WEIGHING IN: Eller experts offer insight into election year issues

I’ve wanted to shine a light on the incredible research being conducted at the Eller College since I arrived here as dean almost three years ago.

Of course we include a Research Report in every issue of Eller Progress, as well as news and announcements about our faculty’s work. But we’ve been wanting to illustrate the breadth and depth of our researchers’ engagement in issues of real import to business and public policy; the presidential election provides the perfect framework to do just that.

I think it is extraordinary, that as a business school, we employ some of the finest thinkers on disparate topics such as health care reform, terrorist networks, border security, the economy, and financial markets. You’ll find our experts’ insights beginning on page 12.

I’d be remiss if I failed to point out that we have more than 120 faculty here, and space constraints prohibit a complete picture of the work that is ongoing at Eller. As a College, we’re recognized for our strengths in management information systems and entrepreneurship, but my colleagues in accounting, finance, economics, marketing, management and organizations, and public administration and policy also pursue compelling avenues of academic research. What’s more, they bring this research to bear in the classroom, giving our students unparalleled insight into the challenges and issues that face public, private, and nonprofit organizations today.

Paul R. Portney
Dean and Halle Chair in Leadership

From the Dean

Let Us Hear from You
Please e-mail comments, questions, or feedback to progress@eller.arizona.edu.

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On the Cover: (left to right) Eller experts E. Labrent Chrite, Associate Dean and Gemelli Professor; Chris Lamoureux, Diamond Professor of Finance; Gerry Swanson, Thomas R. Brown Chair in Economic Education.

Send your updates—jobs, kids, news, contact info—to progress@eller.arizona.edu and we will share them in the Alumni Notes & Profiles section of Eller Progress magazine.

You can also log on to www.eller.arizona.edu/alumni for more information about the Eller College Alumni Community, which features discussion boards and other tools for connecting with fellow graduates of the Eller College and The University of Arizona.

Visit www.eller.arizona.edu/alumni
Never Say Never
Eller undergraduate Max Burke networks his way to an audience with the ‘Oracle of Omaha.’

When finance senior Max Burke spotted an article about a college group visiting with billionaire investor Warren Buffett at Berkshire Hathaway headquarters in Omaha, Neb., he was determined to make a similar visit happen for Eller College students.

The problem? A long waiting list, and his own pending graduation. The normal scheduling channel wasn’t an option; Burke would have to find another way to make the trip happen.

“Early on, without trying to stir up false hope, I mentioned my ambition to make the trip happen. Burke would have to find another way to make the trip happen.”

Lountzis helped get 74 Eller students on the roster for a late November visit to Omaha, along with MBA students from the University of California, Berkeley and London Business School. Eller students went through a formal selection process, including an online application and interview, in order to join the trip. They were encouraged to read The Warren Buffett Way and prepare questions for a Q&A session with the business legend.

Once in Omaha, they toured Berkshire Hathaway companies Nebraska Furniture Mart and Borsheim’s Fine Jewelry, then met with Buffett for lunch. “Mr. Buffett has an amazing presence,” said Burke. “His responses were thought-provoking and profound, yet extremely entertaining because of his quick-witted humor.”

“Mr. Buffett was an approachable, every-day gentleman,” adds Alexa Hoff, a pre-business undergraduate. “He answered all questions that were posed to him and emphasized the importance of family and finding the perfect spouse. He was sincere and people of all ages can relate to his advice in one way or another.”

Buffett invited the students to return to Omaha this month to attend the Berkshire Hathaway annual shareholders meeting.

“I know I can speak for all of us in saying we had an incredible experience,” says Burke, who has accepted a position as a mergers and acquisitions analyst with the Credit Suisse investment banking division in New York following graduation.

A Boost Up the Ladder
Cynthi Knight joins the Eller MBA as associate director of career development.

Eller MBA students and alumni have a new resource: associate director of career development Cynthi Knight, who started at Eller in January. Knight is a former human resources and placement consultant with over 20 years of experience in industry and education.

In the short time that she has been with the College, Knight has reinstated monthly lunch seminars that revolve around topics of interest to full-time MBA students, such as cover letters and elevator speeches. The most recent luncheon focused on strategies for international students who plan to work in the U.S. after graduation. In April, Knight hosted a panel discussion for MBAs featuring Tucson-based alumni from many fields and organizations.

“I’ve enjoyed getting to know the students,” says Knight, who personally invited all full-time and evening Eller MBAs to come by and meet her. In addition to working with students to improve and target their resumes, Knight helps students as they prepare for internships and provides guidance for evening MBAs who want to use their education to progress within their organizations.

Knight has also been charged with expanding opportunities for MBA alumni to connect with each other and with current students. “They can be a great resource to each other,” she explains. In addition to paving the way for students to meet alumni working in their target industries, Knight is available to assist alumni who are in transition and looking for resume assessment or industry contacts.

The position combines a number of elements from Knight’s background, including 13 years of human resources work for McDonnell Douglas (now Boeing), six years with the California Institute of Technology in training and development, and ten years teaching in UCLA’s continuing education program. “It’s exciting to use so many facets of my background,” says Knight, who grew up in Tucson and moved back to the city from Scottsdale last summer. “It’s a sweet return.”

Faculty News
Congratulations to Shankar Ganesan, who was promoted to professor of marketing.

Shankar Ganesan
Marketing
Ph.D., University of Florida, 1991

Shankar Ganesan, Office Depot Professor of Marketing, is an expert in inter-organizational relationships, buyer-seller negotiations, service failure and recovery, new product innovation, and technology management. In 2007, he received the American Marketing Association’s Louis W. Stern Award for the best article on marketing channels and was named an outstanding reviewer by the Journal of Retailing.
Corporate ethics is not an oxymoron — just ask Australian entrepreneur Raymond Spencer. He’s been interested in the subject since 1989, when he founded Kanbay International, Inc.

Spencer’s vision was to create a rich corporate culture that was consistent across the company’s locations — 14 cities in eight nations. “We wanted a company with a strong ethical framework that was a living, breathing thing as opposed to a list on the wall,” he explains.

Now CEO of international consulting firm Capgemini’s Financial Services strategic business unit, Spencer continues to explore ways to embed an ethical philosophy into day-to-day corporate operations. Last year, he invited School of Public Administration and Policy senior lecturer Neil Vance to conduct seminars on the topic at Capgemini locations in India.

“I was interested in the applied nature of the work Neil Vance was doing in ethics,” says Spencer. “The seminars gave us a chance to see if the research could be applied on a practical level to what we were doing. Now I’m interested in seeing how that research can be extended.”

This year, with funding from Spencer, the School of Public Administration and Policy established the Raymond Spencer Program in Applied Ethics.

“We position our programs and courses in the context of providing public service education with a management edge,” says School director and Providence Service Corporation Chair in Public Management Brinton Milward. “Adding an applied ethical dimension complements the experience we offer to graduate students.”

