marketing strategy.
Researchers from around the world gathered at the School of Business in September for the Consumer Neuroscience Symposium, hosted by the School for the third time. The four-year-old symposium has doubled in size since its inception, to 120 participants. “That’s indicative of neuroscience applications, and interdisciplinary research in general, taking a lot of tools from linguistics or computer science and opening up a whole new realm of opportunity for us,” said Andrew Leone, the School’s vice dean of faculty and Arthur P. Metzger Professor of Accounting, in his opening remarks at the symposium.

The symposium began with a discussion about the ways that neuroscience and physiometrics (the measurement of physiological functions) can be used in business school research. Associate Professor Angelika Dimoka shared details of a project she and her team at Temple University’s Center for Neural Decision Making recently published: They spent six months analyzing data from the Advertising Research Foundation and found they could indeed use neuroscience to better predict advertising success. Camelia Kuhnlen, an associate professor at the University of North Carolina at Chapel Hill, explained her research that found people who grow up in poorer economic circumstances are more pessimistic and less likely to invest in stocks, while Duke University Fuqua School of Business Professor Joel Huber, former editor of the Journal of Marketing Research, discussed the importance of publishing this type of research.

Milica Mormann, a research professor of finance at the School, and Henrik Cronqvist, a professor of finance at the School, chaired the symposium’s other two sessions. School of Business PhD candidate William Bazley presented “Color, Risk Preferences and Investment Decisions,” in which he showed that when researchers presented people with stock charts where prices were shown in different colors, they found that color affects a person’s perception of a stock. Red causes people to view it negatively, while blue and black have no effect. Other topics ranged from how testosterone increases preference for status goods to how age affects people’s risk-taking in their financial decisions.

Participants agreed that operating in a field of study that only dates back 10 to 15 years is not without its challenges, but Leone offered reassurances: “Business schools are learning about other potential applications and methods that apply to our setting, so I’m more optimistic. There are still the same kinds of opportunities in the tenure process. You have to garner some extra papers, but ultimately, you have to have a portfolio where some of your expertise is applied in your discipline and, at least in our school, it can be in other fields, too.”
In the U.S., 90% of businesses are family-owned, they employ 60% of the workforce, and 30% of S&P 500 companies are family firms. As a group, family businesses are a powerful engine of growth and wealth. But research shows that as individual organizations, their success tends to be relatively short-lived. Only 30% survive into the second generation of the family, and just 3% continue to operate into the fourth generation and beyond. The fact is, a family business can be difficult to sustain over the long run. Experts say their biggest weakness is that the needs of the family and the needs of the business are not always in sync – and when they aren’t, it can create significant problems. “There’s a whole dynamic in running a family business that people might not think about,” says Jeffrey Brown (BBA ’81), vice chairman of Cherry Hill, New Jersey-based NFI Industries, a $1.2 billion, 8,100-employee transportation, supply chain and logistics firm. As the third generation to run the family-owned company, he and his brothers Ike and Sid know that, “There are always issues that come up .... You don’t have to agree with each other all the time, but you’re in business and have to do what’s best for the business.”
Fortunately, there are several key practices that owners can adopt to proactively address the fundamental problems that often plague family businesses – and to prepare the company to thrive across generations.

UNDERSTAND HOW EMOTIONS FLOW BETWEEN FAMILY AND BUSINESS

Many family-business challenges are driven by one critical underlying factor: emotions. “The family’s emotional attachment to the firm affects their strategic decisions,” says Marianna Makri, associate professor of strategy and entrepreneur at the School and academic director of the School’s Family Business Certificate Program. Her research on family firms has found that the boundaries between the family and the firm are blurred in family businesses, and that emotions flow back and forth between the two, ultimately affecting how the firm conducts its activities.

Makri points to the concept of “socio-emotional wealth” as a key focal point of that phenomenon. This refers to the non-financial value the family gets from owning the company, such as authority, control, family influence, retention of family identity and so forth. “Family owners are likely to see potential gains or losses in socio-emotional wealth as their primary frame of reference when making decisions,” she says. Makri’s research shows that this emotional pull is so strong that family members will often give it precedence over actual business requirements.

This emotional pull can manifest itself in a number of ways, many of which can be traced to a fear of losing family control, Makri says. These manifestations include unwillingness to consider a successor from outside the family, even if one is a better candidate; reluctance to plan for succession; resistance to bringing in outside expertise; and a lack of clear hiring criteria (instead, relying on gut feelings and social connections).

Makri’s research also suggests that family-owned businesses are less likely to engage in corporate diversification. The reasons are generally related to socio-emotional wealth preservation, centering around concerns about eroding the family’s influence or power in the company. How? Diversification often must be funded by issuing new stock or through debt, which can dilute family ownership. It usually requires managerial talent and expertise that may not be available within the family. And, family members may resist the organizational changes that often come with adding new products and entering new markets. For many of the same reasons, family firms also exhibit lower levels of international diversification, make fewer acquisitions and under-invest in technology research and development.

Too often, these decisions based on socio-emotional wealth result in the decline of the business over time.
For family businesses, the key to avoiding that trap is to create plans and processes that build rational decision-making into the business. By defining how the company has to operate to meet both family and business goals—and then putting that in writing for all to see—businesses can often “override” the tendency to rely on emotion.

**FORMULATE CLEAR PLANS**

Formalized plans are important for any business, but they are especially so for a family business, where additional concerns are at play. Planning helps improve business performance, of course, and keeps everyone aligned. “You have to know the long-term goals,” says Bert Tomlinson (BBA ’13, MBA ’15), who runs the Bert’s Auto Parts chain in Kingston, Jamaica, along with his father and brothers. His company works with a five-year plan, which provides constant direction for managers and employees. “It guides our actions every day,” he says, “That way, you’re moving a few small pebbles every day, instead of one big boulder all at once.”

Just as important, longer-term planning can also help shape and address family expectations, and it can foster trust by providing a clear set of rules that are applied consistently to all family members—with a minimum of emotional bias. A cornerstone of that approach is the strategic plan that spells out the long-term direction of the company, particularly which markets it wants to compete in and how it will serve those markets. The value of a strategic plan may seem self-evident, but in reality, 70% of family businesses don’t have one in writing, Makri says. Companies often avoid this key exercise because “putting something on paper, and making it concrete and formalized, can create conflict within the family,” she explains. “When you say that you’re going to invest more in this business run by this cousin, and not this other business run by that cousin, that can make some people unhappy.” Unfortunately, family members may think it’s easier to simply skip formal strategic planning rather than delve into such sensitive topics.

To help overcome those issues, Makri recommends “parallel strategic planning.” This involves having the family—including key members who are not working in the business—create its own strategic plan. At the same time, top management develops a separate plan that addresses day-to-day operational needs. This dual approach allows the family to focus on its long-term vision, while the business can adapt to the day-to-day challenges.

**HOW WE DO IT**

**Keeping the Communication Lines Open**

In a family business, communication between family members can be complicated by family dynamics, so it is crucial to take concrete steps to keep channels open. In business, “conflict always arises,” says Caribbean Liquid Sugar’s Alicia Tejada Abreu. “We’ve learned as a family that you have to overcome that and have very, very open communication. If you have to find someone, maybe a family friend, to sit with you and kind of guide the conversation, do it. And remind yourself of the vision, and why you have decided to do this together.”

