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## BUILDING ON NEW OPPORTUNITIES

Now more than ever, we live in a world of continuous change. Revised trade agreements, tariff wars, unpredictable and severe weather events, ever-evolving technologies — these are among the many changing conditions that require today's businesses and business leaders to be resilient and agile. We explore this theme in several stories in this issue of *Enterprise*.

As the way the world conducts business changes, we at Johnson embrace change by continually evaluating and reinventing our programs so that our students gain the best possible skills and experiences to prepare them to thrive as agile, resilient leaders who are ready to navigate the challenges they will inevitably encounter.

I'm delighted to tell you about two big recent changes that I know will strengthen our school: the choice of Kevin Hallock as the next dean of the Cornell SC Johnson College of Business, and the relocation of our Cornell Executive MBA Metro NY program to the Tata Innovation Center on the Cornell Tech campus in New York City.

I'm incredibly enthusiastic about Kevin leading our college. I served on the dean's search committee from day one and joined with my colleagues on the committee to endorse his selection. He is a distinguished educator and scholar in labor economics, with a focus on compensation and governance that meshes well with work done by many faculty in the college. In fact, Kevin began his career in the College of Commerce and Business Administration (now the Gies College of Business) at the University of Illinois, Urbana-Champaign, and he knows business schools well. He has been focused on professional education throughout his career and has the insights regarding both teaching and scholarship that you need as a top business school dean.

Another striking thing about Kevin is that he embodies a remarkable combination of being both an insider and an outsider. On the one hand, as the former dean of ILR, he knows Cornell inside-out and has proven that he can be a very effective dean within our great but complex university. And yet, he didn't come out of any of the three schools that constitute our college, so he brings a fresh perspective.

On top of all that, Kevin has a great attitude, and he works really hard to address the most important issues impacting the future of our college. I know you'll enjoy learning more about him in the Q&A beginning on p. 16.

That's one great change. Here's another. Some of you may know that last year we moved our Executive MBA/MS in Healthcare



Leadership, offered in partnership with Weill Cornell Graduate School of Medical Sciences, to the Tata Innovation Center on the Cornell Tech campus. This summer, we will move our Cornell Executive MBA Metro NY program, located in Palisades, N.Y., for 20 years, to the same location. I am tremendously excited about this next step for our Executive MBA programming in New York City.

When you make a change, you want to make sure it's change for the better: Keep what has been successful, but also build on new opportunities. We've prided ourselves for a long time that the Cornell Executive MBA Metro NY program has a really strong, tight cohort. We're fiercely proud of this rich tradition, and we are confident that we will not only retain but strengthen its strong sense of community by moving it to the Tata Innovation Center — a world-class Cornell facility that offers ready opportunities to interact with faculty, staff, and other MBA students as well as exceptional access to visiting speakers and the New York City business community.

With this move, we have an impressive concentration of programs at the Tata Innovation Center, including the Executive MBA Metro NY and Healthcare Leadership programs, our Johnson Cornell Tech MBA program, intensives in fintech and digital marketing that can be taken by Ithaca-based students during spring semester, and various custom executive education programs offered to executives in major corporations and other institutions. Having our New York City-based programming centralized at this location also will pay dividends for our alumni community, because we can offer a concentration of activities and events such as we've never had before. Stay tuned for opportunities to get engaged and to enjoy our progress!

**Mark W. Nelson**  
Anne and Elmer Lindseth Dean

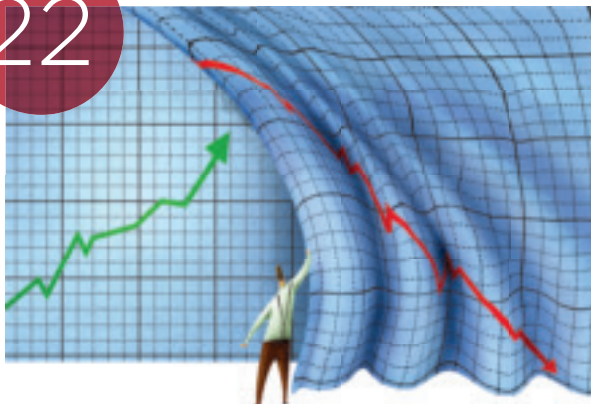
## MEET KEVIN F. HALLOCK, DEAN OF THE CORNELL SC JOHNSON COLLEGE OF BUSINESS

In this Q&A, Dean Hallock speaks about what motivates him as a leader, people who have influenced him, his research, baseball, and more.



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## M&As ARE UP, IPOs ARE DOWN. WHAT'S THE STORY?

As public equity markets lose players, private equity grows, and mergers and acquisitions reach historic levels, the economy struggles to adapt.

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**THE NEVER-ENDING CORNELL  
CONNECTION**

[ by Richard A. Marin ]

I write this having just read your summer 2018 magazine, based on the thought that my Cornell ecosystem just keeps on evolving. I hope that some will recognize and validate this phenomenon and others will realize what they can get from Cornell over time.

I spent most of my career in banking, from graduation in 1976 [when I joined] Bankers Trust until leaving Bear Stearns with the walls collapsing in 2007. It was quite a ride, with Cornellians on all sides. I recruited at Johnson, I donated to Johnson, I fund-raised for Johnson, I served on Johnson's Advisory Council, and I even chaired it. I built a home in Ithaca that is used for Johnson gatherings and will eventually revert to Johnson. I have said I bleed Cornell red ... it is Johnson School red.

Beginning in 2007, I spent 10 years on Johnson's faculty (part-time) and taught 2,000 or so students about hedge funds, pensions, securities lending, and project finance. It remains one of my greatest honors to say I was a clinical professor of management at Johnson. It gave me the opportunity to work with the pantheon of Johnson scholars like Joe Thomas, Soumitra Dutta, Hal Bierman, Jerry Hass, Maureen O'Hara, Bob Swieringa, and others. It resulted in my first published book on the global pension crisis, for which Bob Frank wrote the foreword.

I did this while moving my career in more entrepreneurial directions. I launched a venture capital company, Beehive Ventures ... Johnson investors [included] Nels Schaen Jr. '50, MBA '51, and Jeff Berg '79, MEng '80, MBA '81. I helped Simon Yoo, MBA '98, launch Green Visor Capital in the fintech space, now a great new emphasis at Johnson led by Drew Pascarella, MBA '01.



**Richard A. Marin '75, MBA '76**  
Clinical Professor of Management at  
Johnson, 2007-17

I launched a hedge fund, hiring a former TA of mine, Ari Weber, MBA '11, to work toward building a giant observation wheel on New York Harbor. I hired Paul Pugliese, MBA '12, as my research director, and I work with a Cornell PhD candidate in material science, Paul Osenar '92.

Cornell and Johnson are always all around me. My children, including my son-in-law, are all Cornellians. When my recently deceased mother, Ludmilla Uher Marin Jenkins '37, first told me of Cornell, I had no idea that it would become so very integral to my life for years to come. ... Cornell is always there and always urging me on to the next challenge. The two things I know for certain: I will undoubtedly encounter yet another Cornellian and/or Johnson [community member], and I will be driven to learn, grow, succeed, and share as Cornell and Johnson has taught me.

Regards,  
Richard A. Marin '75, MBA '76

## A SUGAR-COATED PLAN WON'T SAVE SEARS



Murillo Campello

**Murillo Campello**, Lewis H. Durland Professor of Management and professor of finance at Johnson, is quoted in a *Bloomberg* article about the Sears rescue plan, “It’s Judgment Day for Eddie Lampert’s Last-Ditch Sears Rescue Plan” (Jan. 4). “The plan does preserve thousands of jobs; I’m sure that provision is in there to sugar-coat the deal and make it appealing,” Campello says in the article. He added, however, that the plan just delays Sears’ inevitable demise. “If it goes through liquidation, the unsecured creditors are likely to get more than if they go with Eddie Lampert’s plan,” Campello says.

## OPTIMIZING TECH-ENABLED BUSINESSES



Karan Girotra

**Karan Girotra**, professor of operations, technology and innovation at Cornell-Tech and at Johnson, discusses changes to Uber’s loyalty program in a *Wired* magazine article, “Uber Rewards Loyalty Program Gives Perks to Power Users” (Nov. 14) “Like we saw in airlines, when the core product starts to get commoditized and everyone can offer the same thing, you start building customer networks,” says Girotra in the article. “Locking customers into your network builds some sustainable advantage.” In addition, Cornell Research highlighted several areas of Girotra’s research, including an analysis of London’s bike-share system and how to improve it; the business-boosting power of incentivizing drivers vs. riders in ride-share services like Uber and Lyft, and how to optimize pooled ride-sharing services; how to value the service Upwork provides in connecting employers with freelance specialists; and what practices companies can adopt to take advantage of technology and its disruptions, as well as how they can build new technology-enabled business plans.

## GOOGLE WITH CHINESE CHARACTERISTICS



Thomas Jungbauer

In a *Washington Post* op-ed, **Thomas Jungbauer**, assistant professor of strategy and business economics at Johnson, wrote about Google’s development of a censored search engine for the Chinese market. In the article, “Google’s censored search engine could actually help Chinese citizens” (Aug. 16), he acknowledges the validity of concerns

that “in complying with China’s ‘Great Firewall,’ the technology giant would legitimize the country’s censorship regime while ignoring the ruling Communist Party’s systematic human rights violations.” But he argues that “there is another possible result from Google’s return to Chinese cyberspace: disrupting the country’s firm control over the Internet.” As he develops his argument, Jungbauer asks: “Would a major market presence in China allow Google to upend the status quo, little by little? History suggests it could.”

## GETTING MBAs TECH-READY



Liz Arnold

**Liz Arnold**, associate director for tech, entrepreneurship, and venture capital in Johnson’s Career Management Center, comments on how MBA programs are responding to the tech revolution in an article in *U.S. News & World Report*, “How Tech Companies View MBA Degrees” (Jan. 8). “B-schools are increasingly emphasizing hard skills that

tech companies value such as predictive analytics, as well as more project-based learning opportunities to help MBA students gain valuable work experience and real-world insight during their MBA program,” Arnold says in the article. She also encourages students interested in tech to build their entrepreneurial skill set, noting: “I think that particular skill set is relatively ... valued at most tech companies, because the tech companies want students to be autonomous and take projects and run with those ideas and move them forward.”

## JOHNSON’S INTEGRATED DIVERSITY AND ALLYSHIP



Vishal Gaur

**Vishal Gaur**, associate dean for MBA programs and Emerson Professor of Manufacturing Management at Johnson, noted the importance of diversity in a *Poets & Quants* article, “B-School Deans Offer 2019 Predictions” (Jan. 7), saying that Johnson “recognizes the growing value of diversity in business and business education and will

continue in the new year to promote and foster it.” He continues: “At Johnson, we have integrated diversity and allyship experiences into all our course disciplines, whether finance or technology or entrepreneurship, through our first-year immersion curriculum. We also have created a strong partnership with students to promote dialogue in our community through our Fiery Topics series. These enhancements help prepare our students to be leaders who can shape culture, be strong team players, and innovate, and also ensure that the Johnson community supports all of its members.”

## WHAT HAPPENS NOW? COMMON LEADERSHIP STALLS AND HOW TO OVERCOME THEM



By Jeffrey Gangemi

In their new book, *What Happens Now? Reinvent Yourself as a Leader Before Your Business Outruns You*, John Hillen, MBA '04, and his co-author, Mark Nevins, explore a series of “stalls” that many successful leaders paradoxically encounter during times of growth or success. From failing to create an organizational story that de-

livers meaning and purpose (purpose stall), to struggling to get a team of high performers to work as a team (teamwork stall), to neglecting outside stakeholders (stakeholder stall), Hillen and Nevins identify the seven circumstances where leaders find themselves suddenly out of their depth.

A telling example from the book: A senior executive named Rebecca was head of a major business unit of a Fortune 100 company and widely recognized by her team for being competent and having “tremendous strategic vision.” She knew the business — and her customers — better than anyone in the industry. But members of her team also universally confided in the authors that Rebecca’s team didn’t work as one — they lacked trust, and a sense of territorialism was rampant.

Rebecca was tempted to blame the team for not performing. But the challenge was hers as a leader. Though clearly a top performer, Rebecca had stalled in her leadership, because she “doesn’t come across as open or receptive to the team’s ideas.” In other words, she was a whiz at strategy but not at engaging the team in a way that made them jell as a high-performing group.

Rising leaders face both growing complexity and growing sophistication as their enterprises achieve greater scale and scope. And in today’s world of integrating big data and driving digital transformation, it may come as a surprise that successful leaders aren’t primarily hampered by complex business challenges.

In fact, it’s actually their effectiveness in addressing these very issues of complexity that often enables leaders to rise in their organizations. They may have instituted new reporting structures, new back-end databases — even new hiring processes.

But their comfort with complexity will no longer serve them when problems of sophistication arise. Problems of complexity are normally

measurable and include managing systems and processes, while solutions to sophisticated leadership challenges lie within. “If complexity calls on you to change the mechanics or structure of your organization, sophistication calls for you to change yourself and others,” write Hillen and Nevins.

The detailed examples in the book come mostly from senior leaders the authors have worked with, and they use examples from nonprofits like Big Brothers Big Sisters, as well as the military and for-profit enterprises. They diagnose stalls at all levels and in all kinds of organizations.

**“If complexity calls on you to change the mechanics or structure of your organization, sophistication calls for you to change yourself and others.”**

— HILLEN AND NEVINS

But like most good doctors, Hillen and Nevins don’t stop at diagnosis; they offer concrete techniques designed to treat the seven stalls, which also include struggling to explain and lead change (leading change stall), when authority slips in the eyes of followers (authority stall), failure to focus time and energy for maximum impact (focus stall), and failure to effectively develop other leaders (leadership development stall).

Simple tools like the “index card test” can be surprisingly effective, write Hillen and Nevins. In that test, senior leaders simply list the three most important things for the company over the next year to gauge organizational alignment and remedy the team stall. The insight they need is gleaned from seeing how many of their executives have similar or radically different goals.

Hillen and Nevins hope that their book will provide more leaders with the tools they need to diagnose and address their leadership stalls, improve their communication, and move confidently forward through their careers.



John Hillen, MBA '04, is a professor of practice and executive in residence at the School of Business at George Mason University. A former U.S. Army officer and decorated combat leader as well as a former U.S. Assistant Secretary of State, he has also held the role of CEO in public and private companies.

PHOTO BY HERBERT STUDIOS



## GETTING TO GREEN

### What Makes Companies More Likely To Adopt Environmentally Friendly Practices?

[ By Dylan Walsh ]

The United Nations reported in October that to address the threat of climate change requires transforming the global economy at a speed and scale with “no documented historic precedent.” The United States Global Change Research Program reported in Volume II of the *Fourth National Climate Assessment*, released Nov. 23, that “Without substantial and sustained global mitigation and regional adaptation efforts, climate change is expected to cause growing losses to American infrastructure and property and impede the rate of economic growth over this century.”

How, then, do companies fit into this transformation? What factors make it more likely that a firm will improve its environmental performance?

Glen Dowell, associate professor of management and organizations at Johnson, has spent more than a decade looking into these questions. Two of his recent articles illuminate key factors that incline companies to adopt sustainable practices.