The School currently offers two graduate courses in ethics — both taught by Vance — to MBA, MPA, and master of accounting students. The new Raymond Spencer Program in Applied Ethics will focus on research, guest speakers, and short courses for nonprofit students. The new Raymond Spencer Program in Applied Ethics will also be taught by Vance — to MBA, MPA, and master of accounting students.

Measuring the commercial impact of an innovation is a vital step in the entrepreneurial process, and important to entrepreneurs and investors alike. But what about social value? No standard exists today to quantify intangible benefits to society, but they are undoubtedly there.

This spring, 26 scholars and professionals from the U.S., Canada, and Europe gathered to share research and discuss possible metrics for measuring the social value of individual innovations in the university environment at a Kauffman Foundation-funded colloquium hosted by the Chris and Carol McGuire Center for Entrepreneurship and the UA Office of Technology Transfer.

“There are no systematic ways to collect data, and it’s hard to be predictive in this area,” says Patrick Jones, director of the UA Office of Technology Transfer. “The colloquium brought together a number of different perspectives — there were people from different disciplines who offered different ways to think about the subject.”

“Initially, we planned to keep everyone focused on the same discussion, but people of like expertise naturally broke out after sessions to connect over the topic in the context of their own experience,” says Sherry Hoskinson, director of the McGuire Center. “It turned out to be incredibly productive.”

Over the course of the three-day colloquium, participants reviewed existing literature, then gathered for sessions around topics such as demonstrating social and economic value of individual innovations and what metrics and measures might be used.

Hoskinson and the McGuire Center team have embraced the colloquium outcomes. “We’re planning to run an experiment over the next year, starting with a feasibility study,” she says. “We will build social valuation into the McGuire Center’s Idea Path curriculum and charge student venture teams with forecasting measures based on the problem they plan to solve through their innovations.”

At the conclusion of the year-long experiment, the Center will have data from venture teams which can be analyzed for thematic trends and used to develop a protocol for a larger research project. “We hope this will form the foundation for a grant-funded study,” says Hoskinson. “Ultimately, we’d like to see this become another avenue that the McGuire Center will pioneer.”
Martin Dufwenberg and Cathleen Johnson to head Economic Science Laboratory.

In January, Eller Professor of Economics Martin Dufwenberg was named director of the Economic Science Laboratory (ESL), the research facility founded by Nobel laureate Vernon Smith in 1985. Vice director and economics lecturer Cathleen Johnson has also been appointed to work with Dufwenberg in driving academic and operations surrounding the ESL mission. Social scientists from disciplines across the University of Arizona use the lab to conduct incentivized experiments.

"There is a large group of researchers associated with the lab," explains Dufwenberg. "In addition to faculty from different departments at the Eller College, we also work with people who are conducting experiments in psychology, philo-

sophy, and engineering, as well as other colleges around the UA." Researchers in these areas are encouraged to apply economic tools such as game theory and incen-

tivized experiments to test theories and enrich academic understanding of their fields. For example, assistant professor of management and organizations Tamar Kugler recently shared her research on incidental

emotions and risk at a monthly break-

fast gathering of ESL researchers.

Dufwenberg and Johnson cite priorities for the coming year including re-launching the ESL website, continuing an internal monthly seminar for lab researchers, and exploring the possibility of hosting conferences and workshops.

An open house reception is being planned for the fall.

Leading Resource

Cyber Think Tank

MIS professor Sudha Ram works with biologists on $50 million iPlant Collaborative.

Sometimes the only thing standing in the way of the best decision — or the answer to a question — is having all the data in one place, or being able to link them together.

Through her research, McClendall Professor of Management Information Systems Sudha Ram explores ways to manage data, including interoperability among disparate databases. Her research projects include biological database integration, in which she has developed mechanisms to link multiple gene, protein, and functional databases. A couple of years ago, when former MIS depart-

ment head Mohan Tanniru forwarded an email about a new biological data man-

agement project on the UA campus, her academic antennae went up.

Ram attended an initial meeting and saw significant opportunity to bring plant scientists together virtually to address some of the complex problems — the so-called grand-challenge questions — that they face. "In MIS, we like to address real problems," explains Ram. "We look at issues in business or science, and then use technology to develop IT systems to meet the user’s needs."

Working with plant sciences professor Richard Jorgenson, BIOS director Vicki Chandler, and genomics researcher Lincoln Stein of Cold Spring Harbor Labs, Ram conceptualized a discovery environ-

ment in which plant scientists from around the globe could meet electronical-

ly, analyze and share data, and communi-

cate findings. "The discovery environment will incorporate ‘computational thinking,’ which is a problem-solving mechanism that breaks a question into small pieces," explains Ram. "Then it identifies a solu-

tion for each piece, either simultaneously or sequentially, and assembles it all together so you have an overall solution that offers new insights."

The discovery environment will capitalize on Web 2.0 technologies such as social networking and mashups (web applications that combine data from more than one source) to facilitate communication and collaboration.

In January, the project — known as the iPlant Collaborative — was funded with a five-year, $50 million grant from the National Science Foundation (NSF), the largest NSF grant ever awarded to an Arizona entity. "We have an R&D model in which faculty perform the research while a development group is responsible for programming the discovery environments," explains Ram. In the first year of the project, the plant sciences research community will decide on which grand-chal-

lenge questions, such as feeding the world’s exploding population or curtailing global climate change, to explore. "By the end of the first year, we should have simple discovery environments for each of the questions," says Ram. The discovery environments will evolve based on the needs of the users, and Ram expects that by the second or third year of the project, they will have robust functionality.

"This isn’t just building tools for biologists," she says. "It’s also about making advances at the frontiers of Information systems and biology, and developing new research findings that we will publish as we go. There’s not a precedent for a project on this scale. We have a vision, and we hope to set the precedent."

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**Change Order**

Niche courses offer students insight into creativity, innovation, and the mechanics of entrepreneurship.

学生们在Kim Nelson的创新与商业课程中访问了Creative Photographs。左（左-右）：Stephanie Alek Comyford, Tyler Photograph. Top (左-右)：Center for Creative Business Students in Kim Nelson’s class, studying the evolution of business and the mechanics of entrepreneurship. "Two objectives of the course are to broaden business students’ horizons and to give them a greater appreciation for creativity, which is hard to measure,” Nelson says. “Businesses want to hire people who can manage it, and reward it, but it’s not something that can be easily taught.”

In the course Innovation and Technology Strategies, adapted from an Executive MBA module, ELLER Distinguished Service Professor of Economics Ken Smith and a class of MBAs are studying how corporations can build a culture of innovation. “In the 80s and 90s, corporations drove growth through new products, new markets, and new processes,” he says. “But there’s a limit to how far you can take profitability through efficiency. Over the last 8-10 years, companies have focused on growth through new products, new markets, and new processes.”

Each week, students review and discuss case studies, and work in teams to perform a strategic analysis of a firm, develop a new product or service, and complete a market strategy for the innovation. “Through the process, they come to understand why innovation drives growth, what companies have to do to foster innovation, and how to lead the effort,” explains Smith. McGuire Center for Entrepreneurship executive director and economics professor Mark Schankerman is taking the broad approach in his course, Economics of Entrepreneurship. "The idea is to understand the phenomenon of entrepreneurship; the economic factors that determine the formation, growth, and failure of new firms; and the policy environment in which it plays out,” he explains.