“It’s important to have defined communication processes and practices in place,” says Sergio Aldana, managing director of Chevrolet Auto Cam in Cuernavaca, Morelos, Mexico. “Sometimes, with the frenzy of daily activities, communication can break down and even cease for a few days. I recommend that family members in the business carve out time to talk each day, even if it’s only for 10 minutes, so that everyone is up-to-date.”

At NFI Industries, Jeff Brown and his brothers have developed a framework for such discussions. Several years ago, Brown says, “we made a commitment as brothers to leave our egos at the door and ultimately do what’s best for the business. We’ve separated the issues that we have to cover into three categories. When something comes up, we ask whether it’s a business issue, a management issue or a family ownership issue. By doing that, you can eliminate a lot of the emotion that can happen in a family business. It helps you sort out whether a question is about our strategy for the business, or about who made Johnny mad when he was 7 years old.” – P.H.
Innovation: Bridging the Generation Gap

Innovation is vital in business, but it can be tricky for a family-owned firm. “Time and time again, you see founders of a successful business tending to fall back on the model that’s worked for them for … years,” says Susy Alvarez-Diaz, the School’s director of entrepreneurship programs. “So they fail to invest in entering new markets or developing new product lines.”

Often, the issue develops along generational lines, with younger family members wanting to take a new direction and older ones resisting those changes. But experience has shown that family businesses can benefit from the younger generation’s natural interest in change. Donco Recycling Solutions’ Robert Mendelson says that over the years, his son has helped drive successful innovations in everything from information technology to acquisitions. “He’s brought a lot to the table – and done wonders,” Mendelson says. Next-generation family members can also be key in adjusting to changing markets. “When you need to discontinue part of the business, it can be much easier for the successor than the parent,” says CIBER’s Joseph Ganitsky. “The younger person often won’t have the emotional attachment to the business that makes that change difficult for the parent.”

Older owners should be willing to listen to the younger generation. But they should also temper that with solid business discipline. At Bert’s Auto Parts, the founder is “open-minded about new ideas,” says son Bert Tomlinson. “But … we have to come up with all the facts and prove our case in a detailed presentation … So we’d better make sure the idea makes good sense.” -PH.

Brown and his brothers are taking just such an approach at NFI Industries, which encompasses global logistics, commercial real estate, transportation and distribution businesses – and has a fourth generation beginning to enter the company (Brown and his wife, Tracy, have two children at the University of Miami). To complement its board of directors, Brown says, “We are starting a family council so that family members, regardless of whether they are in the business or not, feel involved.” With the family council, he says, “if somebody wants to go work at Bloomingdale’s rather than be in the business, they can still be a part of the business in a sense. They’re not out of the equation entirely. The idea is to keep the family together.”

SET DAY-TO-DAY BUSINESS GROUND RULES

In addition to strategic plans, companies should also plan for the shorter term and define how the business should operate. It can’t run like a family function, such as a holiday dinner, where family members may pitch in on an informal basis. That approach isn’t usually sustainable, as Dominican Republic-based Caribbean Liquid Sugar learned. When the family firm, which manufactures and distributes liquid sweeteners, first began to expand to the U.S., an ad hoc approach worked well enough, says Alicia Tejada Abreu, vice president of marketing and product innovation, and a daughter of the founder. “In the beginning, you can do everything yourself as it’s needed,” she says. “But when you start to grow, you have to get more and more organized – the ‘how-tos’ of the business need to be documented. We’re working on that now, moving from being very informal to being much more professional as an organization.” As part of that work, Tejada Abreu attended the School’s first Family Business Certificate Program in May, which was offered in partnership with Santander Private Banking, the program’s main sponsor.

A solid plan for business operations should also define who does what in the company, says John Mezias, associate professor of management at the School and a faculty member in the Family Business Program. “It’s really necessary to clarify the roles and responsibilities of people in the business,” he explains. That clarity should apply throughout the organization, including the top-management level, “where you might need to define how decision-making is structured and when votes have to take place,” he adds. “In a public company, these things are a matter of course. But with a family business, the dynamics sometimes make this awkward. Nevertheless, this kind of formalization is very important.”

The formal definition of business processes can help companies sort through some sticky issues. Linda Neider, professor of management at the School, has seen instances where some family members on the payroll contribute little to the business, or even fail to show up regularly for work. Naturally, she says, “such behaviors create major resentments with other family members who are working very hard to grow the company.” With that in mind, Neider recommends establishing frequent performance discussions for all employees to provide constructive feedback and to openly address such problems. “In some cases, these issues can be managed by also creating job-evaluation systems and benchmarking so that the salaries for all employees – family members included – are based on the responsibilities and content of their actual jobs, as well as the position’s market value,” she says. “This can be particularly important when those family members who are working long hours feel underpaid in relation to members who are being ‘carried.’”

BUILD AN EFFECTIVE BOARD

Like all businesses, family businesses should take steps to ensure sound
governance. This typically centers on the creation of a board of directors (or an advisory board) to help guide the firm and balance the needs of various stakeholders. Many family businesses have such boards, but in practice, they vary in effectiveness. So, getting the right board members in place is key.

Such a board should provide an outside perspective and, ideally, skills and knowledge that help fill in management’s gaps. Often, family members in the business “know a lot about making and selling their product and dealing with employees, but not about compliance, legal, auditing and accounting,” Mezias says. A well-rounded board can bring that expertise to the company and “keep things on a very professional level.” A board should include more than family friends and supporters, and offer diverse perspectives. Unfortunately, says Makri, “some companies have very strong boards of directors on paper, but they do little to create a healthy identity, motivating direction or discipline. A good board will challenge the ideas of managers.”

If board members are going to help the company, they must be up to speed on the business. Here again, the clear definition of processes can help: Governance plans should include a formal reporting structure that spells out what needs to be reviewed by the board on a quarterly, semiannual or annual basis.

SUSTAIN SUCCESS: CREATE A SUCCESSION PLAN

A key goal for many family businesses is to pass the company down through generations. As a result, most recognize the value of creating a succession plan to define that process. But that recognition often fails to translate into action. Makri notes that 61% of surveyed family businesses have spent “little time” putting such plans in place.

Why the disconnect? Once again, emotions often get in the way, Makri explains. Succession planning makes owners think about letting go of power and influence in the business. It requires them to make potentially uncomfortable choices concerning family members’ futures. And it makes them consider their own mortality. Succession planning, says Makri, “forces founders to go through a kind of premature death ritual.” Nevertheless, she says, it’s worth putting those emotions aside: “Succession planning is one of the most important factors determining the continuity of a family firm.”

A sound approach to succession will involve several candidates and encompass a 10-year window. It will also consider how the transition to new leadership will be handled. Here, it is important to understand how difficult it can be for a founder to step down. “Letting go is something that’s very difficult for most people,” says Joseph Ganitsky, director of the University’s Center for International Business Education and Research (CIBER). “Even in very well-established companies, you often find that an older generation of leaders in their 80s and even 90s is still there; they haven’t let go.” That can make it difficult for the next generation to take over and make their own decisions. To help with the transition, the company can help departing family members plan ahead to pursue other teaching, mentoring and consulting opportunities, or to take on a role as an advisor to the business.