The first paper, “Will Firms Go Green if It Pays?” published in the *Strategic Management Journal* in 2017, examines the long-debated connection between sustainability and profit. “A lot of work, both from practitioner and academic writing, tries to look at making money by being more environmentally or socially responsible,” says Dowell. “Implied in this is the idea that if you can show people it pays to be better, then they’ll do it.”

This is a reasonable assumption, but is it true?

To find an answer, Dowell and his co-author, Suresh Muthulingam from Penn State, collected more than 88,000 energy-savings recommendations from the Department of Energy’s Industrial Assessment Center (IAC) program, which provides free energy audits to small- and medium-sized manufacturing firms. The information from the IAC included each specific recommendation, its expected financial return, and whether the company ultimately implemented it. Dowell and Muthulingam (who was an assistant professor of operations management at Johnson, 2009–14) then asked two energy experts to rank the general classes of recommendation — 680 in all — based on how disruptive they would be to a firm: Was the recommendation a simple retrofit, like wrapping steam pipes in insulation, or would it force operational changes in, say, the supply chain or employee behavior?

Fundamentally, Dowell and Muthulingam found that firms don’t simply chase profitable environmental retrofits, but that they balance profitability against disruptiveness. “If an energy-savings initiative has



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payback in a year but it’s really disruptive, firms are not as likely to do it as one in which the payback is much slower but it’s also easier,” Dowell says. “And this is consistent with how firms behave: There is a lot of competition for capital, and there are reasons why you want to operate this week the same way you did last week.”

The researchers found important nuance in this conclusion, though. If firms had evidence that energy-savings initiatives were effective — specifically, if other facilities within roughly 100 miles had done the same thing — then they were more likely to take disruptive action. Firms were also more likely to take disruptive action if local residents embraced environmental norms. Dowell and his co-author found that higher rates of membership in Sierra Club increased the likelihood that firms would invest in energy-saving initiatives, even if they were inconspicuous. Dowell found this to be a peculiar result: While plenty of research has shown the effect of environmental norms on highly visible environmental displays, like solar panel installations, “people don’t see it if I put a new furnace or insulation in my business.”

Dowell’s research points to a common oversight when incentivizing companies to adopt technologies that improve environmental performance: Company leaders consider a whole series of factors besides profit when they undertake energy-savings initiatives. “We need to realize that it’s not just financial returns that managers are

responding to,” Dowell says. While rebates and tax incentives are great, governments ought to pair them with strategies that normalize new technologies and make their adoption less disruptive. For instance, publicizing other nearby firms that have adopted the same technology may help lower perceived barriers to installation. In the end, says Dowell, “the financial return does not increase the probability of adoption as much as whether a given initiative is relatively easy to undertake.”

In another paper recently published in the *Strategic Management Journal*, “Environmental Performance and the Market for Corporate Assets,” Dowell studied how acquisitions affect environmental performance. What happens if a clean firm buys a dirtier firm? What about the other way around? To investigate this question, Dowell and his co-authors, Luca Berchicci of the Erasmus University Rotterdam and Andrew King of Dartmouth, gathered 15 years of chemical release information, by facility, from the U.S. Environmental Protection Agency’s Toxic Release Inventory. They matched this data with corporate ownership information. From this pairing, they pulled out 3,130 cases in which they could measure whether a firm’s environmental performance changed after acquiring, or being acquired by, another firm.

They found that, regardless of who acquires whom, the practices of the cleaner firm improve the practices of the dirtier firm. That is, when a clean firm buys a facility from a dirtier firm, the environmental performance of the dirtier facility improves, and does so reasonably quickly. When a dirty firm buys a cleaner firm, the dirty firm’s environmental performance improves.

To Dowell, this suggests that employees are transferring tacit knowledge — information often essential to a firm’s smooth func-

tioning that can’t be readily written down in a user’s manual. Dowell likened it to riding a bike: You don’t learn by reading a book but by practicing how to shift your balance. “When you buy a facility that is cleaner than your existing one, having people who understand that and who move to your old facilities is a powerful way to get improvements you’re seeking,” he says. “It’s going out on a bit of a limb here, because you can’t actually observe tacit knowledge [transference], but that seems to be at least part of what’s going on here.”

This also, he says, raises intriguing implications about the undervalued potential of acquisitions to improve environmental performance. Consider the 2000 sale of Ben & Jerry’s to global giant Unilever. At the time, many environmental advocates saw this acquisition as the purest case of a company rooted in social mission selling out to — or undergoing an aggressive takeover by — a profit-driven Fortune 100. “People get very upset when socially or environmentally proactive firms are purchased,” Dowell says. But such reflexive reactions may be misguided. “Maybe we should all take a step back and say that purchases like this could be a really powerful means for the acquiring firms to get better,” he says. “Unilever would freely admit that it learned from Ben & Jerry’s.”



**Glen Dowell**, associate professor of management and organizations at Johnson, focuses his research on corporate sustainability, with a particular interest in firms’ environmental performance. A faculty affiliate for the Center for Sustainable Global Enterprise and a faculty fellow at the Atkinson Center for a Sustainable Future, Dowell teaches Sustainable Global Enterprise and Critical and Strategic Thinking at Johnson.

PHOTO BY JESSE WINTER

## THINK ALIKE? SWIPE RIGHT. INNOVATION FLOURISHES WHEN CORPORATIONS WITH SIMILAR CULTURES MERGE.

[ By Louise Lee ]

Like people seeking a mate, companies seeking merger partners use many criteria to pick The One. What’s the potential partner’s culture, for instance? What’s its industry? How deep are its pockets?

But in picking a merger partner, companies sometimes use criteria that don’t ultimately help the combined firm to achieve success afterwards; in particular, their selection criteria do not increase innovation that leads to new products, according to research by Vithala R. Rao, Deane W. Malott Professor of Management and professor of marketing and quantitative methods at Johnson. Moreover, the converse can happen: Companies sometimes don’t consider traits in a potential

partner that could actually help post-merger innovation, thus missing opportunities to benefit from joining with that firm. Companies “may be paying attention to the wrong information,” says Rao, who co-authored the research with Yu Yu of AIG Science and Nita Umashankar of the University of California, San Diego (“Anticipated vs. Actual Synergy in Merger Partner Selection and Post-Merger Innovation,” *Marketing Science*, vol. 35, no. 6 [Nov.–Dec. 2016]: 934–952).

Much past research has studied what happens to firms after they merge, but Rao, whose research interests include studying how managers make choices, wanted to learn what influences the selection of a partner and how those criteria affect innovation at the resulting company. The researchers examined 1,979 mergers from 1992 to 2008 among 4,444 companies across the biotechnology, computer, electronics, and communications industries around the world. To

measure innovation at a combined company, the researchers used a tally of the patents it obtained; the more patents a company received, the higher its innovation level.

Rao and his colleagues found that companies that are culturally similar, or that, for instance, have a similar hierarchy of power or

the wrong reason. Operating in the same field “may not help (with innovation) much because they’re doing the same things,” says Rao. “It’s not expanding their opportunity; it’s reinforcing rather than expanding.”

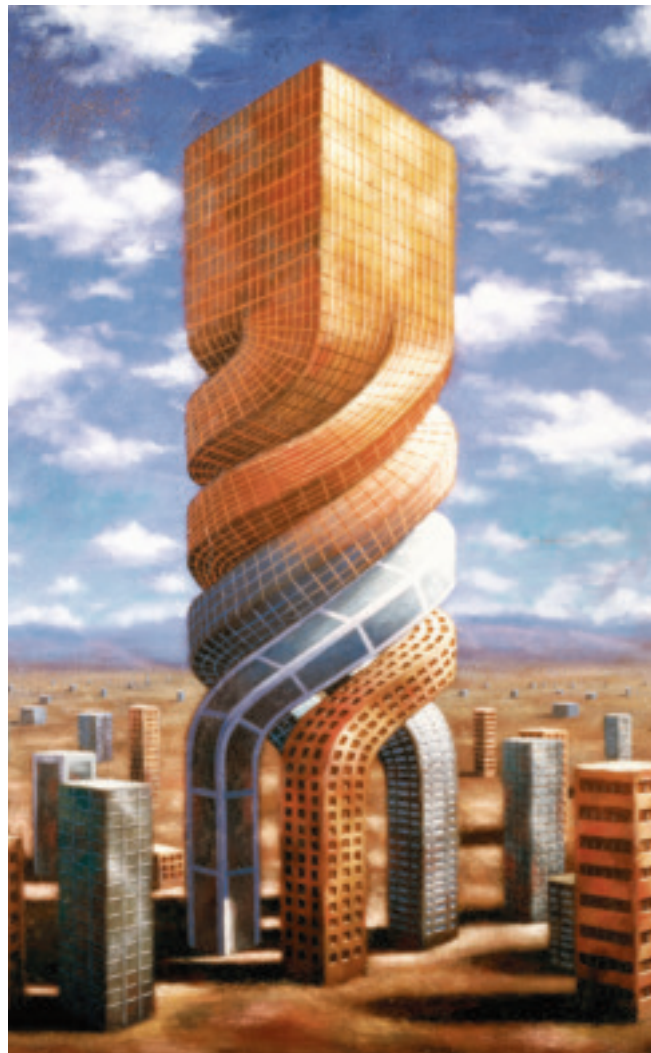
In other cases, companies may not consider or even recognize other valuable traits in a potential partner that could lead to innovation later. For instance, the study found that the prospect of having a large pool of combined financial assets didn’t affect the chances of two firms’ merging but later actually helped their level of innovation, probably because they had more financial flexibility. Likewise, the possibility of having greater depth and breadth of technical knowledge didn’t contribute to companies’ decision to join but nonetheless boosted innovation afterwards. Those findings suggest that companies may be prone to overlooking certain criteria, missing opportunities to merge with a partner with whom they could enjoy a rising level of innovation.

**“If [merging companies’] culture is close, they can assimilate better.”**

— PROFESSOR VITHALA R. RAO

Worse, some firms actually decrease their potential for future innovation when they merge, the researchers found. In the study, for instance, prospective partners sometimes failed to consider their combined debt level, even though higher debt load hurt innovation by lowering financial flexibility.

Rao says that company leaders should be aware that corporate unions don’t always produce anticipated effects or benefits and can also have unexpected effects, both positive and negative, for unexpected reasons. “We know some synergies are anticipated, but in reality, some are realized and some are not,” he says. One lesson for any CEO, Rao adds, is to watch out for the potential pitfalls of unanticipated effects and protect against them. “If you acquire, make sure you get the synergies you expect by proactively implementing policies that support the merger. Make sure the potential pitfalls don’t happen.”



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place the same value on group consensus, are more likely both to merge and to experience a rising level of innovation afterwards. Those companies join for the “right reasons,” the researchers found. “If the culture is close, they can assimilate better,” paving the way for increased innovation later, says Rao in an interview.

On the other hand, the study found that sometimes companies merge for reasons that, it turns out, don’t help innovation. For instance, simply operating in the same sector of an industry makes companies more likely to merge but in itself doesn’t lead to more innovation. In that case, the firms may be overestimating the supposed benefits of working in the same industry, essentially hooking up for



**Vithala R. Rao** is the Deane W. Malott Professor of Management and professor of marketing and quantitative methods at Johnson. His current research includes competitive bundling, diffusion of attribute information for new products, and trade promotions. A widely published scholar, Rao serves on the editorial boards of *Customer Needs and Solutions*, *Journal of Marketing*, *Journal of Marketing Research*, and *Journal of Business-to-Business Marketing*.

PHOTO BY JESSE WINTER

## WHEN LOYALTY TRUMPS HONESTY: JUDGING LOYAL LIES

[ By Susan Kelley ]

In the workplace, in politics, on the softball team — almost anywhere there’s social interaction — people are sometimes deceitful out of loyalty to their group.

How do others judge these loyal lies? Is the dishonesty viewed as bad, because lying is unethical? Or is it seen as good, because loyalty is a virtue?

A Johnson School professor and his colleague offer an uncomfortable answer that suggests we should tread lightly when we think we’re doing the right thing.

According to their new research, people who are dishonest out of loyalty feel they are acting ethically and morally. But outsiders disagree, and see those actions as immoral and wrong — unless they themselves lie out of loyalty.

“When loyalties apply — when you’re surrounded by your family, organization or political party — those loyalties influence the way you judge your behavior. You might be doing something harmful to others. But that doesn’t matter to you, because you feel you’re fulfilling a higher value: your loyal duty,” said Angus Hildreth, assistant professor of management and organizations at Johnson. “Whereas those of us on the outside, because we don’t feel that loyalty is relevant, we say, ‘Look at the dishonesty. Isn’t it obvious this is wrong?’” Hildreth co-authored the study with Cameron Anderson of the University of California, Berkeley (“Does Loyalty Trump Honesty? Moral Judgments of Loyalty-driven Deceit,” *Journal of Experimental Social Psychology*, vol. 79 [November 2018]: 87-94).

Hildreth and Anderson were interested in what happens when loyalty clashes with values like honesty and fairness. To find out, they

“When you’re surrounded by your family, organization or political party — those loyalties influence the way you judge your behavior.”

worked with nearly 1,400 study participants over the course of four studies.

The researchers asked a group of online study participants to read about an actor who took part in a study. Some were told he had signed a pledge of loyalty to a group; others were told he signed a pledge to be fair or simply promised to complete the study. Some participants were told the actor had misrepresented his scores on several tasks, which benefited his group; others were told he had reported his scores honestly. The participants then answered questions about whether the actor behaved ethically.

A different group of participants was placed in those exact

scenarios in real life and given the chance to lie to benefit their group. Participants were then asked to judge the ethicality of their own behavior.

The researchers found when people were called to be loyal, their moral views of deceit and honesty flipped. Loyal liars viewed their deceit as ethical, even though their actions harmed others.

And disloyal truth-tellers viewed their behavior as less ethical, despite acting honestly. Independent judges viewed loyal lies differently, and as less ethical than honesty.

“When we’re in a situation that demands loyalty, all of us are probably unaware that those loyalties are influencing the ways in which we think of our actions,” Hildreth said. “They may prompt us to do things and even think about things in a fundamentally different way than perhaps they would if we were outside of those contexts.”



**Angus Hildreth** is an assistant professor of management and organizations at Johnson. His research focuses on the effects of loyalty, power, and status on leadership, top-team performance, group functioning, and ethical decision making. He is interested in how power undermines collaborative performance in top teams, how loyalty can prompt ethicality and foster corruption, and how status affects individual well-being.

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DAVID BURBANK / UNIVERSITY PHOTOGRAPHY



PELIN WOOD THOROGOOD

'90, MENG '91, MBA '94

**CO-FOUNDER, MANA ARTISAN BOTANICS**  
**CO-FOUNDER AND PRESIDENT, WHOLISTIC**  
**RESEARCH AND EDUCATION FOUNDATION**

## INTO THE GREEN RUSH

**[A]**s president and CEO of Anamatrix and later chief strategy officer at Ensignten, Pelin Wood Thorogood built a career identifying emerging business trends and technologies.