Each week, Schankerman leads discussion around academic papers in areas including sources of entrepreneurship, entrepreneurship and firm dynamics, entrepreneurial finance, industry races, and the effects of entrepreneurship on growth and competitiveness. The discussions are informal, but the papers are demanding. “One thing I’m trying to do is teach students how to read empirical papers critically, to assess what the scientific evidence actually says,” Schankerman notes. “There are many theories about entrepreneurship, but all theories are by nature simplifications. The challenge is to use modern empirical tools to evaluate them.”

New technologies are supposed to make life easier — but sometimes embracing the new is a challenge. This semester, field project and McGuire Entrepreneurship venture teams rose to the task by embracing two tools to manage their respective projects — wiki pages and a Microsoft SharePoint intranet. Both tools allow teams to communicate in a shared virtual workspace, so they can share documents, schedule meetings, and present their progress to clients and mentors.

“We wanted to integrate new technologies as a part of the course,” says McGuire Program director Sherry Huskinson, who asked the program mentors to review new technologies and recommend a solution for the 2008 class of ventures. “Before this year, the collection of information was disparate at best. Teams had to send documents and revisions to mentors and advisors who had to check them and then send them back to the teams.”

In the fall, all McGuire venture teams began using wiki pages — web pages that any team member can update — to manage their projects. They can upload documents and collect data in one central location so McGuire mentors can monitor their progress — plus, they’ll have the beginnings of a venture website at the end of the spring semester.

"Working on a wiki is great for our team,” says undergraduate marketing senior Kyle Cherrick. His five-person team is exploring a venture called RenewaBuilt, which provides clean power project development services for rural electric cooperatives. “As our team members find pertinent research, they don’t need to email it to everyone, they simply load the website or document onto the wiki, to be used when putting together our business plan. I also appreciate how our mentors and advisors can all log on, track progress, make comments, and contribute their own information and research to the project.”

"With wiki, I can click on any team’s space and see the history of their work and exactly where they are today. It’s also easy for an executive to sign on to the wiki and serve as an advisor and advocate for the students on the team — without having even met them in person,” says mentor-in-residence Jim Jindrick.

The MBA program was looking for a similar solution to help field project teams manage their corporate consulting projects. "Each team has a SharePoint site that the client and instructors can visit to measure progress,” explains associate director of experiential learning Lori Dunlap. “There is also a private section for internal team communication.”

Jacob Webb, MBA ’09, and his field project team for software firm C5 Odesa see the potential of this technology. "We will use it more and more as we have deliverables due to the client,” he says. "The site will serve as a convenient, accessible delivery channel.”

"The biggest help that we have received through SharePoint training is the coordination of each other’s schedules,” says Brandon Kurz, MBA ’09, who is working on a field project with Los Alamos National Laboratories. "We were able to upload our Outlook calendars. We also look forward to using the document editing function so that we can minimize the number of drafts.”

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**Wiki World**

ELLER students use online tools to manage team projects.
Finding the Edge
New Eller Executive Education focuses on customized programs.

This spring, the Eller MBA launched a redirected executive education program led by Denise Schubert. Based out of the Eller Scottsdale campus, the program offers customized executive education with an initial focus on two distinct areas: the health care service industry and negotiation strategy, with special emphasis on government contract negotiation. “We may explore additional opportunities down the road,” says Schubert. “But right now we are focusing on delivering robust learning opportunities limited to these two areas, and feel confident the quality and content of these programs will attract other clients as well.”

In late March, Eller launched a four-module series of courses called “The Business of Medicine” for Phoenix Children’s Hospital division chiefs designed to address challenges identified by the hospital’s key administrators and physicians. Physicians who complete all four modules, scheduled to unfold quarterly through January 2009, will be awarded a Business of Medicine Certificate from The University of Arizona.

“Physicians are expected to be good doctors, but they must also be effective managers,” says Schubert. “They must be able to understand the budgeting process, work effectively within a large organization, motivate and lead a large and diverse staff, and make difficult clinical and non-clinical decisions on a daily basis.”

Later this year, “The Business of Medicine” program will be expanded to include a series of short courses for director-level health care leaders. Topics will include organizational culture and workplace environment, performance management, the science of quality, translational research and patient safety, project management, managing people, advanced conflict management, and team building. “These are familiar topics in the realm of business, but the challenges facing the healthcare industry are very specific. It makes sense to design programs that specifically address their needs,” says Schubert.

In early March, Eller also finalized plans with Orbital Sciences, Inc., a launch system manufacturer that works with NASA and the Department of Defense, among other agencies. McCoy/Rogers Faculty Fellow and associate professor of management and organizations Barry Goldman will team with industry expert William Legette McIntyre to lead an interactive two-day short course in negotiation strategy aimed at senior-level executives and contract negotiators. The Orbital program is scheduled for late July.

“Combining our faculty’s expertise with an outside expert’s practical application methods provides the best possible result for the client,” says Schubert. Schubert says that focusing solely on customized programming represents a new direction for our executive education offerings. “We are off to a strong start. Our two areas of focus appear to have broad appeal, and we intend to explore the many opportunities we believe they represent for the University.”

Arizona governor Janet Napolitano announced this past fall that the state is the recipient of a $5 million Workforce Innovation in Regional Economic Development (WIRED) grant from the U.S. Department of Labor.

The grant funds Innovation Frontier Arizona, a project that unites over 40 partners from four Southern Arizona counties to accelerate education and skills-building opportunities for workers across the region. Industries such as aerospace, defense, and information technology, along with military installations, have contributed to Southern Arizona’s rapid growth, but the availability of skilled workers is not keeping pace with development.

“Southern Arizona is growing so fast that certain skills and wages cannot keep up. It is a threat to recent economic advances in the greater region,” says Napolitano. “Innovation Frontier Arizona is an important effort to take steps now to help ensure businesses have access to the talent they need to maintain and capitalize on innovation and growth.”

The Eller College’s McGuire Center for Entrepreneurship will play a vital role in supporting the project’s effort to develop an entrepreneurial culture, infrastructure, and pipeline to foster innovation, ultimately working to diversify the regional economy.

“To grow and thrive, communities today must organize around the knowledge economy,” says McGuire Center director Sherry Hoskinson. “We can help build a workforce of individuals who are problem-solvers, who are prepared to approach knowledge value as a 21st century response to challenges of all types.”

The McGuire Center is a partner in addressing four targeted populations with entrepreneurial education and support. For K-12 students, the Center organizes an Idea Fair in which student teams identify a problem and propose a business solution; for the collegiate audience, assistance in creating targeted curriculum for community college and UA South students; for emerging entrepreneurs, the IdeaExchange referral network; and for mature entrepreneurs, resources in rural and social entrepreneurship.