The leadership transition in a family business can be much more complex than in a public corporation—particularly when it involves the untimely death of the CEO. “That can be a challenge for any company,” Mezias says. “But there are specific aspects about family dynamics that make this potentially more problematic.” For example, a company’s upper management may include a number of family members. In that case, says Mezias, “if the founder of the firm dies, you not only lose all that expertise, you also have your top people grieving for an extended period of time.” With that in mind, companies may want to consider taking out insurance on key family members, with the firm as the beneficiary. “That can provide the resources to sustain the company for a while, even if you have to
EXECUTIVE SUMMARY

Keys to a Lasting Family Business

- Define how the company has to operate to meet both family and business goals, with a five-year strategic plan.
- Use “parallel strategic planning” to create a separate strategic plan for the family.
- Formally define how the business should operate, who does what in the company and business processes.
- Establish a good business advisory board or board of directors with outside perspective.
- Create a separate family council.
- Consider taking out insurance on key family members, with the firm as beneficiary, in case operations have to cease for a few weeks after a death.
- Have a good hiring process and documented policy for employing family members.
- Have a formal governing plan.
- Create a succession plan that involves several candidates and encompasses a 10-year window.
- Help departing family members plan ahead to pursue teaching, mentoring, consulting or advisory opportunities.
- Use job-evaluation systems and salary benchmarking for all employees, including family members.

Robert Mendelson (BBA ’56), chairman of Chicago-based Donco Recycling Solutions, a business he founded in 1959. The company creatively turns waste streams into profit streams in a wide range of commodities. When his son was in high school, Mendelson sat him down and invited him to work summers in the family business, rotating in different divisions, as he went through college.

As Mendelson recalls, “I told him, ‘David, you can come learn what we do, but you’re really not invited to come into the company right after college. When you graduate, go out and interview, get a job and go to work for somebody else. And later, if and when you are interested in coming back to work with me, that will be fine.’” After college, David did just that, carving out a successful career in the hospital-supply business. In time, however, he decided to work at Donco. “So by the time he joined our company, he was his own man – he wasn’t just the boss’ son,” Mendelson says.

The process of making sure that the next generation is ready for the job should apply to family members across the board, not just those in top management. “Creating a position in the company just to make room for a family member – rather than meeting the needs of the company with the appropriate skills and abilities – is a big mistake,” says Sergio Aldana, managing director of Chevrolet Auto Cam in Cuernavaca, Morelos, Mexico. “So a good practice is to have a process to qualify family members and identify their unique skills, desires and motivations to join the business. Treat candidate family members as you would treat any other prospective employee. If they don’t qualify, don’t hire them. So you need a good hiring process and a documented policy for employing family members.” Aldana, who is a student in the School’s Global Executive MBA program, also attended May’s Family Business Certificate Program. And he convinced his father, the company’s founder, to join him so they could begin planning for the company’s future.

The kind of rigor that Aldana describes helps the business get the talent it needs, and it helps eliminate a sense of entitlement among family members and reduce resentment within the company. It also can weed out family members who are not really interested in working at the company but feel compelled to do so to please other family members. And, this approach can reduce the chances of eventually having to deal with – or even fire – an underperforming family member.

TAP FAMILY-BUSINESS STRENGTH

Putting these processes and structures in place may be difficult and raise uncomfortable family issues. But the effort is likely to be worth it. “People in a family business need to have the tough conversations about things like determining a successor, because it can really mitigate confusion about things later on,” says Susy Alvarez-Diaz, the School’s director of entrepreneurship programs. To get through those conversations, she says, it may be useful to bring in a third party to facilitate the discussion. “That can bring objectivity to the whole process, and it tends to tamp down some of the emotions,” she says.

Having these discussions helps companies get everyone on the same page, which in turn makes it possible to leverage the fundamental strengths of the family business. “Most family members in a business are tremendously committed to the mission,” Neider says. “Such commitment often leads to very strong, positive customer service and an incredibly high work ethic.” And what’s good for the business tends to be good for the family, says Neider: “There is often exceptionally high job satisfaction, pride, loyalty and sense of achievement associated with being part of a family-owned enterprise.”
With the emergence of multinational health care service providers, biomedical and biotechnology firms, multi-country joint ventures, medical tourism, and advances in technology, the business of health care has become increasingly global.

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How and why we make financial decisions is influenced by everything from our DNA and our teenage experiences to social biases and marital status – even the names of fund managers. by Jill Colford Schoeniger

Our Money and Our Minds

Where, when, how much? Risky, safe, moderate? Short-term, medium-term, long-term? For as long as people have been investing, the financial world has been trying to predict investor behavior by examining the underlying reasons for their decisions. The problem, though, is that humans don’t always act in rational ways when it comes to finances or economics.

To that end, finance faculty from the School of Business are examining the myriad factors that impact how people decide to invest and save their money. These factors include the time of life when people are investing, whether their politics are aligned with the party in power, mutual fund managers’ names and even whether their investing behavior is genetically determined or influenced by life experiences.
“Our main interest is in understanding how these factors could potentially affect markets,” says Alok Kumar, the School’s finance department chair and Gabelli Asset Management Professor of Finance. “If markets are volatile, can we trace down the source of it? And is it really some kind of psychological or social factor that we can attribute to? The second piece is that if corporate managers know that these psychological and social factors affect the markets in certain ways, then they can adapt and respond to those anticipated effects on the market.” Their work uses an interdisciplinary approach, drawing from disciplines including psychology, sociology, political science and neuroscience. Many of the studies are lending new insight to investor motivations and influences, as well as to current literature around the topic, and have uncovered several investor behavior biases.

One of the most common biases uncovered by researchers is loss aversion, a phenomenon in which people focus more on the pain of losing money than the joy of making it. Another widespread bias is confirmation bias, which sees investors holding to a strong belief about how to invest and focusing only on information and advice that confirm that belief. Two other factors that can have a negative effect on investors are the illusion of control and recency biases. The illusion of control affects individuals who falsely believe that they have, or should have, some influence over events for which there is no control – for example, predicting when the stock market will rise or fall and timing their investments accordingly. The recency bias is the simple idea that people believe that what has happened in the recent past will continue happening. Investors who fall prey to this bias continue putting money into an investment that has recently done well, even if there is an indication that it will not continue to do so.

In addition to studying behavioral biases, a newer field of research focuses on social biases and how they affect financial decisions. “We already know that people have social biases, such as stereotyping and discrimination, or an in-group bias,” Kumar says. “In this type of research, we are not making any judgments about whether a social bias is right or wrong. We’re looking at how these social biases are non-economic factors that can affect financial decisions.”

A study led by Kumar and published in The Review of Financial Studies focused on in-group bias, the concept that people are more comfortable with other people who are like them. In their paper “What is in a Name? Mutual Fund Flows When Managers Have Foreign-Sounding Names,” Kumar and colleagues from the University of Mannheim and Tilburg University did an experiment using managers and funds with identical performances and asked Americans where they would be more comfortable putting their money. “If I give you two funds, the correct answer is to put them in 50-50 to diversify,” explains Kumar. “But what we found was that when the one and only difference was that one fund was run by William R. Andersen and the other by Mustafa Sagun – a foreign-sounding name to Americans – there was a 15% difference in the allocation, with more going to the Andersen fund.”

Researchers found similar results when they examined data on actual fund investments. “On average, it was 9% to 10% lower when the manager had a foreign-sounding name,” Kumar says. “We also found when these funds did well, they were rewarded less, and when the funds did poorly, they were punished more.” The team also tested the theory around two historical events: the terrorist attacks on 9/11 and the Boston Marathon bombings. After both events, there was a drop in inflows to funds managed by people with Islamic-sounding names. Experts say this type of research demonstrates that the way people make investment choices may not be as fact-based as they believe. While the general rule is to invest money into funds doing well and pull money when they drop, research shows there may be other factors in play, making understanding these biases critical for both investors and global market leaders.