“Three years ago, I would have never imagined myself in the cannabis market,” she says. But after a health scare by her husband introduced her to the benefits of cannabidiol – the cannabis-derived compound known as CBD – Thorogood saw an opportunity to leverage her entrepreneurial spirit and business experience to make tangible differences in people’s well-being, while bringing data-driven analytics to wellness education.

“I really loved the innovation and speed that came with my tech career,” she says. “But I wanted to be focused not just on profits but also on social wellness and environmental impact.” After meeting medical cannabis advocates Steve Sakala and Melinda Goossen at their Honaunau Farm Wellness Retreat in Hawaii, she told them, “I don’t know much about cannabis, but I know I can build a company. Let’s join forces.”

Mana Artisan Botanics’ offerings include topicals, oils, tinctures, and honey made from whole-plant hemp extracts grown in Colorado infused with organic Hawaiian herbs and spices. Thorogood and co-founders Sakala, Goossen, and philanthropist Andy Noorda are driven by a shared desire to “create the cleanest, safest, and most potent CBD products – products that I can feel good about giving my kids,” she says.

Concurrent with Mana’s launch, Thorogood, Noorda, and Sakala co-founded Wholistic Research and Education Foundation to explore the health benefits of CBD-rich therapeutics. The nonprofit recently funded a pair of research projects with UC San Diego and the University of Utah focused on understanding the efficacy of hemp and cannabis for autism, insomnia, and pain.

Reflecting on the twists in her entrepreneurial path, “I don’t believe in the concept of a career anymore,” Thorogood declares. “It is about aligning my evolving skills with my passions to deliver the most impact – and do so with awareness of market conditions. I am certainly enjoying the journey!”

— Dick Anderson



Mana Artisan Botanics’ products include oils, tinctures, and honey made with therapeutic CBD-rich hemp extracts.

PHOTO BY UNIVERSITY PHOTOGRAPHY PHOTO COURTESY OF MANA ARTISAN BOTANICS



GEN LI, MBA '96  
FOUNDER AND PRESIDENT, PHESI

## BIG DATA, BIG OUTCOMES FOR NEW MEDICINES

Gen Li at Phesi's office in East Lyme, Connecticut

**[G]**en Li was an instructor of neuroscience at Weill Cornell Medicine in 1996 when he enrolled in the inaugural class of Cornell's One-Year MBA program for students with advanced technology degrees. He recalls a team-building session when a peer said, "Gen, you have an amazing capability in seeing patterns from chaos!" That capability underpins the philosophy of Phesi, whose data-driven services help life sciences companies expedite clinical trials that investigate the safety and efficacy of new medicines and procedures.

"Pharmaceutical companies burn about \$100 billion testing new medicines each year but often don't have enough science guiding them through this process," says Li, who completed a PhD in biochemistry at Beijing University. Using its large clinical trials database and predictive analytics tools, Phesi helps to mitigate the trial-and-error approach to clinical trials, making it less expensive and faster to bring new medicines to market. Case in point: Working with Phesi, the world's

largest pharmaceutical company delivered a new drug to treat leukemia six months ahead of schedule.

Li's entrepreneur project at Cornell — to create a pharmaceutical company in China — won the final competition in Professor David BenDaniel's class, and BenDaniel introduced him to several investors. "While the project did not materialize, I still faithfully practice one of his core principles in entrepreneurship: 'Don't overleverage a startup company,'" says Li, who was global head of productivity for Pfizer prior to founding Phesi in 2007.

With ten employees scattered across four continents, Phesi is "a true global company," Li says. Befitting the nature of his work, he offers multiple possible outcomes in Phesi's future. "We could be acquired by a much larger company or combine with other similar companies and become much larger in scale. Maybe there are investors from the Cornell community who recognize what we are trying to do." Regardless of the scenario, he notes, "they all require very hard work to make them happen."

— Dick Anderson

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ELAINE LU, MBA '11  
CO-FOUNDER AND COO, VISBIT

## STREAMING IS BELIEVING

**[V]** irtual reality has seen a few glitches in its march toward mainstream popularity, as VR data exceeds bandwidth limits and computation capacity. Whether you're fighting monsters in Nanchang, China, or gazing at the Milky Way in Milwaukee, resolution is everything. "Visbit builds technology and systems to help deliver VR videos to end users in the best quality anytime, anywhere, and on any device," says Elaine Lu, a mobile industry veteran who co-founded Visbit with Google Glass developer and computer vision scientist Changyin Zhou.

In March 2015, Visbit set up shop at the Plug and Play Tech Center, a startup incubator in Sunnyvale, Calif. Within 18 months, the company built a full-suite solution for delivering 360-degree VR video, which a Visbit blog post calls "the gateway drug to virtual reality." Visbit's technology enables 360-degree VR videos to be played up to 12K (four times the industry standard for HDTV), whether it's streamed over WiFi and LTE or locally without any internet — a boon for content creators and users alike.

By May 2018, Visbit had raised \$4.1 million in seed funding from a handful of venture capitalists. "Our concept is an easy sell," Lu says. But at a time when the overall VR industry is experiencing growing pains, she believes that Visbit is designed to thrive: "We have three things that our competitors lack: a constantly evolving technology, better performing products, and reliable service."

CEO Zhou manages the technical side of Visbit, while Lu manages the business side. "We make key decisions together on product development, business strategy, and fundraising," she explains. "Our collaboration model is very nimble."

For Lu, who studied with Professor David BenDaniel as a Forté Fellow at Cornell, the appeal of entrepreneurship is "bringing an idea into reality and making a positive impact on society through something you built from scratch," she says. Five years from now, she envisions Visbit as "a leading player in the VR content publishing and distribution ecosystem" — and that's no illusion.

— Dick Anderson



## TURNING SERVICE INTO SKILL SETS

**[T]** he transition from military to civilian life is not easy — something U.S. Army veteran Anthony Garcia knows from personal experience.

Reflecting on his own journey from the Army to Cornell to the business sector, “the one thing that made me successful was understanding how to articulate my military experience into private sector terminology both on paper and in person,” he says. “I was able to do this because I had a two-year MBA.”

Armed with those skills, Garcia volunteered his time to write about 50 resumes for his friends who were leaving the service.

“I thought, there’s got to be a way to automate this. You’ve got these men and women who have sacrificed and served their nation, and they come home not equipped to navigate the private sector.”

His solution is Purepost, a cloud-based software that allows a service member or veteran to translate their own military experience into civilian skills and descriptions, creating a LinkedIn-caliber profile in less than 10 minutes. Purepost is designed “to unlock the imagination of what’s possible after the military,” Garcia says — and to connect veterans with the companies that want to hire them.

An Army brat — he was born while his father was serving in Frankfurt, Germany — Garcia attended St. Mary’s University on an ROTC scholarship and was commissioned to the Army Medical Service Corps in 1999. “It was the family business, and I just wanted to serve my country,” he says. “About a week before I graduated, one of my administrators asked, ‘Have you thought about becoming an aviator?’” It was an idea “that sounded even better after having a few drinks,” he admits with a laugh. “I’d get to wear a flight suit and look cool.”

After completing his basic training, Garcia was sent to Korea as a pilot commander, where he oversaw the medical evacuation of 250 soldiers and civilians. Between 2003 and 2006, he did two combat tours in Iraq as a pilot commander and director of flight operations, supervising the activities of 90 soldiers (pilots, flight medics, and flight engineers) and 21 Black Hawk helicopters.

“We medically evacuated more than 6,500 people and flew something like 4,000 missions,” he says. “I was really fortunate — and cursed — to have had that experience. I had one mission where within five minutes of landing, one of my crew members got killed. Many times, we couldn’t even land — we’d have to drop off the medic and come back for them. If the patient had a pulse, they were getting on; if they didn’t, they weren’t.”




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### ANTHONY GARCIA, MBA '09 CEO AND CO-FOUNDER, PUREPOST

After coming home from Iraq, Garcia was stationed at Fort Sam Houston as an instructor for medical personnel. Over the next year or so, “I started processing everything and talking to a psychologist and decided it was time to get out,” he says. At the advice of his friends and family, Garcia applied to a number of business schools — and after he enrolled at Cornell, “That’s when my transition to reality started happening.”

During his second year of studies, “I was pretty much a walking PTSD zombie,” Garcia says. He was drinking heavily, stopped going to class, and stayed in bed all day. “I’m fortunate to be here,” he says. “Three of my buddies killed themselves after coming back.” Garcia was on the verge of withdrawing from Cornell when he spoke to associate professor Ori Heffetz about his condition. “I was letting him know that I was going to take a test that I wasn’t prepared for, and it wasn’t that I didn’t care,” he recalls. Heffetz, a former Israeli soldier, “told me everything was going to be OK and that I could take a leave of absence.”

With the help of his support group and medication for his PTSD, “I started to think more rationally about my experience,”





Anthony Garcia, MBA '09, was 29 when he completed his second combat tour in Iraq.



A Black Hawk helicopter at the end of a DUSTOFF mission, Diwaniyah, Iraq. DUSTOFF is an acronym for Dedicated Unhesitating Service To Our Fighting Forces.



Pilot-in-Command Garcia served more than 300 combat hours of flight during his last tour.



Garcia with three DUSTOFF crew members he served with on more than half of his missions, Balad, Iraq, 2005

Garcia says. “I felt bad for who I was when I was over there, which didn’t mean I was a bad person. War just does weird things to everybody. It’s very lonely when you’ve got to hold a hard line and ask your soldiers to do things that you know will affect them for the rest of their lives.”

In March 2009, in a class called Managing Technology and Innovation, Garcia listened to a talk by entrepreneur-in-residence Charles Hamilton, MBA '04, CEO of Conamix, a venture-backed battery technology company based in Ithaca – and something clicked. “Afterward I thought: I can do what this guy was doing,” Garcia says. “At that point, I decided that I was going to focus on helping veterans and families.”

After a brief stint at Ithaca-based Widetronix, an early-stage venture spun out of Cornell, Garcia spent nine months at SRI International, a nonprofit research center in Menlo Park, Calif. There he met Derek Artz, who became his business partner and Purepost’s co-founder and product director. The first company they founded in 2011, Adjacent Applications, was a Craigslist-like e-commerce platform for military families to buy and sell their personal goods. Although the company helped facilitate the sale of over \$500,000 worth of goods in less than a year, the problem was “finding investors who understood there was a market opportunity within the military,” Garcia says.

For their next venture, a military veteran talent acquisition platform and Purepost precursor named GuideOn, Garcia brought his father (a retired lieutenant colonel and former organizational effectiveness consultant in the Army) into the fold. “We’re like a band – we just keep iterating,” says Garcia, who folded GuideOn in July 2017 to foster the creation of Purepost.

In recent months, Garcia has been busy talking up Purepost to potential investors, with a goal of raising \$1.5 million by the end of November. “We’ve gotten really good at going to market. The growth phase is what we’ve struggled with in the past, and we’re not struggling with that now.” This fall, Purepost signed contracts with its first two customers – the first being TransUnion, a credit reporting company with operations in more than 30 countries – with plans to onboard five companies for its initial rollout.

Nearly a decade after Hamilton introduced Garcia to the concept of entrepreneurship, the two still keep in touch. “I’m \$250,000 in debt, my credit cards are maxed out, I live in this small studio flat in the Mission, and I’ve sacrificed having personal relationships,” Garcia admits. But he is not about to give up on his journey. “You have to be passionate about what you’re building, because the highs are high and very short, and the lows are long and low.”

What matters, he says, is maintaining a vision for yourself: “Many times it doesn’t have anything to do with the actual product – it’s having a passion for what you’re doing.”

— Dick Anderson

# Meet **Kevin F. Hallock**, Dean of the Cornell SC Johnson College of Business

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Kevin F. Hallock, economist, compensation and labor market scholar, Joseph R. Rich '80 Professor and former Kenneth F. Kahn '69 Dean in the School of Industrial and Labor Relations, became dean of the Cornell SC Johnson College of Business on December 15, 2018. His first term will run through June 30, 2024.

Hallock first came to Cornell in 2005 as an associate professor of human resource studies at the ILR School as well as a faculty member in the graduate field of economics. He has taken on numerous leadership roles at Cornell almost from the outset of his career here, beginning with his service as acting chair for ILR's Department of Human Resource Studies in 2006. The following year, Ron Ehrenberg, the Irving M. Ives Professor of Industrial and Labor Relations and Economics, an extremely prominent scholar in labor economics and a former vice president of the university, asked Hallock to co-chair the university's financial policy

committee, which he did in 2007–08. In 2010 Hallock became chair of Cornell's Department of Labor Economics, which he described as "a small, very cohesive, really excellent group of faculty." When the economics faculty of several Cornell schools merged in 2011, Hallock was asked to head the new Department of Economics as the Donald C. Opatrny '74 Chair, a role he held from 2012 until 2015, when he was named the Kenneth F. Kahn '69 Dean of the School of Industrial and Labor Relations.

In a conversation last November with Jeannie Griffith, editor of *Hotellie* magazine, and Janice Endresen, editor of *Cornell Enterprise* magazine, Hallock talked about what inspires and motivates him as a leader, how he views Cornell and the SC Johnson College, and a little bit about his research. He also shared stories about his family and others who have influenced his life and career.

PHOTO BY JESSE WINTER

**Q You've held several leadership positions since coming to Cornell in 2005. What led you to take on those roles — especially your new role as dean of the SC Johnson College?**

When I was getting my PhD, a mentor told me that, to be a successful academic, you have to be excellent at teaching, research, and service. I took that very, very seriously and I have always been involved in service.

I really love ILR — I love the staff, the students, the faculty, and the alumni. I still have a faculty position there as the Joseph R. Rich Professor. I at first was reluctant to even talk to the search committee about the SC Johnson College deanship, because I felt, and still feel, this intense loyalty to ILR. But I was convinced by a couple of advisers that I should talk to the committee.

When I did, I just became fascinated. There are challenges, but amazing opportunities, in the schools and the college, and I became more and more interested every time I met with them. This college is a unique organization in its infancy that has roots for generations and strength for generations. This opportunity, this idea, is just unique, and I thought it would be interesting to try to work really hard on it. I like trying to solve puzzles, and I enjoy trying to create opportunities for our students, our staff, and our faculty. I intend to be as I was in ILR — objective, fair, transparent, and clear — and work like crazy.

The insights I've gained? Experience really matters in these things.

**Q Given your unique perspective as a professor and a dean, how would you characterize Cornell?**

I've spent my entire life around four universities: the University of Massachusetts, where I was an undergraduate and lived from ages 0 to 22, because

my father teaches there; Princeton, for four years in graduate school; 10 years at the University of Illinois; and now year 13 here. Cornell seems to me like an Ivy League university with a Big Ten sensibility. Having been at a Big Ten university for a decade and also having spent time at another university in the Ivy League, I really see this. I think what makes Cornell special is that we do just about everything here — we have a vet college, we have the College of Agriculture and Life Sciences, we have the Cornell Tech campus... When you walk around campus, you start to feel that anybody can be here and belong and feel comfortable. I think Cornell's egalitarian nature and the uniqueness of its parts are things that we need to celebrate and run toward, not away from. As a dean and also as a campus leader, I'd like to try to help Cornell take advantage of what makes it unique.