“Entrepreneurship is about more than starting a business,” explains Hoskinson. “It’s about finding solutions. We need to train the next generation of employees to see the problems and seize opportunities to advance solutions.”
Election year politics bring big issues to the forefront of the national conversation: The economy. Health care. Immigration. Climate change. The war. The complexity of these interrelated challenges means that there are no easy answers, and in January 2009, a new administration will take office and face the challenge of turning ideas proposed on the campaign trail into public policy.

At the Eller College of Management, research faculty are engaged in work that explores these issues from myriad angles, offering perspective on what the future holds, and into the climate a new president will face. Eller Progress checked in with some of them to gather insight as voters watch a dramatic campaign cycle unfold and prepare to weigh in themselves come November.
**THE ECONOMY**

**A Perfect Storm**

Pundits may continue to debate whether the U.S. is in a recession, citing the technical definition of two quarters of negative growth, but there’s no question that the economy faces significant challenges.

"This isn’t like 2001," Swanson says. "The public should be prepared for a longer and deeper recession. When a bubble breaks, like in the housing market, it can take years to come back to equilibrium."

Although Congress, the president, and the Federal Reserve are all taking measures to turn the recession around, Swanson says there is no magic bullet.

"Consumers are likely to do one of three things with the tax rebates from the economic stimulus package," he says. "People of limited means will use the money on essentials; consumers are at record levels of debt today, so some will use a percentage to pay down debt; and, in uncertain times, some consumers will save it." But, he adds, the stimulus package will add another $200 billion to an already-staggering national debt.

Meanwhile, the Federal Reserve continues to lower interest rates. "A bad loan is a bad loan, regardless of interest rate," says Swanson. "Banks are being more selective now. The Fed has put a lot of money into banks, but since the banks aren’t willing to make loans, it’s like pushing a string."

Swanson points to the Japanese economic crisis of 1985-2005, the result of both a housing bubble and a stock bubble. "They lowered interest rates to zero," he says, "but the reality is that it just takes time to correct bad decisions."

And, he says, the fallout in the U.S. is ongoing. "Not all of the mortgage resets have come out. Some of these loans required no down payment, which is like renting with the option of buying. As housing values decline, the people with these loans are walking out in droves."

Swanson says the U.S. will continue to rely on foreign investment to keep the economy moving. The federal government also looks at exports as a solution, but if other countries’ economies decline along with the dollar, Swanson says they will buy less of our exports.

"Economies go through cycles," he says. "In 2009, the new administration will face an economy that’s struggling to reach equilibrium in both the housing and the financial markets. God forbid we have something else happen — something with Iran, or another shock to the oil supply.”

"This isn’t like 2001," Swanson says. "The public should be prepared for a longer and deeper recession. When a bubble breaks, like in the housing market, it can take years to come back to equilibrium."
If the subprime lending crisis is the smoking gun, Diamond Professor of Finance and finance department head Chris Lamoureux says that Wall Street pulled the trigger. “Homeowners are not to blame,” he says. “They are less sophisticated about market fluctuations. Professional investors should know better.”

Lamoureux says the events that precipitated the crisis began with a sharp run-up in housing prices from 2000 through spring of 2007. “In part because of factors related to increased availability of credit through financial engineering, Wall Street was able to funnel credit into real estate,” he explains. “If you drew a U starting in New England and touching along the coasts up to Seattle, that’s where institutions were channeling resources. This was coupled with increased availability of credit for borrowers who were traditionally denied credit, so the lowest income quartile was obtaining more mortgages than ever before.”

Those mortgage securities were generally sold off quickly, and, anticipating that real estate prices would continue to skyrocket, the purchasing institutions didn’t demand diligence in the approval process.

“Part of the problem was a low-yield environment characterized by tame inflation and stable growth,” says Lamoureux. “The investors’ search for yield overcame natural skepticism and risk-aversion.”

As the Federal Reserve began raising rates in 2004-2005, subprime loans began to reset. Over summer 2007, foreclosure and nonperformance levels rose, just as home values began to flatten and drop. “Poor oversight and controls are now filtering through the economy and threatening people who wouldn’t otherwise have been exposed to this risk,” Lamoureux says.

But he doesn’t see the subprime loans themselves as the reason for the larger problems of the global capital markets. “In a fairly complicated environment, one of the things that’s distorted in the media is that this is a subprime mess,” he says. “I don’t think that’s fair. The real issue is with counterparty risk, which has transformed the mortgage markets.”

Lamoureux says that counterparty risk — the possibility that one party in a trade can’t make good on its losses — will be the big buzz word on Wall Street over the next 18 months. “It’s one of the reasons that the Fed is powerless right now,” he says. “They have made funds available but no one wants to make loans because of the built-in lack of transparency in our system. Now investors are concerned about what’s on the counterparty’s balance sheet.”

It’s similar, he says, to the savings and loan collapse of the 80s, which resulted in a government bail-out. “In today’s environment, the government may have an inclination to do the same thing, but this is a hundred times larger than the savings and loan crisis because of the role of Wall Street and the broader base of capital.”

Lamoureux sees the situation as part of the evolution of the U.S. banking system. Thirty or 40 years ago, he says, people sought loans from regional banks. “The bankers knew you, they verified your employment, they diligently estimated the value of the property, they understood your position in the community,” he explains. “Now we are experiencing growing pains as we move from a paternal banking system to a more free-wheeling, Wall Street-driven system.”

Though the situation is likely to get worse through 2008 as the problems continue to be wrung out of the market, Lamoureux says, “We should be out of the woods by fall 2009.”
Seven million. Eleven million. Twenty million. Different agencies offer estimates of startling variance on the number of illegal immigrants living in the United States. Regents Professor of Management Information Systems Jay Nunamaker says zeroing in on a precise number is just one example of the data-driven, scientific approaches that the newly formed Center of Excellence for Border Security and Immigration (COE BSI) will take to examine border and immigration issues.

The COE BSI is a $21 million, renewable six-year project established by the U.S. Department of Homeland Security (DHS). It brings together the expertise of U.S. universities and Mexican and Canadian institutions, government agencies, technology companies, and national laboratories to pursue a broad mandate of border-related research, education, and training. The University of Arizona will lead the $15 million research component of the partnership and the University of Texas at El Paso will lead the $6 million educational component. Nunamaker has been appointed director of the COE BSI. Elyse Golob of the UA Office of Economic and Policy Analysis will serve as associate director and oversee immigration projects.

Under Nunamaker’s leadership, COE BSI research will focus on new technologies such as surveillance, screening, and situational awareness using sensors and unmanned aerial vehicles. The center also will provide research on population dynamics, immigration administration and enforcement, operational analysis, control and communications, immigration policy, civic integration and citizenship, border risk management, and international governance.

“The University of Arizona has expertise in a wide array of related fields,” says Nunamaker. In addition to research into terrorism and the Dark Web at Eller, and immigration policy work ongoing at the College of Social and Behavioral Sciences, the College of Optical Sciences is developing new sensors and the College of Engineering is creating new platforms for sensor development. Nunamaker credits this work, along with his research at the Center for the Management of Information (CMI) on projects funded by the National Science Foundation and the Defense Academy for Credibility Analysis, with making the UA an attractive partner to the DHS.