BORN OR MADE?

Another newer field of research extends the “nature versus nurture” debate to financial decision-making. Though nature vs. nurture is a longtime staple of social science researchers, School of Business finance professor Henrik Cronqvist says his team was among the first to angle it toward finance and economic outcomes. Cronqvist and a colleague at the University of Washington studied the data of more than 50,000 twins from The Swedish Twin Registry as a way to apply the concept to financial research. Using data that included extensive information about the twins’ investment portfolios, the researchers looked at whether the investing behavior of identical twins was significantly more similar than that of fraternal twins. (Identical twins share 100% of their genes; fraternal twins share 50%) If such a pattern existed, then they proposed there would be evidence that the way people invest can be partly attributed to their genes, as opposed to environmental factors. “We are born with a genetic pre-
disposition towards a specific savings behavior,” wrote Cronqvist in *Equity* magazine’s “Nature, Nurture and Financial Decision-making.” “That is, being frugal or somewhat of a spendthrift is partly determined by our DNA.” He goes on to explain that the study controlled for a host of factors, including education and income, and found that “two different people with identical incomes and education behave differently in terms of personal saving rates because of genetic factors, and not because of other individual factors.”

Cronqvist also looked at the role of parental influence on investing behavior and found that, while there was some influence early on, influence wanes as investors grow older. In the long term, investors tend to either fall back on their own genetic predisposition or non-parental environmental factors. “Genetics matter a lot – 20% to 40% of variation across people in terms of financial decisions is attributable to DNA. This is more than other individual characteristics explain,” Cronqvist says.

That’s not to say that major life events, especially financial ones, don’t play a role in how a person invests during his or her lifetime. In his research, Indraneel Chakraborty, assistant professor of finance at the School, has found that market outcomes can affect people for long periods of time. “For example, those born around the time of the Depression are always ready to save, but they did not put enough money into stocks,” he says. Baby boomers, on the other hand, who lived through long periods of a strong economy, did not save enough. And millennials’ early experiences will likely shape their investing habits as well. “They have seen two recessions and large unemployment,” Chakraborty says. “Then when they were trying to buy a house, the property prices shot up. These factors are changing their minds when they see a foreign name, and whether we see that there is almost automatically a sense of distrust,” Kumar says. “We are trying to better understand why people exhibit this in-group bias by looking directly at their brain-activation patterns.”

Looking forward, both Kumar and Mormann anticipate more faculty members will leverage the lab to extend their research and further explore the relationship between the brain and financial decision-making. 

— J.C.S.
behaviors. The past is not a good prediction of the future. Yet a person’s experiences can influence their decisions and cause them to invest in a way that is not optimal.”

Genetics and life experiences come together to influence financial decisions in at least one area, according to “Stature, Obesity, and Portfolio Choice,” a forthcoming piece in Management Science that Kumar co-authored with School of Business colleagues George Korniotis, associate professor of finance, and Jawad Addoum, assistant professor of finance. Using data from the United States and Europe, the team found that individuals who are relatively tall and of normal weight were more likely to have stocks in their portfolios and put more money in risky investments. Further digging showed that the subjects’ teenage height was the biggest determinant of this behavior. And it wasn’t height exactly that determined behavior, but the influence of height on teenage experiences. “The social experience that they had in their teenage years shapes their lifelong risk-taking behaviors,” Kumar explains. “People don’t change. Their personalities don’t change when they start making financial decisions. It is more evidence that what happens in a social setting can affect what people do in a financial setting.”

COUPLES VERSUS SINGLES
The same life events have different effects on people with different marital statuses. In his study “Household Portfolio Choice and Retirement,” Jawad Addoum, assistant professor of finance at the School, looked at the factors that affect how households make their portfolio choices when they retire. He examined behavior of both couples and singles – a differentiation that has not traditionally been made in household finance research. To do so, Addoum borrowed from labor economics literature, which offers a rich history of looking at the decision-making differences between couples and single individuals.

Addoum found that couples significantly decrease their allocations to stocks after retirement – while singles do not. For couples, he explains, “About 20% of the stocks in their...
portfolio pre-retirement tend to be re-allocated to bonds and cash post-retirement.” Interestingly, he attributes this to the shifts in bargaining power that occur within couples throughout their relationship, specifically as they transition into retirement. The changes also differ depending on which spouse is retiring and, to some extent, who was the larger wage earner.

When looking at couples in which the wife was more risk-averse, Addoum found that when the husband retires, the couple makes the largest reallocations – particularly a decrease in allocations to stocks. But, when a wife retires – especially if the wife was the breadwinner or major income earner – the couple’s stock allocation increases. “The basic story consistent with these facts is that when you observe the allocation decision of the household, what you’re observing is the outcome of a bargaining game or a negotiation within the household,” Addoum explains. In each of these situations, as the theoretical household balance of economic power changes, so does the couple’s allocation – moving into or out of stocks, which are considered a higher-risk investment. In the case where the husband retires, the more risk-averse wife now possesses greater bargaining power and a larger say in how the portfolio is allocated. That explains the decrease in allocations to stocks. In the case where the wife retires, the husband now has more bargaining power and increases allocations to stocks.

For singles, it’s simpler: “There is no change in bargaining power because there is no one to bargain with,” Addoum explains. “You’re making the same decision pre- and post-retirement, and you’re seeing this smooth transition through retirement.”

This information about shifting allocations can be especially helpful for couples in understanding their portfolio decisions. It’s also information of interest to those advising households. “The people I’ve spoken to in the industry – financial advisors and people at local brokerage houses – say it helps them to know that when one of the individuals is about to retire, decision-making in the household is about to change,” Addoum says. The information enables them to know which person might have a greater say in the couple’s planning process.

POLITICS INFLUENCES FINANCE – IN SURPRISING WAYS
Politics, too, influences financial decisions – in particular, which political party is in power. By examining the zip codes where investors lived, and whether Democrats or Republicans garnered more votes, Kumar and fellow researchers matched individuals’ investing habits to the party in office. What they found: People whose party was in power increased their allocation to riskier assets. “If they match, then they take more risks; if they are opposites, they shy away from risk – and they are likely to invest in foreign assets because they don’t believe the U.S. markets will do well in the future,” Kumar explains. The bottom line was the optimism that people felt when their party was in power played a role in making investment decisions, as did the pessimism they felt if the other party was in power.

Changes in the political environment have broad effects, according to research by Kumar, Addoum and Stefanos Delikouras, assistant professor of finance. In “Under-Reaction to Political Information and Price Momentum,” they showed that those political changes alter expected stock returns in a predictable pattern. That, in turn, accounts for a substantial portion of profits from stock-price momentum. This trend was particularly strong among politically sensitive industries and around presidential elections. The researchers saw that certain types of firms and industries were more likely to benefit from the policies of the Democratic or Republican parties. For example, companies in the environmental or health care industries would expect to benefit from policies of the Democratic Party, while organizations in the defense or tobacco industry would expect to benefit from the policies of the Republican Party.