We have amazing strength in the schools, in the college, and at the university, and we can take advantage of all that. This is a very unique opportunity of deeply embedded historical institutions that are now part of a new organization — that's incredibly rare in higher education. My intent is that we take the three jewels in this crown and make them better by working together on some things. For example, I think that there could be more connections to other parts of the university. Think of the undergraduate business minor — it's an enormous minor, and this college is at the center of that. There are lots of other things we could do with master's students, or serving other people outside the college, too. And there are advantages in Dyson's direct connection to the land-grant mission of the university.

There are dean's positions all over the world, but this particular one is really complicated and interesting, and that's part of what makes it so exciting.

## MEET THE DEAN: Q&A WITH KEVIN HALLOCK

### Q It must be a little painful to leave the ILR community and what you were building there.

Sure, but from the day I started as ILR dean, I intended to develop leaders who would take over after I left. The interim dean, Alex Colvin, is one of them. Once I reasoned that the place is in great shape and Alex can take over, I agreed to talk to the committee about this deanship.

### Q What are you going to do first as dean? Where are you going to start?

We have to talk about strategy. We have to talk about a business model. We have to talk about how to grow into the space that we have, that we've been building up over the years. There's a lot to do, and a lot of getting people together to talk about it.

It's unlikely that I'm going to make many sudden moves in the first hundred days. I don't think that's proven to be the right way to operate.

### Q How would you characterize your leadership style?

I would say it's incredibly consultative and inclusive. It's very important to get my team together relatively regularly and talk through ideas. You have to be inclusive and listen to people, and then you have to make a decision and move on. Now, the thing is, when you have 3,200 students and 220 faculty members and 800 staff members, you can't hear everybody, and not everybody is going to be happy. But my style of leadership is to be honest, transparent, and open and to work really hard to develop and build trust with people. I'm going to spend quite a bit of time trying to do that.

We're all in this together, and everybody's view matters.

### Q What's at the core of your interest in studying executive compensation?

I've always been interested in why people are paid the way they're paid. I have recollections of speaking with my father at the dinner table, probably when I was in middle school, about why people in his organization were paid the way they were paid. That's really what motivated my first academic paper, which was about compensation of university faculty. My thesis included a paper about that and also a paper about the relationship between corporate boards of directors and their structure and executive pay. Since then, I've written papers about the effect of labor market events on stock prices and on the complexity of executive compensation contracts and corporate performance.

### Q You wrote a book about compensation: *Pay: Why People Earn What They Earn and What You Can Do Now to Make More*. Are you going to be able to do any more writing as dean?

In the 50 consecutive months prior to becoming dean of ILR, I wrote a thousand-word monthly column for a magazine for compensation nerds. I quit cold turkey, 50 in a row and out. And during or right before that time is when I wrote *Pay*, a book



designed for a general audience. My editor said, "Think of one person you're writing this for." I'd just been to the dentist, so I said, "I'll write it for the dentist."

I am trying to write a book, but it's not academic research per se. It's intended for a general audience, and I really enjoy that kind of writing. I don't think

you can do novel, interesting research without being fully committed, but this sort of general-audience writing can be done for a few hours on a Sunday night. So I hope to do a little writing, but I'm going to need somebody to schedule it and say, "You are writing right this second." Otherwise, there's too much to do as dean.

**Q We understand that you met your wife, Tina, when you were 4. Tell us more about her.**

I've known my wife for 45 years. We're now 49. I am so lucky to have met her. Our first date was when we were 16. We grew up together in a small town in western Massachusetts; there were 42 kids in our public high school's senior class. Our lockers were next to each other in grades seven through twelve, because our names were alphabetically in order. We both went to UMass Amherst, and we got married three weeks after we graduated.



Tina and Kevin Hallock on prom night in 1987.

**Q What did Tina have to say about your taking on this new role as dean of the SC Johnson College?**

The first thing she said when I came home from dinner with the provost and told her he'd offered me the job was, "Congratulations. You're still doing the dishes." [Laughs.] That's exactly what she said.

In terms of my taking the role, she was very supportive — and she has been very supportive of my work all

along. She doesn't work at Cornell, but she spends an awful lot of time doing Cornell work.

Tina is really connected to students and to alumni. She knows a lot about ILR. She doesn't know much about the SC Johnson College yet, but she will.



Passing the baton: Joe Thomas, dean emeritus of Johnson and outgoing interim dean of the Cornell SC Johnson College of Business, and his wife, Marney, with Tina and Kevin Hallock at the Winter Celebration for faculty and staff, December 2018.

**Q You have a daughter and a son living in Massachusetts. What can you tell us about them?**

My kids are both really funny — and smart, too. Our daughter, who is 24, lives on Cape Cod and works at a residential school for kids with emotional and physical challenges. She's been taking courses in pharmacology, chemistry, and anatomy and physiology at Cape Cod Community College and is applying to RN programs now. She is driven and will be an exceptional nurse. Our son, age 20, is a junior at UMass Amherst, where I went, and my wife went, and everybody in our family who has a degree went — everyone has at least one degree from there. My father has taught physics there since 1970. He's a low-temperature condensed-matter experimental physicist.

Our son is studying psychology and lives in the North Amherst fire station. He loves it, and there's a great community there. He cooked Thanksgiving dinner for 20 full-time and student firefighters. He's an EMT in New York and in Massachusetts. He's a super-happy guy.

COURTESY OF KEVIN AND TINA HALLOCK PHOTO BY JESSE WINTER

## MEET THE DEAN: Q&A WITH KEVIN HALLOCK

People ask where our children's bent for community service came from. Every male in my wife's family was a firefighter, a court officer, or a police officer. My mother was a pediatric nurse practitioner and retired after 50 years as a nurse. Now she's as busy as ever, volunteering. My wife is a family navigator for the Racker Center, a nonprofit in town. She works in a rural school district supporting families who have children with mental health challenges. It's incredibly demanding work.

We go to Massachusetts a lot; we still call it home. My parents are there; Tina's mother is there; her father died in 2001. All of Tina's siblings and my only sibling and his wife live in western Massachusetts. On Christmas Eve, we will have 50 people at my mother-in-law's. And then we'll leave there and go to my parents' house, where it will be my parents, me, my wife, my kids — six. So every year it's like my big fat Greek wedding, total chaos and fun, at Tina's mother's house, and very formal at my parents' house. But we love being with both. They are just very different experiences.

### **Q** What person or experience has had the biggest impact on your life?

I have been lucky enough to wander into a series of extraordinary mentors who have been hugely impactful.

I had a teacher in high school, Kathy Masalski, who was absolutely remarkable; she taught you how to think. When I was a sophomore, she taught a course called Historical Evidence. At the time, our baseball team was in the process of winning the state championship — I played third base and our team was getting a lot of attention from the community — so why would I focus on my schoolwork? Few, if any, other players on the team did. So I did poorly on an exam in the spring term. Mrs. Masalski took me aside and said, "You can be different, and you have to take

this seriously." And from that day, I have not stopped working. It was transformative.

The two other huge impacts on my academic and work life were my graduate advisers, Orley Ashenfelter and David Card. They are remarkably smart people, funny and interesting, and I am still in touch with both of them.

Then there's my father: the advantage to having a parent who is an academic is immense. I was very lucky. My father is an exceptionally accomplished academic, and I could rely on him. He was an academic administrator; he was a department chair for a long time; he served as dean a few times, so he knows some of the possible issues one would confront, and that has been really valuable. I still talk with him about some of the things I confront. I pretty much know what he's going to say, but I talk with him anyway.

### **Q** With all that you've got on your plate, what do you do to recharge?

I'm actually not very good about that. But I am trying.

I like to go out to meals with people. We go out a lot with friends in town. I recharge by doing that.

A couple of summers ago, I built a shed from scratch in my backyard. I poured 3,000 pounds of rock. I downloaded plans for \$14.99, and I built the shed from the walls to the cedar shingles to the roof. I built double doors and a single door out of one-by-six. I put a window in. My brother came for two days and helped me frame the sides and do the rafters. I loved that. It was a huge recharge. I worked like crazy, I was exhausted, but it was so much fun and it was so different from what I usually do.

I spend my time with my family and my dog to recharge. I read. I watch TV. I also try to run about 20 to

25 miles a week. I don't like running, but I love how I feel after I have run.

This summer, I decided to switch to a bicycle. I bought a brand new bicycle and I rode 750 miles. I was building up to do the Ride for Life, but then my friend David Harris was inaugurated as president at Union College that weekend, so we celebrated with him for the weekend. And my bike hasn't been touched since. Two weeks before that, I rode my bike 76 miles out to Sampson State Park, on the east side of Seneca Lake, and back. Now I'm just back to running.

**Q Your high school baseball team won the Massachusetts state championship. What lessons can baseball teach us about life and/or work?**

Preparation matters. The work matters.

That baseball team was a big, big deal for me; to be able to participate in such a thing was a huge event in my life. I really was lucky to be on an extraordinary baseball team, but what distinguished us, really, was that we were better prepared and a smarter baseball team than anybody we played. Our coach used to say, "The harder you work, the luckier you get." We really knew a lot about baseball, for high school kids. That's probably the biggest lesson I think of with baseball.



The team was the same the year before, except that my brother was on it, and then he graduated and I took his spot. I was objectively inferior to my brother as a player, but the other eight starters all got better by a year and our team was, therefore, better. My brother and I have this shared experience of knowing all of the teammates and their stories, every one of them. We could probably name them by position; I'll bet I could do it right now.



It is interesting to go back and see these folks from so long ago. We typically get together with a few friends from high school at the holidays, because several still live in our hometown.

On the work side, baseball is a metaphor for what's happening in the labor market and in business, with this new obsession with analytics. I require the book *Moneyball* by Michael Lewis in my compensation design classes for master's students. There's so much more data, and people are scrambling to figure out how to analyze those data. I think that baseball was way ahead of many other industries in realizing that they were leaving money on the table by not fully understanding everything. People are catching up very quickly now, and that's exciting. Just this week a former student wrote to me about the work she is doing in her company with business analytics; this trend is extremely exciting.

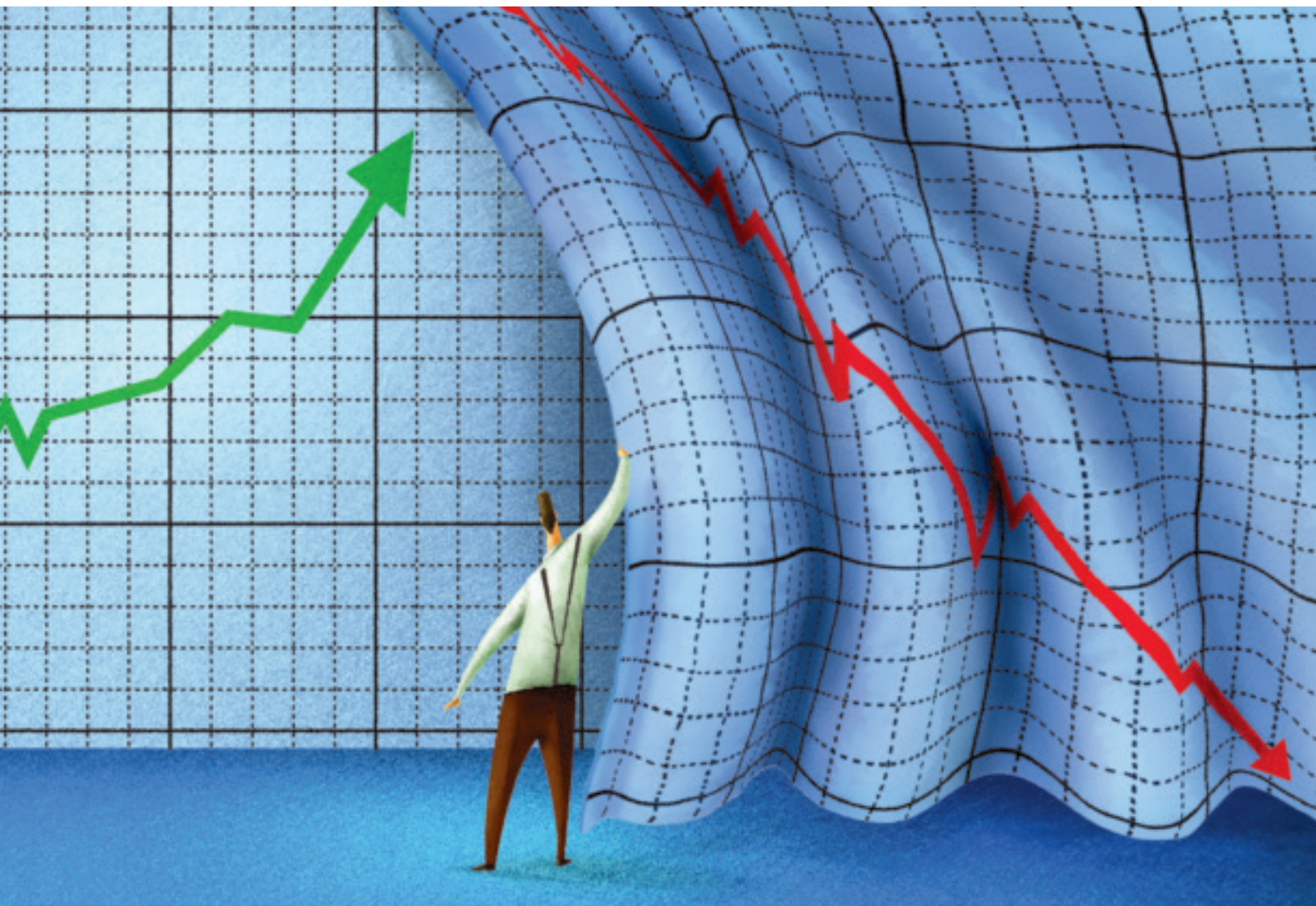
PHOTO BY JESSE WINTER COURTESY OF KEVIN HALLOCK



# WHAT'S THE STORY?

As public equity markets lose players, private equity grows, and mergers and acquisitions reach historic levels, the economy struggles to adapt.

*Jeffrey Gangemi, MBA '09*





**I**N MARCH 2017, Johnson finance professor Andrew Karolyi and two co-authors published a research study in the *Journal of Financial Economics* titled “The U.S. Listing Gap.” To Karolyi’s knowledge, it was one of the first widely cited studies that shined a light on a macro trend that had eluded widespread news coverage. Between 1996 and 2012, the paper showed, the number of publicly listed firms in the United States had dropped from 8,025 to 4,102.