Nunamaker’s work with CMI director of human communication research Judee Burgoon investigates the latest technologies for identifying people, such as biometrics and retina scans, but focuses on behavioral cues for deception detection. “We’re working on better ways to provide screening on the border and at the consulate,” says Burgoon. This could take the form of thermal scanners, eye trackers, or the University of Washington-developed Laser Doppler Vibrometer that CMI has tested for surveillance application. The device measures respiration and blood pressure from a non-invasive scan of the carotid artery.

Nunamaker hastens to note that these devices are in the research and testing stage. Nationwide university partnerships facilitate prototype testing, not only in the Southwest, but also along the Canadian border. But the technology is only one part of the picture, says Nunamaker. “Ultimately, the center will collect the data policymakers need to align technology with border and immigration-related public policy.”
Troubling domestic issues may be center stage in the national conversation, but security and terrorism are waiting in the wings. "We are fighting a war on another continent, in which our existence is not in question," says H. Brinton Milward, Providence Service Corporation Chair in Public Policy and director of the School of Public Administration and Policy. "But all it would take is another attack on our soil—a dirty bomb or another 9/11—and all focus would shift back to terrorism."

Milward is one of several Eller scholars who apply their research to understanding threats to national security. His focus is in understanding how covert, illegal networks manage their organizations; associate professor of public administration and policy Chris Demchak looks at how society uses knowledge to become resilient against chronic, violent threats; and McClelland Professor of Management Information Systems Hsinchun Chen collects, analyzes, and interprets data on terror cells.

Chen and his team have designed a set of programs that comb through the Internet, collecting and tracking terrorist and extremist websites. The result is a two-terabyte digital library of material including websites, forums, and video clips. As part of this Dark Web project, Chen analyzes how terror cells use their web presence to recruit, fundraise, train, and disseminate propaganda internally and externally. But countering extremist measures falls outside Chen’s expertise. "I’m a professor, not in the CIA," he says. "We don’t give leads. What we do is help agencies that come to us for assistance develop their own valid methodologies."

Similarly, Milward shares data from his study of dark networks with foreign and domestic agencies concerned with disrupting threats from terrorist networks and thwarting illegal traffic in drugs, weapons, and people. "I’ve spent my whole life looking at good networks, such as healthcare networks—positive entities that are legal and overt," he says. "After 9/11, I began trying to understand what makes some dark networks more robust and resilient than others. What kind of management advice would be useful to Osama bin Laden, and how can that be reverse engineered so that those efforts can be disrupted?"

Milward says dark networks struggle to balance the need to persist in their activities with their capacity to achieve their illegal ends. If they become too visible, they become better targets. Dark networks also face a denominator problem. "It’s far easier for terrorist networks to be resilient if there’s a large cadre of people willing to step up and take the place of those who fall," he says. "Having a large pool of people to draw from is great for any organization. If that ceases, the movement dries up."

Demchak explores violent acts from a different angle. Her research into surprise and resilience revolves around collective sense-making in large security organizations. "In complex systems, surprise is inevitable," she says. "So both knowledge and resilience need to be explicitly built into structures of our organizations, technical systems, and society." Demchak created the Atrium model for organizations to use in developing their knowledge for surprises and applied it to military and emergency responder cases. But the mechanisms of effective collective sense-making and operations aren’t as simple as a single agency issuing top-down directives. "A unified structure doesn’t mean that everyone is going to share information," she explains. "It only works when the threat is bigger than the competitive urge of the players. Counter-terrorism is a topic that motivates nearly as much as war these days; different organizations want to share just to know more in advance. They want to disrupt ugly surprises if possible."

Demchak cites game-based learning and virtual scenarios as emerging tools for preparedness across organizations, and she recently completed a manuscript, *Wars of Disruption and Resilience*, which details her research into structuring organizations to collaborate in the interest of disrupting terrorist threats before they succeed.
The cost of health care is rising, and 47 million Americans are uninsured. Today, concern about the problem has reached a fever pitch for the first time since the rejected Clinton reform package of 1993.

“One of the main reasons it’s back on the radar is that it occupies a huge part of the economy; health care represents 16 percent of the U.S. gross domestic product,” says Keith Provan, McClelland Professor at Eller’s School of Public Administration and Policy, and an expert in health services organization and management.

“People get upset as the percentage of GDP rises,” adds economist Ken Smith, Eller Distinguished Service Professor. “But why wouldn’t they? As the cost of durable goods has decreased, and as the medical profession achieves better results, it’s natural that expenditures would go up.”

“People think we’re spending a lot now, but who’s to say what is too much? What’s wrong is the inequity,” says Provan. “In addition, doctors and hospitals bear a great administrative burden in responding to the rules and complexities of the multi-payer system.” Insurance companies negotiate discounted rates with providers; a $1,500 procedure may cost an insurance company $500, but an uninsured individual will be charged the full retail price.

“The pricing system is a mess because of the way the insurance system is set up,” says Smith. “The individual doesn’t have a say in the process; there are a lot of decisions with respect to health care that people don’t get to make.” Smith explains that hospital insurance evolved in the 1930s as a way for residents to keep their community hospitals operational during the Depression, with the understanding that residents would be covered for care. During World War II, companies began offering medical insurance to create attractive hiring packages when they could not offer higher wages because of price controls. These benefits were given favorable tax treatment versus wages and salaries. Now, says Smith, “it’s impossible to buy a simple or basic policy; the state mandates what goes into it. It’s like telling someone that they can only buy a new Cadillac, not a used car.”

“The idea of mandated insurance is a good thing in that it spreads the risk among low-risk users and high-risk users,” says Provan. “It makes coverage more affordable. It also makes sure that people don’t play a game of roulette with their health. When they lose, they end up subsidized by the government.”

Provan points to states like Massachusetts, which instituted a universal system, as an interesting test case. “This is a national problem, and we need to address it as a national problem,” he says, “but until that happens, the states can be a lab for alternative approaches to address health care.”

“When you have 50 states doing 50 different things, you have a better chance to observe what works,” Smith says. “To be fair, that’s the strength of the free market system, that lots of people or states have the opportunity to develop innovative solutions to problems.”

“Companies in most industrialized nations have universal health care paid for through tax dollars,” Provan says. “American companies — for example, the auto industry — are paying to insure their employees, and that cost is threatening their competitive edge. It’s not just a question of insuring people; it’s a whole system that needs to be fixed. Now there’s a growing coalition of interests coming together around reform.”

“The challenge,” says Smith, “is that we have a very fragmented system and it is difficult to fix piece by piece.”
During this highly-charged election cycle, American voters have been deluged with political polling results that change daily, especially in the Democratic primary, which was not decided at press time. But do those polls accurately reflect a candidate’s momentum? And can they influence voter decision making?