INFORMATION IS EMPOWERING
These are just a fraction of the ways that our minds subconsciously influence our money. Experts agree that it is essential for investors and companies to understand biases, tendencies and motivations as they make the many choices involved with financial decisions. These faculty members are lending a hand by providing answers and empowering investors to make better decisions – and doing so at a critical juncture in the U.S. and global economies. “It used to be that the government (such as Social Security) – and companies, with their pensions and defined-benefit plans – took care of people post-retirement. That’s no longer the case,” Cronqvist points out. “We have to save on our own. In such a situation, understanding people’s behaviors and biases is clearly important.”

In fact, a large number of Americans are not saving at all, according to Chakraborty. “We can encourage them to save more,” he says. “It’s hard because people are afraid of the complications of the financial markets. The more research we can do, the more it will help people become self-sufficient and feel more assured.” And the more self-assured they are, the more likely they will be to confidently plan their futures.
Creating A New Scholars Program

By working with the School, Ernst & Young alumni founded a scholarship program that helps students in particular areas of interest to the firm.

By Lauren Comander

THE COST OF GETTING

A master’s degree can be prohibitive, but Hector Tundidor (MPRA ’05), Ernst & Young Miami managing partner, is leading the charge to help the School’s best and brightest cover the cost. The creation of what became the Ernst & Young Scholars Program began over lunch one day at Titanic Restaurant and Brewery. Freshly inspired by his company’s sponsorship of the School’s annual Business of Health Care conference, Tundidor met with School staff to discuss other needs. Struck by the conversation, he approached other EY partners who are also fellow ‘Canes with an idea to do something life-changing for students at their alma mater. Their immediate response, according to Tundidor: “Where do I sign up?”

Ernst & Young’s Hector Tundidor (MPRA ’05)

STEVEN BOYALL
Over months of discussion, Tundidor, his partners and the School created the EY Scholars Program. The first group of scholars will be announced this school year. “We came up with the concept of creating a scholars program that could make a difference in the lives of students going forward,” says Tundidor, who is also a member of the University’s Citizen’s Board. “The idea was to develop a meaningful commitment from our partners that the University can count on to move the needle in areas they believe are of the highest and greatest need for developing talent, and that otherwise may not have been identified.”

The EY Scholars in Accounting scholarship provides $3,500 to students in the School’s Accelerated Master of Accounting program, which they begin during their senior year of undergraduate studies; students in the program complete both degrees in four-and-a-half years. The EY Scholars in Health Sector Management and Policy scholarship, which gives preference to those who have an expressed interest in the health care sector, provides $3,000 to students for tuition.

In total, the School will receive $113,000 from Ernst & Young during the next few years, from Tundidor and EY partners John L. Babitt (BBA ’92), Camila Cote (BBA ’94), Angela Christie (JD ’95), Alan N. Garcia (BBA ’96) and Jeffrey Sopshin (BBA ’86). The partners were also able to tap into the firm’s EY Gives matching gift program via the Ernst & Young Foundation. The goals of the EY Scholars Program align with the Ernst & Young mission of “building a better working world,” Tundidor says. “We felt that putting dollars into the hands of students who are seeking to get ahead would be a place where we could make a great impact,” he explains. “Hopefully those students who receive the dollars can pay it forward in the future and find other deserving students.”

The vision is that generations of students will benefit from the program Tundidor and his fellow alumni created. “The EY Scholars Program is really fulfilling a need for these very talented students who, without the funding of this scholarship, would probably avoid getting that master’s degree,” says Victoria Castro, senior director of development at the School. “Having the opportunity to finish that extra, valuable degree before they leave will definitely impact their lives.”

The gift also benefits the accounting program while spotlighting the character of its alumni, says Maggie Alvarez, lecturer and program manager in the Department of Accounting. “It’s such an impactful donation,” she says. “We are able to maintain the top talent we have at the University. And it’s very exciting for us to see that we have alumni who are philanthropic and conscientious about giving back to the School, and about giving the students the same opportunities they had.”

Tundidor, for his part, completed his master’s degree during “vacations” from his full-time job. “I’m thankful to the University for having such flexibility in their programs,” he says. “I’m also very thankful to the outstanding professors who educated me. I can truly say I was taught by some of the best in the business.”

With more than 130 alumni at Ernst & Young, including some two dozen partners, the relationship between the two organizations runs deep, and it will continue to do so. “We look to the University for talent,” Tundidor says. “Our hope is to one day recruit the Scholars to work at Ernst & Young and bring them into our high-performing culture. We want to mentor them and develop the leaders of the future.”
Alumni Events
Around the U.S.

School of Business alumni networked, reminisced and celebrated the “U” at special events around the country.

NEW YORK - OCT. 8,
UBS INVESTMENT BANK
1 Tara Mulhall (BBA '08), Joshua Meltz (BBA '08) and Jared Levy (BBA '08) 2 Rony Blattner (MBA '15) and David Gronsbell (BBA '95)

CHARLOTTE, NORTH CAROLINA - OCT. 29,
GEORGES BRASSERIE
2 Karen Rasmussen (BBA '08)

SAN JUAN, PUERTO RICO - JUNE 6, RITZ-CARLTON SAN JUAN
1 Erick Jimenez (MBA '10), Yahayra Perez (MBA '10), Cristina Kolb (MBA '10) and Carlos De Jesus (MBA '10)

CORAL GABLES - OCT. 2, ESTABLISHMENT OF NEW DEPARTMENT OF HEALTH SECTOR MANAGEMENT AND POLICY AT THE SCHOOL OF BUSINESS
2 Erick Diaz (MBA '14); Stephen Ullmann, professor and chair of the School’s Department of Health Sector Management and Policy; and Cesar Ortiz (MBA '86)

DELRAY BEACH, FLORIDA - OCT. 15, 32 EAST
1 Tresha Stennet (MBA '01), Larry Berdoll (MBA '67) and Lynn Berdoll 2 Jonathan Fichman (MBA '06) and John Hampton (MBA '73)
College Rankings Affect U!

As the University of Miami’s rankings rise, so does the value of your business degree.

Did you know you can help the U maintain or even improve its ranking? That’s right. The percentage of alumni who participate in annual giving is an important factor in university rankings, and rankings get noticed by potential students, employers and supporters.

Your gift to the School of Business Administration, regardless of its size, can also make a difference far beyond rankings. It is vital to the School’s ability to be a leader in global business education. It may even be possible to double your gift if your employer offers a matching gift program.

Your alma mater’s ranking matters. After all, you are a ‘Cane for life.

Visit www.bus.miami.edu/gift to make your gift today.
The weekend began with a special reunion reception for the classes of 1965, 1990 and 2005.

School alumni, friends, family, staff and faculty then enjoyed a cookout at the School. Later, they cheered on Dean Gene Anderson, his wife Sheryl Manning and their dog, Kip, as they rode in the Carni Gras Homecoming Parade.
Esther M. Santos, BBA ’01
GENERAL MANAGER, NORIBACHI
HARBOR CITY, CALIFORNIA
BY BOB WOODS

BRIGHT LIGHT
Esther Santos is helping disrupt the LED lighting industry at Noribachi, which is on track for $40 million in revenues this year.

HOW MANY UNIVERSITY OF MIAMI School of Business graduates does it take to change a lightbulb? In the case of Esther M. Santos (BBA ’01), the answer is one – and she’s the one.

No, Santos does not literally change lightbulbs at Noribachi, a privately held tech company in Harbor City, California, but she’s leading the charge to shake up the lighting industry as general manager of the company.