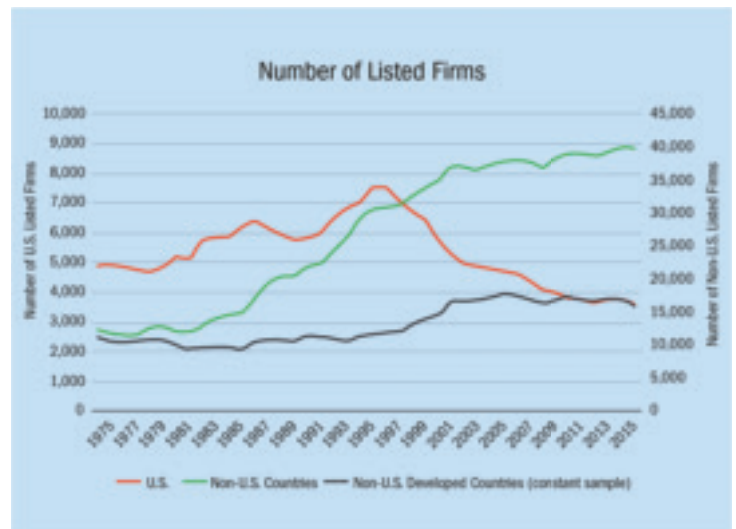
The “listing gap” term refers to the number of public firms the authors conclude the U.S. markets should have, ideally, to spur a healthy level of economic and job growth and investment. “The common wisdom out there among classical economists is that a healthy capital market produces a healthy economy. It creates opportunities for companies to enter markets, to raise funds, to invest in future growth, and creates opportunities to hire people, to invest in infrastructure, to expand, and to grow,” says Karolyi, Harold Bierman Jr. Distinguished Professor of Management

**“What we are witnessing is an eclipse, not of public corporations, but of the public markets as the place where young, successful American companies seek their funding.”**

— Professor Andrew Karolyi

If the listing gap study pointed out a trend that was hiding in plain sight, the research team’s follow-up publication, “Eclipse of the Public Corporation or Eclipse of the Public Markets?” in the *Journal of Applied Corporate Finance* (May 28, 2018) exposed the big purple elephant in the room. Karolyi’s “Eclipse” paper not only showed that firms today are less likely to go public; it argued that the U.S. public markets aren’t satisfying the financing needs of “young firms with mostly intangible capital” — or R&D intensive companies. As the authors wrote, “What we are witnessing is an eclipse, not of public corporations, but of the public markets as the place where young, successful American companies seek their funding.”

In addition to earning a mention in a feature story in *The Economist* (“American startups have less need to list on the stock market,” Sept. 29, 2018), Tesla CEO Elon Musk referenced it in a tweet to his 21 million followers, catapulting an academic topic into popular discussion. “When you get Elon Musk tweeting and sharing your research with 21 million followers, you feel like you’ve kind of made it on a whole new level,” says Karolyi, who is also deputy dean and dean of academic affairs for the Cornell SC Johnson College of Business.



SOURCE: DOIDGE, CRAIG AND KAHLE, KATHLEEN M. AND KAROLYI, G. ANDREW AND STULZ, RENÉ, ECLIPSE OF THE PUBLIC CORPORATION OR ECLIPSE OF THE PUBLIC MARKETS? (WINTER 2018). *JOURNAL OF APPLIED CORPORATE FINANCE*, VOL. 30, ISSUE 1, PP. 8-16, 2018.

## Going Private Through M&A

The availability of private funding — and the regulatory pain of running a public company — has made reluctant public company CEOs like Musk grumble, even as stocks continue to soar. At the same time the debate around Tesla’s ownership status temporarily raged (Musk, aided no doubt by SEC intervention, has since given up his quest to take Tesla private), the U.S. stock market continued to enjoy an extended bull run. Though volatility increased toward the end of 2018, that run had continued despite fewer companies joining the public exchanges and even more firms leaving them, as Karolyi’s paper showed.

Rather than “taking the company private” as Musk might have done with Tesla, most companies “delisting” from the exchanges are doing so as a result of M&A activities, which have also reached their highest levels ever. Since the listing peak in 1997, there have been 8,620 delists, with 61.2 percent of them resulting from acquisitions, according to Karolyi’s research. Only 3.3 percent, on the other hand, were voluntary. The remainder were delistings for cause, mostly due to poor performance.

In the same period (1997–2016), share repurchases and stock buybacks were \$3.6 trillion greater than the amount raised from issuing equity over the same period, note Karolyi and his co-authors. That means the companies that remain listed on public exchanges are bigger, older, and have more cash reserves than ever. Until recently, a company with a trillion-dollar valuation seemed inconceivable; Amazon and Apple hit that mark in fall 2018 (although Apple’s value took a deep dive immediately afterwards). Alphabet, Google’s parent company, is not far behind.

© ILLUSTRATION SOURCE/MARAVILLAS DELGADO

## M&AS ARE UP, IPOS ARE DOWN

U.S. startups are either waiting much longer to go public or getting swallowed up by bigger competitors. According to U.S. Census numbers reported by Quartz, U.S. businesses are aging: About half of them were more than 10 years old in 2016, whereas in 1996, fewer than 40 percent had reached a decade since their founding.

Besides fueling a rash of delistings, M&A continues to feed the world's largest public companies, supplementing their relatively weak organic growth. On October 28, IBM announced its \$34 billion acquisition of Red Hat, an open-source cloud software company. It was just the latest in a string of high-profile M&A activity that includes AT&T's acquisition of Time Warner, the merger of T-Mobile and Sprint, CVS Health's merger with Aetna, and Adobe's acquisition of Marketo.

In all, a record \$2.5 trillion in mergers were announced in the first half of 2018 alone (the record-setting rate continued through the third quarter, then slowed toward the end of the year). Public companies have become growth-through-acquisition machines. "To be a successful public company, scale is even more important than ever before," says Karolyi. "So, for a certain type of growth firm, it's more appealing now to secure their exit via acquisition than to achieve an IPO."

Though not necessarily correlated on a one-to-one basis, the decrease in IPO activity and increase in M&A are related. They are both a function and a result of some fundamental changes in the way companies now grow and seek funding. Taken together, they're causing huge macroeconomic consequences, changing how MBAs approach the recruiting process, altering how bankers and money managers advise clients, and most importantly, affecting how the U.S. economy will adapt to coming currency and interest-rate fluctuations that could lead to the next recession.

## New Sources of Capital Spread an Epidemic of IPO Resistance

Young companies used to view going public not just as a rite of passage into maturity, but as a necessary step to access a large volume of relatively inexpensive capital. That's no longer the case. More growth companies are remaining private for longer, and that has caught the attention of the national news media. In 2018, *Inc.* magazine launched its inaugural list of Private Titans, "the 1000 largest, most vital American companies that aren't public," as the flip side to the long-respected Fortune 500, which ranks the largest public companies. The *Inc.* list is diverse but includes a noteworthy who's who of tech growth companies such as Uber, Lyft, Airbnb, Warby Parker, Stripe, and WeWork.

The amount, availability, and diversity of sources of private capital

have all exploded in recent years. According to Bloomberg, venture firms have about half a trillion dollars under management, roughly equivalent to all the money raised in IPOs over the last 10 years.

That doesn't include new — and newly interested — sources of capital.



SOURCE: RITTER, JAY R., QIE (ELLIE) YIN, AND HONGYU (DEREK) SHAN. INITIAL PUBLIC OFFERINGS: UPDATED STATISTICS. REPORT NO. 352.846-2837. UNIVERSITY OF FLORIDA. FEB. 20, 2017.

It's been nearly two decades since the dot-com boom and bust, and many tech growth companies are now household names. "Capital that was already out there now wants access to tech," says Anamitra Banerji, MBA '04, managing partner and co-founder of Afore Capital, a San Francisco-based early-stage venture fund focused on tech. "That includes family offices from all over the world, overseas institutions, corporate VC, and a whole host of other capital sources that have seen proven tech returns and want to get in on them, especially when the opportunity cost of investing dollars isn't that great elsewhere." Mobile is now ubiquitous, expanding the pie and helping to drive consistently high returns for investors, compared with other sectors.

## The Growth in Private Equity

Chief among those new and growing sources of capital is private equity, which has only grown in power and reach over the last decade. Private equity firms are raising and investing historic amounts of capital, enabling growth enterprises to remain private longer. Through the first three quarters of 2018, U.S. private equity firms invested \$508.8 billion across 3,501 deals — a record-breaking pace, according to research firm Pitchbook.

In many cases, private equity firms are even competing with big

companies interested in acquiring the same targets. According to a recent Pitchbook study, private equity firms “face increased competition from already cash-rich strategics that received an additional windfall from the recent reduction to corporate taxes.”

Just how big of an increased M&A driver is that tax cut? Although it’s clear many large companies did benefit from the tax cut, it’s hard to tell if the extra cash flow generated is a significant driver of increased M&A, says Drew Pascarella, MBA ’01, Remppe Wilson Distinguished Lecturer and senior lecturer of finance at Johnson, who also directs the Investment Banking Immersion. “The tax cut has the potential to drive volume, but there are many other factors to consider,” he says.

One such factor is a whole new asset class private equity has spawned over the last 10 years called “growth equity,” which essentially bridges the gap between traditional venture capital-sized investments and the ultra-large deals private equity has traditionally been known for. The model: invest big dollars in later-stage companies until they reach the scale of huge, modern-era public firms.

Though not huge in terms of IPO volume, the market for private equity-backed exits is growing, running counter to the longer-term trend of proportionally fewer IPOs, according to Pitchbook. With big dollars to invest, private equity firms increasingly specialize in building big, profitable firms ripe for today’s public markets. Between Q1 and Q3 of 2018, 38 private equity-backed companies went public.

**“Growth equity is providing a tremendous amount of flexibility in a way that allows founders to get much bigger and more mature without ever having to access the public market.”**

— *Drew Pascarella, senior lecturer of finance*

“Growth equity is providing a tremendous amount of flexibility in a way that allows founders to get much bigger and more mature without ever having to access the public market,” says Pascarella. “Growth equity wasn’t even around 10 years ago,” he says, adding that it started with tech but now funds companies across multiple sectors and industries. Private equity firms traditionally focused on either early-stage venture capital investments or late-stage leveraged buyout transactions. With more capital available and increased competition in the M&A and VC markets, funding later-stage growth companies became more attractive.



SOURCE: “MORE ADD-ONS, FEWER EXITS AND 7 MORE US PE TRENDS FROM 3Q,” PITCHBOOK, NOV. 2, 2018

The sheer size of the funds that growth equity firms are raising is fueling their influence. For example, Insight Venture Partners announced the close of its Fund X in July 2018, having raised \$6.3 billion, marking the largest-ever private equity growth fund close. Investors continue to pour money into private equity because of “the potential for alpha, and for consistency at scale,” according to McKinsey. While other asset classes underperform, private equity may outperform public markets in the coming years.

## The Strategy Behind Staying Private

While a whole breed of firms, particularly those that require large capital expenditures (pharma and manufacturing, among others) still need the volume of capital most commonly accessed in the public markets, the balance seems to have shifted in the United States. “A disproportionately large fraction of U.S.-based firms have assets tied up in intangible form — not property plant and equipment (PPE), but more in the form of accumulated R&D assets and intangibles that stem from more investment in human capital, patents, and other valuable assets, such as for tech firms,” says Karolyi.

Take the online wedding-planning marketplace WeddingWire, founded and run by Tim Chi ’98. A tech-driven firm, WeddingWire facilitates transactions; it doesn’t manufacture products, and so much of its value comes from its intellectual property and its talent. In another time, his firm would have been a natural candidate to go public, but given the availability of capital (his company is backed by growth equity firms Permira and Spectrum Equity), his company took another route. On September 25, 2018, XO Group Inc., the parent company of wedding-planning website The Knot, agreed to be taken private for about \$933 million, combining it into a larger company with WeddingWire.

To finance the transaction, WeddingWire is raising about \$600 million in debt financing. Assuming all goes well with the new combined company, it will likely go public at a later stage. But during this growth phase, growth equity investors obviously see a more immediate upside through M&A and debt financing than accessing the public markets. Since the transaction hadn't yet closed at the time of publication, Chi was unable to comment for this story.

## Private Equity “Gets” Today’s Tech Firms

Private equity makes it possible to play your cards close to the vest. For companies in competitive spaces, reporting and regulatory requirements essentially broadcast how public companies are deploying their capital, and that can be beneficial for manufacturing companies expanding capacity, for example. But for tech and software-led firms, that level of disclosure seems to be giving away too much strategic intent. As Karolyi puts it, “Private money gets the unique value proposition of firms coming along in this economy, at least more than public equity markets do.” The public markets value consistent profitability, which is harder to attain for tech-driven companies forced to give away strategic intent in their quarterly public filings. That’s less a concern with private money.

**“If the cost of capital is low, and firms’ needs are less — and they can avoid the need to disclose, quarterly reporting, and regulators — then it makes sense that they are staying private.”**

— Kunal Ghosh, MBA '03, managing director and portfolio manager at Allianz Global Investors

Because tech firms often require less capital to scale than some industries, and since that capital is more readily available, it’s changed the calculus for many private firms like WeddingWire. “At the end of the day, the difference in cost of capital between private and public has diminished,” says Kunal Ghosh, MBA '03, managing director and portfolio manager at Allianz Global Investors. “Capital in the public equity market was traditionally cheaper than private equity and debt, but no longer. If the cost of capital is low, and firms’ needs are less — and they can avoid the need to disclose, quarterly reporting, and regulators — then it makes sense that they are staying private,” says Ghosh.

But for most technology firms, an IPO is a way for founders

to cash in their chips or to create shares to use as a currency for acquiring other firms. For those that do go public, public stock offers not only a great liquidity tool for founders, early employees, and shareholders; it also provides capital for fueling further growth and business model transformation.

## How the Decline of IPOs Has Changed the MBA Job Market

The decline in IPOs has changed the game for a number of industries, especially investment bankers. “Anyone in the business in the '90s remembers [IPOs] fondly,” says Byron Roth, MBA '87, chair and CEO of Roth Capital Partners, a boutique investment bank that has raised and co-managed more than \$50 billion in funding for small-cap growth companies since the early 1990s. “It was a real boom.”

In 1996, when the total number of IPOs peaked at more than 800, Roth says the number of IPOs valued at under \$300 million was around 700 — a boon to his firm, which advised the companies and led their public offering, and also to the smaller companies that were able to access the public markets back then. Roth says he doesn't expect to get back to the IPO volume of the early 1990s, but that the market has improved somewhat from the early 2000s, when his IPO business essentially dried up. Since 2012, his firm leads two to four IPOs a year (down from four to eight at its peak), even as the total number of public firms continues to decrease through M&A.

This shift toward later and fewer IPOs has radically changed the way MBAs view the job market in certain industries. When Katie McGuire, MBA '17, an associate in Evercore's oil and gas group in Houston, began her investment banking recruiting process, she was sold on going to a big traditional firm like Goldman Sachs or JP Morgan. At the top of her class, with a leadership seat in the competitive Old Ezra Finance Club and great pre-MBA leadership experience, McGuire looked like a strong candidate for any of the top firms.

But as she got deeper into the process, McGuire realized that some of the luster of the bulge-bracket firms (the largest and most successful name-brand banks), has faded, at least for the MBA set. Fewer companies entering the public markets means fewer IPOs, which have long been an exciting, lucrative draw to investment banking work. In the run up to an IPO, bankers are up against mammoth deadlines, always on a razor's edge with big payoffs hanging in the balance.