No and yes, says assistant professor of marketing Lance Erickson, who used data from the last four presidential elections to examine the effects of short-term biases in polls. Erickson and his co-authors found evidence to support the so-called day-of-the-week bias, which some pollsters have suspected could influence results. “Generally, it’s easier to reach Republicans on weekdays and Democrats on weekends,” explains Erickson.

Weekday polls are conducted in the evening, so Democratic voters who do shift work may be excluded. “The difference could swing results by a couple of points,” says Erickson, so polls reported on a Friday may show a steady climb in a Republican candidate’s momentum. “People extrapolate the trend line into the future, and that’s when you get a bandwagon effect. Voters are affected by their view of which candidate appears to have momentum.”

Erickson’s research focused in on the post-primary election cycle. “We were looking at the Democratic candidate versus the Republican candidate,” he says. “Voters have much more entrenched beliefs at that level. Still, we showed that exposure to polling can change the intended voting behavior of up to three percent of likely voters.” This effect showed up in studies involving real presidential and gubernatorial candidates, and in a study with hypothetical candidates.

“Biases creep into exit polling,” he adds. “That’s why the news media doesn’t project winners based on those polls anymore.” In trying to project a winner this election cycle, he says, media groups are aggregating polls conducted by different groups asking different questions in different locations, with results sometimes dramatically off.

“Good polling seeks to measure the true level of support for candidates,” he says. “Because that can be hard to achieve, and because of the bandwagon effect that polling results can create, sometimes I think we should do away with polling altogether.”

For the first time, oil prices topped $100 a barrel this year. While consumers juggle budgets to account for rising prices at the pump, public policy officials, business leaders, and scientists are considering a troubling question: Is the world running out of oil?

Energy analysts disagree on how much oil the world can produce over the next 20 years, but more are coming to the conclusion that there is a limit to the number of barrels that can be pumped in a day. “It’s called the ‘peak oil’ hypothesis,” explains energy expert and Eller College dean Paul Portney. “This view holds that the world’s oil production is about to peak and then begin to decline, perhaps precipitously. Many are predicting that the decline could begin as soon as 2012.”

Portney recently chaired an International Energy Agency conference in Paris on the topic. The gathering included petroleum geologists, economists, transport officials from Organization for Economic Cooperation and Development (OECD) countries, business representatives, and environmental advocates. “There was no intention to produce a ‘consensus document,’” says Portney, “though participants seemed to agree on several things. Chief among them: Even if plenty of oil still remains in the ground, the cheap-oil era is over.” With soaring demand for gasoline and with the most accessible oil fields already exhausted, oil prices likely are not headed back to the levels seen as recently as several years ago.

“For that reason, it is critically important that countries find ways to reduce their oil consumption; this will reduce their vulnerability to future price spikes and will have the corollary benefit of reducing emissions of carbon dioxide and other air pollutants,” explains Portney.

The deliberations from the workshop will help inform the transport ministers of the OECD countries, including the U.S. Secretary of Transportation, when they meet in Leipzig, Germany, this month.

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Running on Empty

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The Eller College is home to more than 120 faculty and researchers, many of whom are called upon by corporate and government entities to apply their expertise in the field.

Last year, the Federal Communications Commission (FCC) appointed assistant professor of economics Gregory Crawford its chief economist, which complements his research into topics such as the potential effects of a la carte cable pricing. APS Professor of Economics David Reiley is on leave for a year while he applies his expertise in auctions and Internet experiments to explore the economics of advertising for Yahoo! Research. And, since 1993, Eller MBA director and Gemelli Professor E. LaBrent Chrite has worked on economic development projects in emerging and transitional markets around the globe in collaboration with the World Bank Group, U.S. Department of State, and the Eurasia Foundation.

“Engagement like this is a reflection of the rich and eclectic capital of individuals that comprise the Eller community,” says Chrite. “To me, it also affirms the higher aspirations of what institutions of management education can do. There is no part of the world that business doesn’t touch; my priority has been to identify the intersection between the knowledge that we create and teach here and the needs of people on the ground in some of the world’s most segregated markets.”

The intersections that Chrite explores — economic development and poverty reduction in transitional markets — have taken him to about half of the 48 nation states in sub-Saharan Africa, as well as the countries of Uzbekistan, Russia, and Ukraine. “The issues that face these countries are very similar,” he says. “They need robust policy and legal environments, they need to invest in education and attract foreign capital, and private sector development is an essential antecedent to pulling them out of poverty.”

Over the last several years, Chrite has focused on projects with governments in Ethiopia and Rwanda, working through three entities — the nascent private sector (Chrite notes that less than ten percent of the Ethiopian economy is privatized), policymakers, and post-secondary educational institutions, particularly business schools. “We’re working to develop sustainable, long-term tools and initiatives to improve lives,” he explains. Later this year, he hopes to host business school and institutional leaders from Rwanda at an Eller College site visit.

When Chrite began traveling to the continent in 1993, apartheid was still in effect in South Africa. Much has changed over the years, and while he sees invigorating progress in recent work with the Rwandan government, for example, he also admits that it’s tough to be optimistic about the myriad issues that many other countries, such as the Democratic Republic of Congo, face. “I don’t know what else you do except disengage,” he says, “and people have disengaged long enough. We need to find a path that offers more productive engagement.”

Chrite’s work in Africa and other transitional economies has become a defining passion in his life. “It’s so easy to take for granted the wealth and opportunities in this country,” he says. “This work — it’s a major part of who I am as an individual. It grounds me. It gives me better perspective. It makes me a better leader and a better person.”

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UA PHOENIX MARS MISSION
May 2008
Was there life on Mars? The University of Arizona will take center stage in May as the Phoenix Mars Lander, launched in collaboration with NASA’s Jet Propulsion Laboratory, Lockheed Martin, and the Canadian Space Agency, begins to analyze a section of the planet’s polar ice sheet, looking for a habitable environment. At this point, mission control will move to UAS Science Operation Center.

MID-YEAR ECONOMIC UPDATE BREAKFAST
Wednesday, June 4, 7:00 a.m. at the Doubletree Hotel Reid Park, Tucson
Presented by the Economic Business and Research Center with the support of Chase, this annual event offers a mid-year look at Arizona’s economy. Reservations required. For information, visit www.eller.arizona.edu/outlook.

PROFESSIONAL ADMISSION
Saturday, September 27, 7:00 a.m. at McClelland Hall
Volunteer to interview undergraduate students preparing to enter the professional phase of their Eller College education.

TECHNOLOGY AND MANAGEMENT AWARDS LUNCHEON
Friday, October 10, Phoenix-area location TBA
Join the Eller College of Management and the College of Engineering as they honor extraordinary leaders and look ahead to the next decade of technological breakthroughs.

HOMECOMING 2008
October 25, UA campus
Reunite with the Eller College of Management and celebrate Homecoming 2008 as the Wildcats take on the USC Trojans.

DISTINGUISHED SPEAKER SERIES
Connecting students with industry leaders.