Noribachi, launched in 2008, is rapidly increasing its presence in the $25-billion global market for LED (light-emitting diode) lighting for commercial and industrial customers, part of the revolution supplanting traditional incandescent lights. (The Department of Energy estimates that LEDs will represent 74% of all lighting sold in the U.S. by 2020.)

GE and Philips are the major players in the marketplace, “but we are disrupting the industry with our Bespoke Engineered and Specifically Tailored (BEST) LED lighting products. History has proven that when you go from analog to digital, major disruption occurs. Blockbuster and Kodak can attest to this,” Santos says. Noribachi’s revenues, she reports, should reach $40 million in 2015 – nearly double last year’s.

Santos, a marketing major, considered staying in her native Miami after graduation, but an on-campus interview with Toyota Motor Sales, Inc. resulted in a job in the automaker’s Los Angeles offices, where she eventually became district manager, working in business development and creative marketing.

“A group vice president I worked for at Lexus had retired and was an investor in Noribachi and told me they were hiring salespeople,” she said. “So I started as a salesperson in 2010 and worked my way up.”

Transitioning from a huge corporation to a 150-employee startup has given Santos more professional freedom. “At Toyota, if I had an idea on how to better serve our customers, I had to have a conversation with at least 15 different people. I enjoy having the ability to control my own ideas, implement them and see if they work.”

That’s what Santos has the freedom to do at Noribachi. Most of her ideas have worked, such as boosting business in health care, manufacturing, entertainment, hazardous environments and other markets the company serves – including automotive – by starting an indirect sales effort through independent manufacturing representatives and resellers. Some ideas haven’t worked. For example, she used to prefer doing things on her own before recognizing the power of collaboration. “I’ve learned to appreciate the benefits of working with other people on projects,” she says.

While she’s held a variety of positions, today Santos focuses on special projects, including leading Noribachi’s direct and indirect LED sales efforts in the hazardous environments sector, which target oil rigs, grain silos, mines and other dangerous places where proper lighting is critical.
Cybersecurity Guard

CINDY PROVIN, BBA ‘89
PRESIDENT, AMERICAS REGION, THALES E-SECURITY
AND VICE PRESIDENT OF GLOBAL STRATEGY AND MARKETING E-SECURITY WORLDWIDE, THALES GROUP
PLANTATION, FLORIDA
BY KIRA LEWIS

Cindy Provin helps companies and governments protect themselves and their customers against cyber threats. It can sometimes feel like a lopsided battle, says the president of data encryption and cybersecurity firm Thales e-Security. “The cybercriminal only has to find one vulnerability, but organizations have to be monitoring every potential threat,” she says.

Every company is vulnerable, Provin notes. “We read about cyber attacks in the paper every day. It’s not a matter of if, but when,” she explains. “The security industry is growing tremendously because companies are reacting quite seriously.” Indeed, during the last five years, Thales e-Security has seen both order intake and revenues grow between 20% and 25%.

Provin didn’t begin her career in the technology field, though. She started out in health care in Los Angeles, but soon landed in sales and marketing at a tech company. She ended up moving into an operations role with that company, then a variety of operations and marketing leadership positions with other technology companies. Provin credits a constant curiosity and desire to know more about each area of the company: “From an inquisitive standpoint, wanting to understand as much as possible meant taking on more and more responsibility, which puts your hands in many areas of the company and gives you more opportunity to be recognized for achievement,” she says.

Provin says the most interesting part of her job today is innovating to help her clients defend their data against increasingly sophisticated attacks. Much of that innovation, she says, happens in the U.S., which “is driving a lot of the data privacy and compliance issues, as well as the technology around it.” Provin says Thales will continue to expand the services and solutions it offers for both data protection and the broader landscape of IT infrastructure. “The need for data protection is not going away,” she says. “It’s only going to get stronger.”

Provin is married to a fellow School of Business alumnus, Scott Provin (BBA ’88), who was the starting right guard for the 1987 National Champion Hurricanes football team.
Family Matters
RAMON R. MADURO, MBA ’90
VICE PRESIDENT, AGENCIAS FEDURO
PANAMA CITY, PANAMA
BY DOREEN HEMLOCK

RAMON R. MADURO is vice president of Agencias Feduro, one of Panama’s largest in-country distribution companies. Feduro is the exclusive distributor for manufacturers, mainly from the U.S., focused on consumer products, food and beverage, perfumery and lubricants. The company handles brands from Procter & Gamble, Johnson & Johnson, PepsiCo and MillerCoors; perfumes by Gucci and Dolce & Gabbana; lubricants by Shell; and many others. Maduro’s father founded the privately held company in 1954.

Maduro, who often hosts receptions in Panama for visiting University of Miami academic and admissions leaders, says it’s natural for Panama City to have strong ties with Miami, a city he calls a “hub for up-and-coming international executives.”

BusinessMiami talked with Maduro by phone from Panama.

Tell us about the family in Agencias Feduro.
It’s a privately held company started by my dad, Lawrence, and named for his father, Felix B. Maduro, who co-signed the loan to start the business. We’re three brothers as VPs: Felix, who oversees HR and the perfumery division; Larry, handling operations/finance/IT, lubricants and our Costa Rica business; and me, in marketing/sales for three divisions. The first member of the next generation joined in June 2013 and the second member is scheduled to join next June.

How big is the company?
In Panama, we have more than 1,800 full-time associates, and in Feduro Costa Rica, founded in 2003, about 200. We’ve been growing fast, because Panama’s economy is booming and tourism flourishing.

How do you foster collaboration with your brothers?
We meet regularly to evaluate potential projects and discuss our shared strategic vision of the company. We always try to keep each other abreast of what’s taking place in different areas.

What lessons learned at the School do you use?
There was a strategic management course taught by Prof. Jeffrey Kerr (department chair and associate professor of management) that stimulated class discussion on case studies and taught you to think on your feet, embrace new views and incorporate them into your planning. At Feduro, we try to bring together managers, understand their different views and take those into account in deciding on product lines, brands, positioning, pricing and promotions.

Any advice for today’s international students?
If I knew then what I know now, I would certainly take advantage of internship opportunities in Miami, not only to apply what you learn in class but for networking. Miami now is a hub for up-and-coming international executives, and it’s a big benefit to network with diverse people from different nations. When you get back to your country, that’s something you won’t necessarily experience.

DAVID GOODELMAN (BBA ’75), a 30-year veteran of the casino industry, is an orientation instructor at Atlantic Cape Community College. He helps unemployed casino personnel train for new careers.
ERIC R. JENSEN (BBA ’77) became Illinois Wesleyan University’s 19th president. Prior to this position, he was provost of Hamline University in St. Paul, Minnesota.
STEPHEN LUDWIG (BBA ’75) changed careers after 30 years of owning an import business. He is now manager of patient eligibility services at St. Joseph’s Hospital in Paterson, New Jersey.
TIMOTHY PATTON (BBA ’76, MBA ’78) released his debut novel, “Money, Family, Murder,” a thriller set partially in Miami.
PETE PIECHOSKI (BBA ’76) was appointed chairman of the board of directors of USA Bobsled & Skeleton (USABS).
ROBERT “RYNO” RHYNEARSON (BBA ’72) and his two daughters purchased the 225-animal Zoo World in Panama City Beach, Florida, in December 2014.