McGuire says about half of the associates in her group in Houston came from bulge-bracket traditional banks like Citi, JP Morgan, Credit Suisse, and Deutsche Bank. Many of them “realized in six months that the IPO equity offerings weren't giving them the level

of experience that they wanted to have,” she says. “When you work the hours we do, it makes a tremendous difference to be working on intellectually stimulating work.” While every M&A transaction is different and custom, big IPOs for established companies can be relatively formulaic and less risky.

McGuire is far from alone in eschewing the bulge-bracket banks.

“When I started teaching at Johnson in 2012, about two-thirds of our investment banking students went to bulge-bracket firms, and the rest went everywhere else,” says Pascarella. “Now, it’s inverted. About two-thirds of students go to non-bulge-bracket firms, and for many of them, the focus is exclusively on M&A. Their firms don’t even execute IPOs.”

While big banks don’t traditionally hire associate-level talent into the M&A group out of MBA programs except with prior industry experience, an emerging set of independent banks like Evercore does. Still, many MBA students value the bulge-bracket brand names, while the independents are still actively building their brands. Though she ended up with multiple offers from bulge-bracket banks, McGuire opted to buck the trend and go with Evercore.

The shift away from bulge-bracket banks is not just driven by fewer IPOs. In many instances, M&A is also more lucrative for bankers. “There’s more money for I-bankers in M&A than in IPOs,” says Pascarella. “If the typical IPO is \$100 million and the fee is 7 percent, compare that to selling a company for \$500 million, where you earn a fee of 3 percent. M&A offers a more attractive fee opportunity and is generally shared between fewer banks,” Pascarella adds. “When you’re getting paid to raise capital on an IPO, you’re only earning fees on capital raised, where M&A fees are based on the total enterprise value.”

**“Over the last 12 to 18 months, the market has been rewarding companies who make smart acquisitions, and the capital markets have been very supportive from a cost-of-capital perspective.”**

— Alex Ivanov, MBA '00, managing director in equity capital markets at Citi

Some bankers who’ve been in the business for a while see the current decline in IPOs as part of a recognizable, ongoing cycle. Alex Ivanov, MBA '00, managing director in equity capital markets at Citi, is one of them. “If you observe capital markets over a long

period of time, there is a cyclicity to the IPO market,” says Ivanov. “Sometimes the public markets are the best way for small companies to access capital, because values are high. At times, M&A can be the best path for private companies to realize value and for larger companies to invest in growth. Over the last 12 to 18 months, the market has been rewarding companies who make smart acquisitions, and the capital markets have been very supportive from a cost-of-capital perspective.”

## A Harbinger of Recession to Come?

Still, there are some signs that the “listing gap” could have long-lasting negative effects on the U.S. economy. In a recent appearance at Stanford, SEC Commissioner Kara Stein explained the anticipated effects on the overall market if too many companies stay private. “For starters, more investors could be hurt, since investor protections in the private market are less robust than in the public market,” Stein said. “And as the proportion of private companies grows, there’s less information flowing into the financial ecosystem, reducing the market’s overall transparency,” she says, warning of the long-term economic impacts of such an environment.

While the economy has set records in terms of M&A activity, IPO reluctance, and share buybacks, this isn’t the first time the economy has experienced such conditions. Ominously, in each previous instance, a recession has immediately followed. A big year of deal-making in 1989 preceded a mid-1990 recession, according to the *New York Times*. It happened again just a few years later. “Companies announced acquisitions worth a then-record \$3.4 trillion in 2000, and within three months the dot-com bubble had burst and the United States economy had fallen into recession,” reported the *New York Times* (July 3, 2018). “Seven years later, merger activity hit another record, topping \$4.1 trillion, but the economy had already slipped into recession as the year came to a close.”

Given the current level of M&A frenzy combined with rising interest rates, a looming trade war with China, and continued political turmoil, the same fate looks likely to some experts. Upward pressure on interest rates and downward pressure on the dollar, for example, could cause significant economic headwinds to form, says Ghosh of Allianz Global Investors. At that point, the public equity markets will have a smaller pool of big firms for the investing public to rely on. Asked if he expects these factors to bring on a recession in the near term, Ghosh says simply: “Most probably.”



# Harnessing AR Technology for Smart Factories

PROFILE IN LEADERSHIP

**Roy Ashok, MBA '09**

CEO OF DAQRI

By Karen Gross

**W**hen Roy Ashok and Rajat Gupta both worked on Qualcomm's wildly successful augmented reality platform, Vuforia, they didn't always agree with each other. "He was leading product, I was leading cloud business development," says Gupta, now director of business development of Mixed Reality at Microsoft. "We would tell him what we wanted from a market standpoint, then he had to make a decision about what actually went into the product. When you have one single product, you have to make decisions about what features you prioritize."

Those differing priorities sometimes caused disagreements between the two men. Yet Ashok's thoughtful and measured approach to the many challenges and issues that cropped up left Gupta impressed. "What I think he brought to the table was the theory that business and technology work together really well. He was good at distilling the noise from what is a priority," he says. "When you're doing product, there are ten thousand things you can do with the product in the same cycle. But he was able to cut through that and make good decisions."

Gupta ended up following Ashok to Daqri, the AR startup he'd joined as chief product officer after Qualcomm sold Vuforia to Boston-based PTC. "I worked with him for a few months before I left for Microsoft," he says. "I saw that he'd grown as a leader. He had a huge team, he dealt with a lot of politics, and he was delegating the right things."

Ashok himself may not have predicted the success Gupta describes, given the unruly situation he discovered when he arrived at Daqri in 2015. "I came on at a very interesting time," he says, flashing a wide grin. "At my first staff meeting, there was a hiring plan for 600 people. I asked if I could see a road map. They didn't have one. And then I asked if they at least had a product strategy. And they didn't have that either. I was like, wow, what did I get myself into?"

It didn't take long for Ashok to find out what everyone working at the company already seemed to know. "Daqri was a highly excitable company full of engineers brimming with ideas who wanted to explore a broad range of applications of AR," says COO Paul Sweeney, who'd joined Daqri as general manager of the company's small office in Dublin, Ireland, about a year before Ashok came aboard. "We had mobile phone AR apps for young children and high school kids, and a multiplatform AR toolkit that was a free, open-source library of AR tools. We were very interested in a lot of things, but we were more engineering-led than product-led or market-led."

Adds Cassie Li, a product manager based in Los Angeles, "It was very Wild West. There were a lot of initiatives going on, a lot of products and a lot of services, all in different directions."

With his first decision, Roy moved to quell the creative chaos. "I said, 'Guys, let's stop everything. We're going to take a week off, and we're going to work on simple things — strategy, structure, a road map — and then we'll put people to it,'" he remembers. "So I spent that first week literally crafting where Daqri had to be over the next two years, and then we started executing."

## A NEW PATH FOR A STREAMLINED FOCUS

Those first few months brought a focus and purpose that the company sorely lacked. Funded very generously by Tarsadia, a family-owned Southern California investment firm, Daqri had been growing like an untended garden, with its creeping branches reaching haphazardly into a variety of sectors, including automotive, 3D printing, and display technologies. "There was all kinds of talent in every discipline spread out across the different offices in the U.S., the U.K., and Ireland," Ashok says. "It was a company that grew by acquisition and had not right-sized, rationalized, or even taken the simple step of assigning different tasks to different offices."

PHOTOS BY MAX GERBER

The cleanup fell to him, and he acted quickly. Ashok eliminated obvious redundancies and spun off two separate companies, leaving Daqri with its own streamlined mission and four task-specific offices. He also hired a group of former Qualcomm colleagues who were based in Austria. “In the U.K., we have an office that does just hardware design. In Vienna, we do computer vision technology, the core of what makes augmented reality work. In Dublin, we have a sales and application customer support center. In L.A., we have some core leadership, design, and human resources.”

**“ I spent that first week literally crafting where Daqri had to be over the next two years, and then we started executing. ”**

- Roy Ashok, MBA '09, CEO of Daqri

As he assessed his workforce, reassigned or released employees, and filled in gaps, Ashok soon concluded that Daqri’s signature product, a “smart helmet” to be used by industrial customers on factory floors and in other complex settings, could never be commercialized successfully. “There was no way we were going to do that,” he says. “It was simply too heavy. It weighed almost two kilograms.”

Instead, in Ashok’s hands the smart helmet became a developmental platform, which Daqri used to test out its visionary AR technology with real customers in the field. “Very quickly, we realized the helmet was not going to work,” he says. “But it let us test the tech, and more importantly from my point of view, it really helped us understand the business use cases and the ROI. Up until then, there wasn’t any of that.”

What they learned was key to moving the business forward. Companies were primarily looking for technologies that would reduce downtime due to malfunctioning equipment. They were willing to spend billions on a product that was practical and worked in the field. And while the heavy helmets were a nonstarter, workers were prepared to use “smart” glasses that weighed less but delivered the same dazzling AR capabilities, like something straight out of the Matrix movies.

Put very simply, the glasses instantly help the user identify an issue or problem, access an instruction manual with literally a blink of an eye, and, if need be, connect with a technical expert thousands of miles away who can see what the user is seeing in real time, diagnose the problem, and guide them through a repair. “Where we think our products are a good fit is where there are high-value assets and very complex tasks,” Ashok says. “A building, an assembly line, a jet engine, paper-processing equipment.”

Ashok took over as CEO in September 2017. In October, the

glasses were in pilot production with Flextronics, in Ireland. By November, they’d started shipping to early customers, which included Siemens and Rolls Royce. Volume shipping began the following February with the first release of an accompanying software application suite, Worksense, in April 2018. Daqri also pioneered subscription pricing packages on its hardware. The vast majority of its clients have signed on. “We’re still in what I call the early stages of deployment,” he says. “We define it as three to five sets of glasses, sometimes more. This year is all about that. Next year we’ll do several thousand units, and in 2020 we’ll do tens of thousands of units.” Ultimately, Ashok predicts the hardware will get commoditized, and Worksense will come to dominate the enterprise AR software space.

### MAKING WORKFORCES SMARTER

“Increasingly, I don’t talk about Daqri as an augmented reality company,” he says. “I speak about it as a company that makes workforces and smart factory digital manufacturing much more productive. AR is just a technology. It’s how you use it that really matters.”

It’s that philosophy that defines Ashok’s road map — a narrowly targeted approach whose simplicity belies its brilliance. “Right from the beginning, my strategy was you lower the barriers to entry when it comes to content creation. And the only way to do that is you have to be able to reuse content that already exists in enterprise,” he explains. “For example, if you’re Volkswagen, you probably have an ERP system from SAP or an IBM Maximo system. With it, there are very complex CAD models that everyone in the industry uses. Those

**“ You know anything he asks you to do is something he’d do himself. He’s the sort of guy who leads from the front but is willing to stand beside you when you need it. ”**

- Paul Sweeney, COO of Daqri

are ideal for AR, because if you’re trying to repair a jet engine, you want to see the CAD model of that engine. Our team built a system that could reuse that content. And that’s how you scale: Because that content exists, you don’t need to start from scratch.”

The glasses, which only weigh about 300 grams (or about two-thirds of a pound), are designed to handle those massive industrial payloads, giving the product an ease of use and efficiency that other AR companies have struggled to match. “We have done all the hard work, the pain of actually connecting to the myriad enterprise software providers, so that you as a customer can use it out of the box,” Ashok says. “You can get started in less than a day as opposed to months.”



Daqri further broadened its product's appeal by whittling its uses down to five basic tasks, applicable across the widest range of industries:

- **SHOW:** Enable the worker to visualize the problem
- **GUIDE:** Provide access to training material
- **TAG:** Place a virtual Post-It note anywhere in the factory
- **MODEL:** View the data in 3D
- **SCAN:** Create a real-time 3D scan that can be visualized by a technical expert anywhere in the world

"Beyond those tasks, nobody really does anything else," Ashok says. "And I think for us that was a breakthrough moment. We just encapsulated all these things into Worksense, and we said this is the Office suite for augmented reality."

So far, the strategy seems to be working. With more than 150 customers spanning three continents and including industries as diverse as pharma, paper products, automotive, and the U.S. Navy, Ashok's imprint on Daqri is already deep. "Roy is an incredibly clear thinker. He's very smart, and he has a unique ability to migrate from the abstract to get the nuts and bolts and pieces in place flawlessly, so you can actually get the product out the door," says Greg Casserly '85 (SHA), president of Tarsadia Investments and Daqri's board chair. "He's helped us develop the first two versions of the smart glasses, and we're working on the third. We've got clients in Europe, Asia, and the U.S., and I'll tell you categorically that's because Roy knew how to do it."

## INSPIRED AND AUTHENTIC

Ashok also figured out how to wrangle the talented but unwieldy crew he'd inherited. "I think he's very good at recognizing the strengths of people who work for him," says Li. "He's put people in the right places and made sure they feel good in the jobs they're doing. There's definitely a lot more focus and activity toward building a real product that delivers solutions."

"We've transitioned to a culture of openness, where everyone knows where they stand and what is expected," adds Drew Minock, who originally joined the company to head up its education initiatives and became manager of people operations under Ashok's leadership. "He's very transparent. We all really appreciate his honesty. He's authentic."

Authentic is a word that comes up often among those who work with Ashok. Focused, committed, thoughtful, collaborative, strategic, and decisive come up too. And tireless, apparently. "The guy is indefatigable," says Casserly. "He leads by example. He works really hard, and if he wants people focused on something, he will show them the



*"Roy is an incredibly clear thinker. He has a unique ability to migrate from the abstract to get the nuts and bolts and pieces in place flawlessly, so you can actually get the product out the door."*

- Greg Casserly '85, president of Tarsadia Investments and Daqri board chair

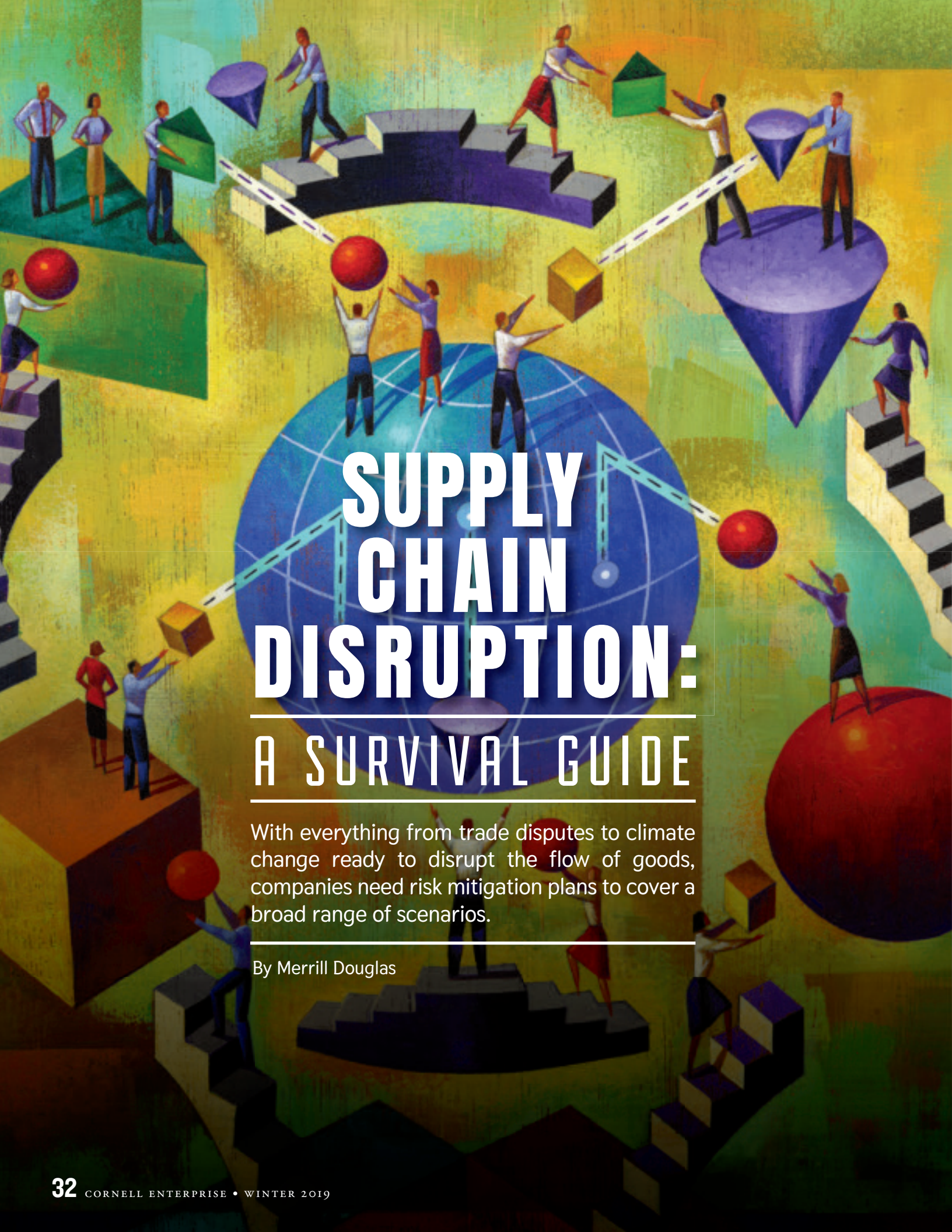
way. He's an extremely good steward of our money."