HEALTH CARE
Robert Reischauer
Urban Institute president Robert Reischauer delivered the 2008 Fathauer Lecture in Political Economy on January 29, during which he addressed the economics and politics of health care in 2008 and beyond. Reischauer expressed optimism about the climate for change, but outlined significant obstacles to reform, including the need to create a system that can expand access, moderate costs, and ensure quality — objectives that he says often work against each other in practice.

HEALTHCARE REFORM
L. Ben Lytle
On January 22, AXIA Healthcare Management founder L. Ben Lytle presented a talk on health care business opportunities that are arising from demographic shifts. Through a survey of demographic data, Lytle suggests that future generations will be older and more sedentary, as well as more urban, more electronically integrated and dependent, and more sophisticated health care consumers.

CRISIS COMMUNICATIONS
Robert A. Eckert
On February 26, Mattel CEO and Eller alum Robert Eckert discussed the crisis communication strategy Mattel employed following the widespread 2007 toy recalls for lead paint content and design flaws involving magnets. Eckert and his team responded quickly to the crisis, sharing information with the media and consumers through ads in major market newspapers. Eckert believes that consumers responded well to the company’s honest approach, which included apologizing to parents and explaining what steps were taken to resolve the issues. The company’s sales were up in 2007, and for the first time in a decade, Mattel appeared on the list of Fortune magazine’s “100 Best Companies to Work For.”

DISTINGUISHED SPEAKER SERIES
Connecting students with industry leaders.
At the age of seven, Emmett Francis left his home on the Navajo reservation to attend boarding school in New Mexico. “Going way back when I was small, I remember the emphasis on education in my family,” he says. “Both my parents, especially my father, pushed us to go to school.” But that didn’t necessarily include college, since his parents had limited formal education. “They expected us to go to high school and graduate,” he explains, “but it was my teachers who encouraged me to go on to college, who saw my potential in certain subjects.” Emmett enrolled in pre-medicine at The University of Arizona, but changed his field of study to public administration. “At the time,” he says, “the pull of the Navajo culture was strong, and I wanted to finish school and return to the reservation.” He completed his undergraduate degree, earned a master of urban planning in 1974, and began work with the Navajo Nation government as a planner and program developer. One of his first assignments was assisting with the development of the 110,000-acre Navajo Irrigation and Farming Project.

Over the next several years, Emmett took on planning and development work with a number of entities, including the Navajo area Bureau of Indian Affairs (BIA), where he helped with annual development of the half-billion dollar budget and completed a comprehensive study to rehabilitate the Navajo-Hopi joint-use land area. Then, through an intergovernmental personnel agreement with the Navajo Nation and the BIA, Emmett was assigned to oversee the Navajo Tax Program. The program stalled while waiting for a U.S. Supreme Court decision, but Emmett urged the Nation to start the program before the decision was announced, and under his direction, it brought in $170 million in its first two years. The U.S. Supreme Court decided the case in favor of the Navajo Nation.

When the BIA reduced staffing in 1992, Emmett took a job with the City of Albuquerque, where he worked on the Southwest Area Plan and the West Side Strategic Plan. In 1998, Emmett was asked to work with the mayor’s office as a special assistant for Indian Affairs. In that role, he served as a direct liaison between the mayor and Native American groups on Indian education, health, and housing issues.

Now Emmett is working with the Navajo Nation budget office. “Hopefully this will be my last job before I retire,” he says. “Though I may go back to school for a doctoral degree.” His continued commitment to education has set an example for his daughter, Karen Francis-Begay, and his son, Todd. “I always encouraged them to go on to college, but it was a given since their mother and I set an example.” He also encouraged them to think big and to be the best in whatever they do. “I tell them, don’t just think about being the best in the Navajo reservation, or the best in Tucson, but the best in the world.” For the Francis family, it’s more than just advice: it’s significant to their her-
TRANSFORMING TRADITION

(continued)

stage. In the Navajo culture, communities are bound by clan ties as well as familial ties. Individuals are born from their mother’s clan into their father’s. Emmett, Karen, and Todd are all part of the Kiyaa’ doni clan, a clan whose people aspire to be leaders.

Like her father, Karen came to the UA with the goal of going into medicine. But she found that her education hadn’t prepared her for the rigors of collegiate-level science coursework. “I was headed for trouble and needed to do something about it,” she says. An advisor recommended that she go into health administration. “Once I got into the policy coursework, I saw how I could expand my knowledge to address issues like the nursing shortage in tribal communities,” she says. “I really thrived after I found my niche.”

She got involved in student organizations and spearheaded the development of a center for Native American students, which was established after she graduated in 1989. The experience set the stage for the rest of her career: Instead of going into health administration, Karen took a job with a Pima Community College program that supported low-income students, and coordinated a grant that targeted dropouts on the Pascua Yaqui reservation. “I began to understand how colleges and universities could be opportunities for these students,” she says. “I also saw the lack of support in Native communities to stay in school. It was eye-opening; I had many advantages.”

Seven years later, she took a position with The University of Arizona and earned her master’s degree in American Indian Studies. Later, as director of Native American Student Affairs, Karen worked directly with students. “What strikes me most is how you get into the most intimate details of their lives,” she says. “You become their support system. The level of trust you must establish is not something you can walk away from. They have a lot of odds stacked up against them before they even get here.”

Now she is working on a broader level to support Native students and engage with the University. Last year, UA president Robert Shelton appointed Karen as his special advisor on American Indian affairs. In addition to her father, her brother Todd, and her son Keith, Karen says that she has aunts, uncles, and cousins who are also UA alumni and students. “What’s key is that we have a paternal grandmother — the matriarch of our family — whose encouragement and support is a driving force. She’s instilled in me a strong sense of cultural values that I’ve learned to balance with mainstream expectations of leadership.”

“My grandmother’s message was always that education is important,” adds Todd. “Of her kids, there are four with master’s degrees. They set the example for the rest of us. There was no question about going to college.” In addition to earning an MBA last year, Todd also holds an undergraduate accounting degree from Eller. He started his career with Guthrie Latex, a Malaysian-owned latex importer that sold to rubber manufactur- ers such as Johnson & Johnson. Five years in, he says, “I wanted to work for a larger company, so I moved on to Alphagraphics International in Tucson as an assistant controller.” Todd worked in the licensing arm of the company, which issued franchise licenses and trained new owners to run the stores. “Up to then, I hadn’t worked for a tribe,” he says, so he took a finance manager position with Native American Community Health Center in Phoenix. “It offered better opportunities,” he says. “But they were having trouble staying afloat. I helped create a plan to get them back on track and keep them in business.”

He spent a couple of years working as a consultant in nonprofit accounting, then in 2002, was hired at Neighborhood Housing Services of Phoenix, Inc. After several years with Neighborhood Housing Services, he says, “I wanted to move up, but by then I had been out of school for 17 years. I knew my skills were rusty.” He applied and was accepted into the first Phoenix-based class of the 14-month Eller Executive MBA program.