1980s
SPENCER M. ARNFELD (BBA ’88, JD ’91) founded Aronfeld Trial Lawyers in Coral Gables and the Attorney Breakfast Club networking group. He also created Lawyers to the Rescue, a nonprofit that provides legal and financial assistance to individuals and communities after natural disasters. Aronfeld spoke at the spring 2015 Maritime Law Association of the United States event.
JEFFREY DECKER (BBA ’86, JD ’89), a partner at Baker Hostetler, was named “Lawyer of the Year” for corporate governance law on the Best Lawyers in America 2016 list. Decker was also recognized for corporate compliance law, corporate law, mergers and acquisitions law.
CARLOS HALLEY JR. (BBA ’80) became vice president of FirstBank Florida’s commercial banking group in February. Halley was also appointed to a three-year term on The Florida Bar Foundation board.
HAKIM KASSAM (BBA ’89, MBA ’91) was appointed senior vice president and national sales manager for BankUnited’s small business finance department, based in Delray Beach, Florida.
MATTHEW RUBEL (MBA ’80) recently joined Atlanta-based private equity firm Roark Capital Group as a senior advisor. A member of the University’s President’s Council, Rubel also sits on the boards of The Hudson Bay Company, HSNi, SuperValu, E.L.F. Cosmetics and the A.T. Cross Company.

MARTha A. SANCHez (BSN ’83, MBA ’95) was named chief operating officer at AlphaNet, which provides patient care and integrated support services to patients with Alpha-1 antitrypsin deficiency.

BRadFORD J. SANDLER (BBA ’82) is manager of the IBM Watson Lab Services Explorer Delivery Team.

sAndi VIDAL (BBA ’88) joined the Central Florida Foundation as vice president of community strategies and initiatives.

1990s

JOYCE ACKERBAUM-COX (BBA ’93, JD ’96), who is of counsel at Baker Hostetler, was named “Lawyer of the Year” for employment law-management, and litigation-labor and employment, on the Best Lawyers in America 2016 list.

THOMAS W. BAlCoom (BBA ’94, MBA ’00) was elected chairman of the Lauderdale-by-the-Sea Chamber of Commerce, after two years on the board. He is the founder of investment management firm 1650 Wealth Management.

DOYlE N. BEnEBY (MBA ’96) was named CEO of Chicago-based renewable energy developer New Generation Power International.

BENJAMIN A. BREIER (MBA ’95) was promoted to president and CEO of Louisville-based Kindred Healthcare. Breier was Kindred’s chief operating officer and president for four years.

LORENza CARDEnAS (MBA ’97) was appointed a member of Bogota, Colombia-based Credivalores-Crediservicios SAS’s board of directors.

BRuCE FOllANSBEE (MBA ’91) is a regional license holder/director with Expense Reduction Analysts. He is also on the board of The Executive Networks of Seattle.

DANY GARCIA-RIENZI (BBA ’92), founder and president of The Garcia Companies, working with small and medium-size companies, preferably in Latin American countries.”

After he finished earning his MBA at the School, Franco went to work for New York City-based Nymex Capital LLC. It proved a perfect fit, as he focused on merger and acquisition transactions for companies in the Pacific Alliance region encompassing Mexico, Colombia, Panama, Peru and Chile. Franco thrived as an associate at the rapidly growing company and was soon made partner, charged with expanding Nymex’s reach into Peru and Colombia. While the work was demanding – requiring lots of travel and 10-to-12-hour workdays – he enjoyed performing business valuations and helping owners sell or raise capital for their companies. The wide perspective Franco had gained on business throughout Latin America while at the School helped him forge relationships with entrepreneurs.

“Investment banking is challenging work generally, and perhaps more so in the Pacific Alliance region because Latin American business owners are very attached to their companies and very hands-on,” explains Franco, who has an undergraduate degree from the Universidad de Lima in Peru. “That can make practical evaluations tough. You really need to spend time with them and build trust.”

Earlier this year, an opportunity arose for Franco to work within the Peruvian government, and he leapt at it. In February he became a senior investment officer in the Trade Commission of Peru. “Long term, I’ve always had a political ambition to work for my country,” Franco says. “In this role, I will be doing the same thing I did for private companies – raising capital – only for my country. Our goal is to attract U.S. investors to Peru’s energy, mining, transportation and infrastructure sectors. It’s the first step toward my dream job of going back to Peru and building a political career.”
was named among Ocean Drive’s “2015 Women of Influence” as “The Entertainment Empress.”

NERIMAN KARAOGLU (NERI KARRA) (BBa ’99) created Italian luxury leather products company Neri Karra, earned a PhD in management from the University of Cambridge and became a lecturer, author and researcher. She recently gave a TEDx talk about her education.

ROSA-A-LICIA LOPEZ (BBa ’96), chief marketing officer at Greenspoon Marder Law, was appointed to the Broward Health Foundation board of directors. BEVERLY J. MAYO (BBa ’96) retired after 15 years as an administrative assistant at the University of Florida, College of Pharmacy.

THOMAS MCAIPIN (MBA ’90) became president and CEO of the recently formed Virigin Cruises. Before that, he was president and CEO of The World, Residences at Sea, and earlier served as president of Disney Cruise Line.

PAUL A. MOURA (MBA ’98) was promoted to president at Fort Lauderdale-based technology services company SkillStorm. He was previously the company’s chief financial officer.

BERNIE NAVARRO (BBa ’95), president of Miami-based private lender Benworth Capital Partners, announced at the 2015 eMerge Americas Conference the launch of the company’s crowdfunding platform for real estate investors.

HUMBERTO REBOREDO (BBa ’97) was promoted to managing director and named head of tax, Americas at Credit Suisse.

MOUHSINE BENJELLOUN ZAHR (MBA ’99) self-published his first non-fiction book, “My Weight Versus Me,” which recounts his experience of studying and living at the University of Miami with respect to food, sports and weight.

DIEGO J. ARRENDONDO (BBa ’06), an attorney with Roig Lawyers, co-presented the session “Mechanisms Available to Adjusters During Review for Regulatory and Compliance Issues” at the Florida Insurance Fraud Education Committee Conference.

AMIT JAIN CHAURADIA (BBa ’06) completed her PhD in strategy in the College of Business at the University of Illinois at Urbana-Champaign in 2014.

MICHAEL DELGADO (BBa ’04) joined The Law Offices of Daryl L. Jones in the firm’s foreclosure defense practice.

THOMAS B. FEITER (BBa ’00), owner of The Fighter Law Firm in Orlando, was named the Florida Bar’s 2015 Board Certified Lawyer of the Year.

JONATHAN FICHMAN (MBA ’06) was named BG Capital Group’s president of business operations.

HELMI FORERO (MBA ’08) was named chief financial officer of Plantation, Florida-based BG Capital Group Limited and BG Capital Management Corp.

LUCAS G. IRWIN (MBA ’07) wrote and self-published the book “The Faction Model” based on his experiences as owner of SteelHouse Guided Fitness Systems in Miami’s Kendall area. He is also CEO of Miami-based fitness software firm Spiderlion.

JAMES A. JONES (BBa ’03), who founded the James Jones Legacy Foundation in Miami to help struggling and at-risk youth, in August hosted another edition of his annual Crew 22 Training Camp for foster and homeless children in Miami.

SCOTT R. KARP (BBa ’02, MSTX ’04) joined Yip Associates as a senior associate. A CPA, his practice areas include forensic and financial accounting, bankruptcy, litigation support, matrimonial disputes, financial data analysis and taxation.

DANIEL M. MILLER (BBa ’02) was named executive vice president of marketing for GAMCO Investors’ mutual funds business; he is a managing director, as well as a member of the company’s Gabelli Equity Trust investment team.