"I think they'd say I probably am way more technical than I should be, and that I don't sleep," Ashok laughs. "They've taken bets. They'll send an email from Europe, and they'll take bets as to how long it would take either for me to call them back or to respond to the email."

It never takes long. Which wouldn't surprise Rajat Gupta, who remembers Ashok as a colleague who was always thinking ahead. "When we were at Vuforia, we were transitioning from a free product to a paid product. Roy was cognizant of the fact that there might be a market reaction that we weren't expecting," he says. "Lo and behold, when we launched the new pricing, the fallout was really bad. But Roy had prepared for it. He had a rollback plan ready. Within a very short span of time, we did the product pricing changes and the press releases. We were able to contain the fallout because of the preparation done by him."

At Daqri, employees describe a similarly steady and forward-thinking approach. "Roy empowers people he trusts to a great degree," Paul Sweeney says. "You know anything he asks you to do is something he'd do himself. He's the sort of guy who leads from the front but is willing to stand beside you when you need it."

It's an ethic that clearly inspires the company's workforce, instilling a crucial sense of commitment and optimism. "I can tell you one thing," says Minock. "If Roy hadn't assumed the CEO role when he did, we might not be positioned to be as successful as we are today."



# SUPPLY CHAIN DISRUPTION: A SURVIVAL GUIDE

With everything from trade disputes to climate change ready to disrupt the flow of goods, companies need risk mitigation plans to cover a broad range of scenarios.

By Merrill Douglas

**I**N 2011, when an earthquake and tsunami shuttered factories in northern Japan, companies around the world scrambled to find new sources for auto parts, computer chips, and other crucial components.

In 2018, as the United States and China rolled toward a trade war, some U.S. firms made plans to move production from China to Vietnam, Malaysia, or elsewhere.

Throw in hurricanes, blizzards, factory fires, strikes and political upheaval — all those disturbances that hit with alarming frequency these days — and one thing is clear: The global economy sails on choppy seas. The next wave of supply chain disruption is always about to crash down, and companies need to plan carefully to deal with a wide variety of risks.

“There is no end to disruption,” says Christian Callieri, MBA ’01, chief supply chain officer at the New York-based fashion company Tory Burch.

“It’s something we prepare for and build flexibility into our system for,” says Mike Train, MBA ’91, president of Emerson, a global manufacturer based in St. Louis.

## Types of Disruption

Executives understand they need to prepare for events that might shut down their own factories or halt the inflow of essential products. But the unpredictable nature of many disruptions makes it hard to tell which Plan B a company may have to roll out next. That’s especially true of natural

and manmade disasters. One never knows if the next big shock will stem from wildfires in California, flooding in Thailand, or an explosion at a chemical plant in Texas.

Not only can disaster strike anywhere, at any time, but it’s sometimes hard to tell if one’s own supply chain sits in the path of an oncoming hurricane or on an earthquake fault line. That’s because a supply chain often comprises multiple tiers of trading partners.

“You’re buying parts from a company, and that company is buying parts from yet another company,” says William Schmidt, assistant professor of operations, technology and information management at Johnson. “Some companies’ supply chains go eight, nine, ten levels deep before they get to raw materials.”

Firms that lack information about upstream suppliers can be caught off guard, says Vishal Gaur, associate dean for MBA programs, Emerson Professor of Manufacturing Management, and professor of operations, technology and information management at Johnson. That’s what happened after the Tohoku earthquake and tsunami in 2011. “Many companies did not even know they had a second- or third-tier supplier located in that region of Japan,” he says.

A second kind of supply chain disruption arises from trade disputes. When international agreements break down, as when the United States threatened to toss out the

North American Free Trade Agreement (NAFTA), or when countries impose tariffs, that doesn’t literally shut off supplies. But trade disputes do raise prices, changing the calculation about where to source goods.

Tory Burch — which makes its products in Europe, Asia, and the Americas, and sells around the world — was one of many companies that felt the shock when the U.S. hit China with a 10 percent tariff in the summer of 2018. The business had little time to adjust to a sudden jump in the cost of imported small leather goods from China.

“We were surprised by how quickly after the review and comments period the tariffs went up,” says Callieri. “We expected at least another couple of weeks.” Then came another announcement: that those tariffs would rise to 25 percent in January 2019. “That was aligned with our worst-case scenario,” he says.

Tariffs can also change the cost equation for companies that source close to home. For example, as recent U.S. tariffs increased the price of imported aluminum, that allowed smelters in the United States to raise their prices as well, Schmidt says.

Retaliatory tariffs can take their toll as well. “Many U.S. suppliers sell into China, for example,” says Gaur. “When China imposes tariffs, those suppliers may go out of business.” That could leave U.S. buyers with fewer domestic sources.

A third kind of trade disruption stems from port congestion, labor disputes, road



Following the Tohoku earthquake and tsunami in 2011, “many companies did not even know they had a second- or third-tier supplier located in that region of Japan.”

PROFESSOR VISHAL GAUR



“If you haven’t reduced the complexity of your materials, it becomes very difficult to react if something unexpected happens in one location.”

PROFESSOR WILLIAM SCHMIDT

## TRADE FLUCTUATIONS: A SURVIVAL GUIDE

blockages, and other events that impede transportation. In recent years, for instance, slowdowns and strikes by longshoremen have delayed the movement of cargo through ports on the U.S. West Coast — ports crucial to global trade. In 2015, labor actions at 29 U.S. ports cost the economy \$2 billion per day, according to *The Atlantic*.

Congestion at a port in northern Brazil once left Tory Burch unable to get product out of that country for three or four weeks, says Callieri. There simply weren't enough shipping containers to accommodate all the outbound cargo. "The port mandated that produce and other products with an expiration date would take precedence. So our goods were stuck." Three or four weeks can make the difference between selling a

product at full price or having to take end-of-season markdowns, he says.

A fourth source of supply chain disruption derives from questions of social responsibility.

Many industrialized countries have laws prohibiting the import of goods made with child labor, forced labor, or other unethical practices, says Carrie George, MPA '06, vice president of sustainability solutions at Everledger. A technology startup, Everledger enables companies to use blockchain technology to record details of every transaction in the manufacture and sale of products such as gemstones, minerals, electronics, and art.

Even when a country does not actually punish the import of a product that has a questionable pedigree, if word gets out

about such a problem, it could spark a public relations disaster.

Companies concerned about slavery, child labor, corruption, or other moral hazards face the same challenge as companies worried about earthquakes and hurricanes: They don't always know the suppliers that are upstream in their supply chains. That means they also don't know the work conditions that go into their products upstream, so they don't know where their vulnerabilities lie.

Take the example of a chocolate maker that lacks a clear view of its supply chain all the way back to the farmers that grow the cocoa beans, George says. "Let's say news media or a labor advocacy group reports a case of child labor in Ivory Coast. A company would want to take very quick



"A company would want to take very quick action to confirm that a case related to their supply chain and then quickly act to ensure remediation."

**CARRIE GEORGE, MPA '06**  
*VP of sustainability solutions at Everledger*



"You can never prevent the next natural disaster from happening. But you can make your supply chain more robust, more resilient, so you can recover sooner."

**PROFESSOR LI CHEN**

PHOTO BY MICHELLE LEE

LINDSAY FRANCE/UNIVERSITY PHOTOGRAPHY



“A lot of the work we do is about having regional responsiveness and flexibility.”

**MIKE TRAIN, MBA '91**  
*President of Emerson*



“The port mandated that produce and other products with an expiration date would take precedence. So our goods were stuck.”

**CHRISTIAN CALLIERI, MBA '01**  
*Chief supply chain officer at Tory Burch*

PHOTO BY RACHEL PHILIPSON

PHOTO COURTESY OF CHRISTIAN CALLIERI

action to confirm that the case related to their supply chain and then quickly act to ensure remediation.” If the company found instead that the case did *not* relate to its supply chain, it would want to publicize that fact, and it might still support remediation in the region, to ensure improvements in the industry overall, she says.

To get the facts, a responsible sourcing officer at the candy firm would start talking to the tier 1 and tier 2 suppliers, and then work up through several other tiers, where the company had no direct connections, to learn if child labor played a role in any of its products. If the officer found a problem, rather than drop the supplier outright (leaving it to continue employing children), the candy company typically would try to get the supplier to change its ways, George says.

“This investigation and subsequent remediation take time, cooperation, and tolerance to work through the problems and withstand PR pressure,” George says. The company would also need to spend money to make the necessary improvements.

Before joining Everledger in 2018, George held social responsibility positions at Brilliant Earth, Apple, and J. Crew, where her jobs involved “mapping” supply chains through multiple tiers in search of potential risks and designing programs to address the risks identified.

Product recalls, business failures among suppliers, and many other hazards may also interrupt the flow of products that a company needs.

## Strategies for Building Resilience

Whatever spurs a disruption, operations will return to normal faster if a company already has plans in place to mitigate the problem. “You can never prevent the next natural disaster from happening,” says Li Chen, associate professor of operations, technology and information management at Johnson. “But you can make your supply chain more robust, more resilient, so you can recover sooner.”

At Emerson, when catastrophic flooding in Thailand severed links in the supply chain, the need for strong mitigation strategies became abundantly clear, Train says. “We want to be able to build the same product line in at least two places in the world, so we get some of that natural backup capability, to be able to shift manufacturing depending on events.”

Manufacturing in multiple locations is just one of many practices companies use to insure themselves against future disruptions. Another is sourcing the same components or materials from two or more suppliers. “Hopefully, those suppliers are located in different regions, so you can avoid the potential risk of natural disasters or tariffs,” Chen says. If one supplier suddenly drops out of the picture, a company can simply order more product from the second.

But dual sourcing poses challenges of its own. For one thing, when you buy 50,000 units of a product from each of two

suppliers, you won’t get the same volume discount as when you buy 100,000 from one source, says Schmidt. “And then you have to manage those supplier relationships and work out the logistics associated with two different suppliers.” All that adds overhead costs, he says.

Even when a company buys the same component from two suppliers, it still might face a single-sourcing risk. What if those suppliers buy an important subcomponent from a mutual second-tier source? Schmidt says he has seen that dynamic in action. “When the second tier went down, both of the suppliers called in rapid succession, saying, ‘We’ve got a disruption.’”

To avoid such painful surprises, supply chain professionals try to gain a better view of the companies that sit upstream in their supply chains. That was the case with Nkechi Ejimadu, MBA ’15, manager consultant of supply chain strategy at Deloitte’s federal government practice.

Before Deloitte, Ejimadu worked in the procurement leadership program at Johnson & Johnson as a strategic sourcing manager for the endosurgery division. As part of her role, she worked with J&J’s Center of Excellence to investigate risk associated with suppliers’ raw material sources. “We would ask, ‘Are your second-tier manufacturers getting materials from reliable sources? Are there any risks that we need to mitigate involving logistics, quality, or cost?’” she says. “What is the purity and quality? What is your plan in case of a natural disaster, or a government

## TRADE FLUCTUATIONS: A SURVIVAL GUIDE

situation or instability?” To help mitigate certain risks and prevent business continuity problems, J&J requires suppliers to keep a specific quantity of material on hand, she says.

Some suppliers are reluctant to keep material onsite, due to the holding costs and inventory management concerns. But for material that requires a long lead time on orders, for expensive product lines, and for high-risk materials, J&J stands firm on its mitigation requests, Ejimadu says.

Some companies manage risk by making products close to where they sell them, rather than halfway around the world. For instance, Emerson builds product in the Americas for the Americas and in Asia for Asia. While there are many reasons to adopt this strategy, one benefit is that it keeps Emerson from relying too heavily on a small pool of suppliers. “It gives us exposure to suppliers in different parts of the world, so we can nurture those relationships,” Train says.

Emerson does use some suppliers on a global basis. “But a lot of the work we do is about having regional responsiveness and flexibility,” Train says. For instance, if a supplier in one part of the world suddenly can’t provide a component, Emerson can ask suppliers in other regions to fill the gap.

If a business can bear the carrying costs, it might stock extra inventory as a hedge against future shortages, Schmidt says. Or if it uses the same component in two products, it might decide that in case of a shortage, it will focus on making the product that sells at a higher margin until new supplies come in.

A company might also do some redesigning, perhaps arranging to use the same materials in multiple products. The company can then stage those materials near factories in several locations, says Callieri. If one plant has to stop operating, the company might compensate by ramping

up production elsewhere. “If you haven’t reduced the complexity of your materials, it becomes very difficult to react if something unexpected happens in one location,” he says.

## Technology Solutions

Big data and advanced analytics might help a company predict disruptions before they occur and then take preventive action. For instance, an analytic system might detect that one supplier often fills orders slightly late, says Schmidt. “If you can figure that out before your competitors, you may be able to unearth an underlying problem with that supplier before your competitors do and then try to lock up alternative sources of supply before there’s a rush on those other sources.”

Other technology can help as well. Everledger’s service, for example, is designed to provide the kind of detail companies need to monitor their upstream supply chains and address potential moral hazards. “If we can automate that and make it simple, we’ll be able to manage these types of risk and also have improved supply chains,” George says. For instance, a blockchain record would have made it much easier to trace the source of E. coli contamination that shut down sales of romaine lettuce in the fall of 2018, she says.