Last year, after completing the program, he was promoted to chief operating officer of his organization. “Without the pro- gram, I wouldn’t have had the confidence to try for it,” he says. “In our culture, we’re taught to be humble; it’s hard for us to toot our own horns.” And that can be a challenge: “How do you function when you’re taught to be humble and corporate America expects you to be aggressive? You have to learn the balance.”

“My grandmother always conducted herself with a high degree of humility, and I’ve related a lot to what she taught us,” Todd continues. “She comes to every graduation. She’s 88 years old now, and it’s tough for her to travel, so I didn’t tell her about my Executive MBA graduation. But she came anyway! Her presence means a lot; it’s an acknowledgment of what you’ve achieved.”
In Memoriam

In two short months, the Eller College of Management lost three extraordinary members of its alumni community: Ron Bergamo, Lionel Rombach, and Donald Soldwedel. All three served on the Eller College National Board of Advisors and sought out ways to enrich the lives of students and faculty. Each leaves behind a legacy of engagement and dedication; these men walked different paths, but converged in support of their alma mater.

RON BERGAMO
1943-2008

Spirit of Arizona

Ron Bergamo grew up in Phoenix and attended The University of Arizona, where he earned a BSBA in marketing in 1965. His media career took off in 1969 in Chicago, where he worked for Leo Burnett Advertising. In 1972, he earned an MBA from Northwestern University, and worked for CBS affiliates in Kansas and Texas before returning to Phoenix in 1988 to head KTSP-TV Channel 10. To honor the state he loved, Bergamo changed the station’s call letters to KSAZ for the “Spirit of Arizona,” and oversaw its transition to Fox Networks in the mid-1990s. He left the company in 1995. In 1997, he launched KXBA-TV, a WB affiliate, before joining London Media Group in 2001. Bergamo is a broadcasting legend whose optimism and enthusiasm left an impression on the stations he ran, and last year, he was inducted into the Beta Phi Hall of Fame. In 1994, he was recognized as the Ad Person of the Year by the Phoenix Advertising Club. Bergamo was killed in an automobile collision on January 6. He was 64.

LIONEL (LEE) ROMBACH
1914-2008

A Rich Simplicity

Lionel (Lee) Rombach chose to live simply and give generously. An avid bicyclist—pedaling an average of 5,000 miles a year—he was also an amateur artist and a 60-year resident of the Poet’s Corner neighborhood in Tucson. He earned three degrees from The University of Arizona over the course of four decades: two bachelor’s degrees (BSPA 1947 and BA Religious Studies 1988) and an MPA in 1961. As a social worker, juvenile and adult probation officer, and chief of the Pima County Adult Probation Department, Rombach cared for many people. Rombach once calculated that he could live on $4 a day; he saved most of what he earned and donated unstintingly to education, the cause he loved best. Over the years, he made substantial gifts to The University of Arizona, providing scholarships, endowments, and discretionary funds that have supported a diverse array of activities, including the Rombach Institute on Crime, Delinquency, and Corrections. He was awarded an honorary doctorate in 2000 for his extraordinary generosity. Rombach died on January 24 after a brief illness. He was 93.

DONALD SOLDWEDEL
1925-2008

A Philanthropic Imperative

Donald Soldwedel never retired: the entrepreneur and philanthropist continued to volunteer and engage with the causes he loved best long after his son took on operations of the family business, Western Newspapers, Inc. Soldwedel was born in Illinois and graduated with a marketing degree from The University of Arizona in 1946. He married fellow UA graduate Lou Edith (Luda) McNaughton, and the two moved to Yuma in 1953 to run her father’s newspaper, The Sun. The privately held company has owned as many as a half-dozen Arizona newspapers, and is currently operated by Soldwedel’s son Joe. A founding member of the Eller College National Board of Advisors, Soldwedel also served as president of the UA Alumni Association, the UA Foundation, and the University Medical Center and co-founded the University’s Writing Center. He was recognized with an honorary doctorate in 1987, a UA Distinguished Service to Journalism Award in 1996, and the Eller College Distinguished Service Award in 2001. Soldwedel died on February 20 following complications from a stroke. He was 83.
F. Warren Hellman, Chairman of Hellman & Friedman, LLC

Warren Hellman is the chairman of San Francisco-based private equity firm Hellman & Friedman, LLC, which he co-founded in 1984. He is a director of various public and private companies including Levi Strauss & Co., D.N. & E. Walter & Co., and Sugar Bowl Corporation. He is also an avid runner and equestrian. A five-string banjo player, Hellman founded and funds the annual Hardly Strictly Bluegrass Festival in San Francisco’s Golden Gate Park.

In March, The University of Arizona recognized him as the 2008 Executive of the Year for his professional and personal accomplishments.

PROGRESS: What is the private equity business like today?

FWH: In some circles, private equity is almost a dirty word. But the real question is, are you in the asset management business and succeeding based on the fees you bring in? We invest capital to make money for our partners. That’s where Hellman & Friedman is different. There are probably 5,000 private equity firms out there today. The industry has exploded, like venture capital in the late 90s. It’s a tough economy out there right now, and it’s going to test private equity firms in a way that they haven’t been tested before. We’re going to see a big shakeout, even among larger firms, and it’s hard to say what the result will look like.

PROGRESS: What does Hellman & Friedman look for in a potential investment?

FWH: We can’t predict what’s going to take off, though I’m proud to say that we were one of the first companies investing in the cellular industry, and we also got out at the right time. We look at hundreds and thousands of investments every year, but we invest in just a handful. Most of what we do is bottom-up; we look for mature companies with brand recognition and free cash flow that are impervious to economic swings. We have had success in identifying great management teams. By the time we make an offer, we have spent huge amounts of time analyzing the industry and the business. Once we close the deal, we become active investors, and over the years, our partners have become our closest friends. Our first fund was $300 million; that’s our minimum investment today.

PROGRESS: What makes Hellman & Friedman different from other private equity investors?

FWH: In our view, success in private equity is about having criteria and being true to it. We believe that private equity is at its best when it is making a real contribution to the health of the company. Our current fund, our sixth, is investing $8 billion of outside capital, of which $400 million is our own. One thing I’d ask of any private equity investor is how much skin they have in their own game. We target sophisticated institutional investors, such as universities that are managing endowments and state and city retirement funds. We’re fiduciaries for these guys. Every year they have us out to one of the fire houses for lunch. Getting a chance to spend time with them, to see who we’re investing for — it makes it all worthwhile.

PROGRESS: What has informed your approach to long-term success?

FWH: Building our team is the best thing I’ve done. We’ve been able to recruit people who try to be the whole package. It’s like a pentathlon — you don’t have to be the fastest runner or the best swimmer or the best archer — but you have to perform reasonably well at each. Our team understands that the complete package matters, including their personal passions. On another subject, it’s a misconception that philanthropy is just giving money; you have to get involved, as well.
Last fall, 75 Eller undergraduates traveled to Omaha, Neb., to meet with financier Warren Buffet.
Senior Max Burke shakes Buffet’s hand (see story on page two).