TOM C. MURPHY (MBA ’00) was named co-president of Coastal Construction Group, focusing on business development, including oversight of pre-construction services and owner contract negotiations.

NILS CHRISTIAN “CHRIS” NORDH (BS ’03, MBA ’05) recently moved to a new role at Ryder System as director of global fuel products.

JAMES V. REGALUTTO (BBa ’09) was appointed deputy superintendent of the Life Bureau at the New York State Department of Financial Services.

JONATHAN DANIEL ROSEN (BBa ’09, PHD ’12) joined Florida International University as a policy analyst. He also co-edited several books released this year, including “Drug Trafficking, Organized Crime, and Violence in the Americas Today,” “Re-conceptualizing Security in the Americas in the Twenty-First Century” and “Prisons in the Americas in the Twenty-First Century.”

JOHN D. SPARKS (MBA ’08) was nationally recognized among the Top 100 Social Media Power Influencers of 2015 by StatSocial.com, and as one of the Top 50 Most Valuable Social Media Influencers by General Sentiment. An adjunct professor at the University of North Texas, he recently published a book called “365 Ideas to Go from Good to Great on TWITTER!”

RICHARD ASHENOFF (MBA ’12) and TODD FLORIN (MBA ’12) founded Room2Care, which matches people with extra room and a willingness to care for an elderly person with elderly people in need of care.

DOUG BARTEL (MBA ’11), Florida Blue’s director of business development, media and external relations, heads the Greater Miami Chamber of Commerce’s new Customer Care Task Force.

MANZURA BENDER (MBA ’14) joined Ryder System as a financial consultant.

CHRISTY CASTILLO (BBa ’10, MACC ’12) joined Ryder System as a senior accounting analyst.

TAYLOR HOLCOMB (BBa ’11) and BRETT WARNER (BBa ’11) graduated from the Goldman Sachs “10,000 Small Businesses” program this year. Past winners of the University’s Business Plan Competition (with ACanvantage), they founded FreshStart(s) Behavioral Therapy in 2011. The company, which incorporates the therapy for autistic children outlined in the business plan, plans to expand from Miami-Dade and Broward to Palm Beach County next year.

SILVIA LARRIEU (MBA ’11) joined Baptist Health South Florida as community health supervisor. She recently finished two terms as co-chair of United Way of Miami-Dade’s United Way Young Leaders group and is an ex-officio member of its board.

RALPH MOORE (MBA ’15) joined Ryder System’s MBA Finance Leadership Development Program after interning at the company for a year.

ISABEL RAMOS (MBA ’11) is the new vice president of consumer compliance and CRA officer at US Century Bank in Miami.

TOM SAUL (BBa ’11), an analyst for Tonkinson Financial, passed the Level I examination of the Chartered Financial Analyst Program.

JEFF STEINER (BBa ’10) became a research associate at Harvard Business School; he had been a talent development director at Morgan Stanley.
Karl Schulze is the president of forensic accounting and litigation economics firm Schulze Haynes Loevenguth & Co. in Los Angeles. He is also a founder of the University of Miami’s highly successful Ethics Bowl program. His company provides services ranging from expert economic testimony to fraud investigation and due diligence to support for proposed acquisitions. When not working, Schulze is often running: During four decades, he has completed more than 400 races — including 56 marathons and a streak of 11-straight Boston Marathon finishes. Here, Schulze discusses the path that took him through various types of accounting and into launching his own business.
When young people ask me about career plans, I often tell them that it’s all right to be patient. Finding that perfect combination of what you love doing and what you are good at can take time – and I should know.

After graduating from the School of Business, I took a traditional route for an accounting major, getting my CPA and working as an auditor with a “Big Eight” accounting firm. It was a good job, but I wasn’t really satisfied. So, a few years later, I joined a large home-building company in Florida as its internal audit manager and eventually worked my way up to vice president of finance.

In the late 1980s, that company – like many in the industry – ran into financial difficulties. That meant I found my responsibilities shifting toward helping the company operate in “survival mode” – finding ways to cut costs and keep the lights on and, eventually, going into a structured wind down of operations.

I found dealing with a company in transition to be both challenging and invigorating. As a result, I decided to accept an offer to join a Southern California consulting firm that specialized in turnarounds and financial investigations. My wife and I relocated to the West Coast, and I quickly found myself working on the investigations end of the business. Though the firm was not typically involved in litigation, a case eventually came up where they needed someone to provide some expert testimony. A bit reluctantly, I agreed to do it. I didn’t really know what I was getting into, but I knew enough to recognize that it would mean sitting on the witness stand in front of some smart – and probably pretty aggressive – litigation attorneys. Their entire job would be to demonstrate to a jury or a judge that I did not know what I was talking about. I was a little scared.

That was my first exposure to the then-newly coined term “forensic accounting.” In spite of the challenges involved, I found that I actually liked this new path and that I was pretty good at it. So, at the age of 38, I felt like I had finally found the niche I was looking for. I began testifying in litigated matters with some regularity, and I helped establish a new forensic accounting and litigation practice at the firm. This work became a substantial contributor to the firm’s revenues, and I became managing director of the forensics practice.

I remained there for about 10 years, when I saw that another change was in order. At that point, the firm was moving toward investment banking and was intent on moving away from the forensic accounting practice. A few colleagues and I decided to continue doing what we were good at, and in 2000, we launched our own firm, today known as Schulze Haynes Loevenguth & Co. I can’t say I wasn’t worried. Before taking the plunge, I carefully calculated what I would need to make in a year in order to get by. But we picked up new clients quickly, and at the end of the first year, I had earned several times the base amount that I had calculated. Career-wise, it was the best move I ever made.

The business has continued to thrive, and the field has continued to be interesting and engaging for me. Our firm handles a wide range of issues, from intellectual property to real estate disputes, among many others. However, my favorite assignments are those that involve an element of fraud or misappropriation – and I’ve worked on a variety of such projects, often resulting in criminal prosecution of the “bad guys.” For example, in one recent case we helped trace the funds of a self-styled “oil billionaire” who was using borrowed money to buy up cemetery-operating companies in order to loot their trust funds. (He is currently serving a 20-year prison sentence.) In another case, we found that the CEO of a company doing infrastructure rebuilding in Iraq had misappropriated more than $6 million from his employer for his own use. We also helped a high-profile professional athlete track down millions of dollars in earnings that his previous business manager had funneled into his own investments and accounts. And the list goes on. I would estimate that I’ve testified in about 75 trials and perhaps 150 or more depositions. I still get a little nervous when the time comes to go before a jury, but I enjoy the challenge.

It was a long road from graduation to having my own business, and there are two key lessons that I draw from the experience. One is the importance of business ethics. In this type of work, a reputation for being independent and having integrity is a real asset, and I think that has been critical to our success. If that weren’t enough of a reason to stick to the rules, our work has given us ample opportunity to see what happens when people operate without a solid sense of business ethics, and the trouble that can create for the perpetrator – and for those affected by that person’s actions.

The second lesson that I would point to is simply this: Not everyone finds exactly what they want to do right out of the gate. In my case, I was about halfway through my career before I really hit on something that I both enjoyed and could do well. Once you are out in the real world, you often discover new interests and new strengths along the way. The key is to be patient and to be open to trying new things – and then be willing to change so that you can grab that opportunity when it shows up.

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