For certain components — especially parts made of metal or plastic — 3D printing could offer a backup source in case of a supply disruption. While 3D printing

is currently too expensive to use in mass production, and mass-printed parts might not meet quality standards, Chen says: “Over the next few years, as the technology matures and the cost goes down, I think we’ll see a mass adoption of the technology.”

Even with a strong view of the upstream supply chain and a solid portfolio of backup plans, a company trying to fortify its supply chain against disruption faces a complex assortment of uncertainties. For example, how long before the strike ends, the flood waters recede, or the damaged plant gets back into business?

“One-week disruptions happen all the time,” says Schmidt. “The trick is, you don’t know if any one disruption is really going to be one week, or if it will wind up being three, four weeks or more.”



**“We would ask, ‘Are your second-tier manufacturers getting materials from reliable sources? Are there any risks that we need to mitigate involving logistics, quality, or cost?’”**

**NKECHI EJIMADU, MBA '15**

*Manager consultant of supply chain strategy at Deloitte, speaking of Johnson & Johnson's strategy to investigate risk*

PHOTO COURTESY OF NKECHI EJIMADU

# A NEW MISSION

They've led squads of marines and platoons of soldiers. Now, these Johnson alumni are leaders at multimillion-dollar companies.  
By Adrienne Frank



Patrick George, MBA '13, a Marine Corps platoon leader in Iraq in 2009, is now co-founder and president of Accelerate Resources, a technology and data-driven energy company. He is one of many veterans who earned their MBAs at Johnson and went on to command top leadership roles in the business world.



LAST YEAR, a record 6,700 retail stores were shuttered. Hurricane Harvey left more than \$125 billion worth of damage in its wake when it pummeled southeast Texas in August 2017. And new U.S. tariffs on \$257 billion in Chinese goods are expected to drive up prices on everything from electronics to beer.

Our world is no less volatile, uncertain, complex, and ambiguous than it was in the late 1980s, when the Army War College coined the acronym VUCA to describe the post-Soviet Union global landscape.

"In our world, stability is the passing phase and instability is the norm," says retired U.S. Army General George W. Casey Jr., distinguished senior lecturer of leadership

at Johnson, who teaches the one-credit class, *Leading in a VUCA World*.

The prescription for navigating VUCA environments, whether on the battlefield or in the boardroom: agile, authentic leadership.

"Effective leaders provide a vision, clarifying goals and objectives. They motivate, encourage, and even inspire followers to be actively engaged in pursuing some common goal," says Isaac Smith, assistant professor of management and organizations at Johnson. "Effective leaders know how to both empower and delegate, and they help people — and organizations — fulfill their potential.

"I also firmly believe that the most effective leaders are women and men of integrity,"

Smith continues. "Trust is an important currency in the relationship between leader and follower, and integrity serves as a critical foundation for trust."

These skills are especially pronounced among veterans, many of whom, like Casey, view their military experience as "a leadership laboratory."

About 7 percent of the current two-year MBA class and more than 560 Johnson alumni are veterans. Their management philosophies have been shaped, refined, and tested aboard warships, on patrol, and under fire. They've led squads of marines and platoons of soldiers; now they have leading roles in multimillion-dollar companies.

Here are a few of their stories.

PHOTOS COURTESY OF PATRICK GEORGE

## Think Fast

Whether leading patrols through the deadly streets of Haditha, Iraq, or launching an oil and gas startup in his native Dallas, **Patrick George, MBA '13**, exudes confidence, conviction, and calm under pressure.

“As a leader, you have to make decisions that have big consequences — often in a short period of time with very little information,” he says. “I always tell my team: I’d rather have an 80 percent solution now than a 100 percent solution when it’s too late.”

Now a major in the U.S. Marine Corps Reserves, George saw combat in Iraq from 2006 to 2010. Although his family has a proud tradition of service, his path to the military was circuitous. George planned to join Teach for America after graduating from the University of Texas at Austin. Then 9/11 happened.

“I needed to be a part of what was going on,” he recalls. “I knew I didn’t want to sit behind a desk. I wanted the best leadership opportunity possible, and leading a platoon

of Marines is hard to beat.” Because the officer-to-enlisted ratio in the Marines is 1-to-8.4, compared to 1-to-4 in the Air Force and 1-to-5 in the Army, officers in the corps shoulder incredible responsibility — and enjoy more autonomy than their sisters and brothers in other branches. “I was used to — and in fact, really enjoyed — juggling 15 things at once,” George says.

Thus, it’s only fitting that when George was getting his company, Accelerate Resources, off the ground in 2016, he was also gliding back to earth at the U.S. Army Airborne School at Fort Benning, Georgia.

“I would jump out of planes during the day and read legal documents at night,” says George, president of Accelerate Resources, the 22-person oil and gas company he co-founded with his friend, CEO Brennan Potts. “I graduated from jump school the same day we opened our office.”

Backed by a line of equity from New York-based Pine Brook Partners, Accelerate buys minority interests in oil wells run by premier operators across west Texas.

“We laid down a challenge to become the leading buyer of passive oil and gas investments in the Permian Basin, and we’ve brought together a top-flight team to make it happen.” George manages internal operations, spearheads acquisitions, and shapes strategy.

“Starting a company is like building a plane while you’re flying it,” says George, who’s served on the Johnson Advisory Council since January 2018. “It’s my responsibility to set my team up for success.”

**Patrick George, MBA '13,**  
**U.S. Marine Corps veteran and**  
**president and co-founder of**  
**Accelerate Resources**

**“I knew I didn’t want to sit behind a desk. I wanted the best leadership opportunity possible, and leading a platoon of Marines is hard to beat.”**

## Leading in a VUCA world

Retired U.S. Army General George W. Casey Jr. first heard the term “VUCA” in 2011, when the dean of a business school invited him to lecture on the topic.

“I said ‘absolutely, dean, no problem.’ And I hung up and Googled VUCA,” he chuckles.

He quickly realized that the acronym, coined in the late '80s by the Army War College to describe what the world would look like after the fall of the Soviet Union — volatile, uncertain, complex, and ambiguous — aptly described his tours of duty in Bosnia, Kosovo, Iraq, and even the Pentagon, where he served as the 36th Chief of Staff of the U.S. Army from 2007 to 2011.

Casey, who spent 32 months in Iraq as commander of the coalition forces, said Iraq’s is the most complex environment he’s ever seen. With every decision he made, he had to consider the wants and needs of the leaders of the United States,

Iraq, and 33 other countries.

“And that was just the good guys,” he says. “There were criminals, insurgents, terrorists, militias, and the only way we knew which one they were was if they were shooting at us.”

Casey likened ambiguity to sand in the gears — everything slows down. “I [had] good folks that would look at the same bit of data and disagree violently about what it meant,” he recalled. Casey would hear his staff out. But ultimately, the decision was his.

No matter his decision, some people — and sometimes entire governments — were inevitably mad. “I had to cut through all that. I had to zoom into [the problem] to understand the complexity, then I had to zoom out to be able to express it clearly



## Calm And Collected

Until November, the work that **Ebony Johnson '01, MBA '07**, did on Amazon's highly anticipated second headquarters, or HQ2, was shrouded in great secrecy and anticipation.

As senior manager for HR site development, Johnson is responsible for shaping "people operations" in Northern Virginia's Crystal City, the location selected from among more than 230 North American cities that responded to the company's request for proposals. Amazon expects to employ up to 25,000 workers in its HQ2 project — a full complement to its vibrant and growing Seattle campus.

A U.S. Navy veteran, Johnson brings a cool levelheadedness to what is surely a complex, even Herculean, task. Hers is a perspective shaped not only by the battles of business, but by an actual war.

"I learned how to stay calm in chaotic moments and how to be comfortable with the uncomfortable, [because] change is the only constant in the military," says Johnson,

**"I learned how to stay calm in chaotic moments and how to be comfortable with the uncomfortable, [because] change is the only constant in the military."**

**Ebony Johnson '01, MBA '07, U.S. Navy veteran and senior HR manager and principal program manager for site development of Amazon's HQ2**



PHOTO COURTESY OF EBONY JOHNSON

who served from 2001 to 2005 as a surface warfare officer on the USS Carr and USS Arleigh Burke.

"In the military, you're asking people to put their lives on the line," continues Johnson, who participated in the Naval Reserve Officers Training Corps as a Cornell undergrad. As a leader, "the most important thing is that you take care of your people ...

everything else is secondary."

That focus, whether on sailors or civilian employees, is also a guiding principle in human resources — the field to which Johnson has devoted her post-military career.

After earning her MBA, Johnson was selected for Amazon's HR leadership

and succinctly to an organization of 150,000 or one million people.

"In the military, we say there are two kinds of plans: those that might work and those that won't work. If I got deep enough in the problems, I could build the conviction that the plan might work — and that's as good as it's going to get," Casey continues.

"Everybody has doubts. What you have to do is figure out what's more important than your doubts."

Effective leaders can't predict the future, Casey said, but they can hone their ability to see around corners. "The primary responsibility of a leader is to point the way ahead" and to act with confidence and conviction.

**Retired U.S. Army General George W. Casey Jr. is a distinguished senior lecturer of leadership at Johnson, where he teaches Leading in a VUCA World.**

**"Everybody has doubts. What you have to do is figure out what's more important than your doubts."**



UNIVERSITY PHOTOGRAPHY

development program, doing rotations in operations, talent management, and retail. She's called Seattle and Amazon — the city's third largest employer, according to the *Puget Sound Business Journal* — home ever since.

During her 11 years at Amazon, Johnson has worked in almost every facet of HR, collaborating across a wide range of businesses and with individual business leaders, including CFO Brian Olsavsky as well as hardware and software developers and the employees who work at the company's chain of brick-and-mortar bookstores, Amazon Books, which launched in 2015.

In June, Johnson was named a 2018 “rising star” by *Human Resource Executive* magazine — in part for her work on Connections, a data-driven program designed to change how employees share feedback and help managers improve based on the aggregated data they receive.

Originally built for employees in Amazon's fulfillment center network, Connections evolved into a feedback mechanism for corporate employees as well. Johnson's challenge was to work with the Connections team to build an offline solution so that those who work in Amazon's brick-and-mortar stores could gain access to Connections, enabling their feedback to be incorporated.

“Ebony is determined and creative when it comes to problem-solving,” said Darcie Henry, worldwide HR vice president for operations at Amazon. “Her ability to deliver results and think big are two of her strongest attributes and are what make her so good at her job.”

Johnson says speaking up is encouraged at Amazon. “Everyone's voice is valued. We'll sit around the table and listen to everyone's opinion; typically, the most senior person in the room speaks last so as not to sway the discussion until all perspectives are considered.” The goal is to find a “path to yes” that will ultimately benefit the customer.

“I'm so fortunate to work at a company

that values innovation and invention and puts the customer first. We are able tackle problems that have never been addressed before and provide simple solutions to complex issues. It's like working for a company of a thousand startups, and I can't think of a better place to put my talents to use.”

## Leading By Example

When he reported for his first assignment as a U.S. Navy lieutenant aboard the amphibious assault ship USS Kearsarge, fresh out of Cornell with a bachelor's in history, **Charles Colagiuri '92, MBA '02**, had 37 electronics technicians under his command — some of whom had joined the Navy before he was even born.

There were some bumps along the way as the young officer, who served in the Navy from 1992 to 1997, worked to build the trust of the sailors. “I didn't always get it right in my first division or even my second,” he says with an easy laugh. “But by my third, I had a pretty good idea of what worked and what wouldn't.”

What worked: openly accepting responsibility for his failures and missteps — something that, ironically, won his subordinates' confidence and trust.

“I'm a firm believer in accountability. That's something that was instilled in me early

on in the military and something I've always demanded of my people,” he says. “It's much easier to say, ‘It wasn't my fault,’ but I own [my mistakes] and my team's and expect others to do the same.”

Colagiuri says his miss rate has declined over time, adding: “I wouldn't have gotten to where I am otherwise. But it's never going to be zero,” he concedes. “Mistakes happen. I've had some big ones, but if you're honest and humble about them, they can actually enable you to be a better leader in the future. In any workplace, trust is the most important currency.”

Those principles have guided Colagiuri's post-military career at pharmaceutical giant Johnson & Johnson. As regional director of North American consumer planning, he manages the supply chain for the company's consumer portfolio, which includes Neutrogena, Aveeno, Tylenol, Listerine, and dozens of other medicine cabinet staples.

Colagiuri joined the New Jersey-based Johnson & Johnson after earning his MBA and got his start as a supply chain manager with six direct reports. Today, he oversees a team of 125 people split between five regional offices.

Colagiuri was drawn to the company's famous credo: customers and patients first, employees second, communities third, and



**Charles Colagiuri '92, MBA '02, U.S. Navy veteran and regional director of North American consumer planning at Johnson & Johnson**

**“Mistakes happen. I've had some big ones, but if you're honest and humble about them, they can actually enable you to be a better leader.”**

PHOTO COURTESY OF CHARLES COLAGIURI

shareholders fourth. Crafted in 1943 by then-chairman Robert Wood Johnson, a member of the company's founding family, the mission statement is essentially a road map for corporate accountability.

"We make baby wipes. No one's going to die if we make a mistake, like they might if you make a mistake on a ship," he says. "But the work is important, and it needs to be done right."

## Mission First, People Always

Failure can be as good a teacher as success.

When **Duncan Gillis '85, MBA '91**, was in the U.S. Army's Ranger School at Fort Benning, Georgia, he made a critical mistake that would shape his leadership philosophy.

On his first mission as squad leader, Gillis was tasked with executing a raid. But instead of waiting to carry out the operation under the cover of darkness, he rushed his platoon and departed during daytime. The group got lost and arrived late to the raid site.

"Because I didn't plan properly, we failed the mission and I failed the role. The [troops] were tired and they were angry," says Gillis, who served as an infantry officer in the U.S. Army from 1985 to 1991. "I learned the importance of planning. I also learned that if you don't take meaningful risks, you don't succeed — and [sometimes] you don't know if you're taking meaningful risks unless you fail."

They are lessons that have served Gillis well in the C-suite. After serving at the helm of John Crane and Algeco Scotsman, he joined BBB Industries as CEO in January 2017. Based in Daphne, Alabama, BBB is a leading remanufacturer and distributor of aftermarket automotive parts, such as starters, alternators, and steering pumps.

There are lots of moving parts to BBB (no pun intended), which boasts more than 7,000 employees and has distribution centers



**Duncan Gillis '85, MBA '91,**  
U.S. Army veteran and CEO  
of BBB Industries

**"If you don't take meaningful risks, you don't succeed — and [sometimes] you don't know if you're taking meaningful risks unless you fail."**

PHOTO COURTESY OF DUNCAN GILLIS

and manufacturing plants across North America. Gillis applies an old military mantra — mission first, people always — to his work, setting high standards for the organization while also tending to the well-being of the people who make up its ranks.

"You always have to ensure that you have the right people in the right jobs and that they're well-trained and excited about the work," says Gillis, who often conducts employee focus groups at all levels of the company.

BBB "is extremely focused on performance and delivering results, but we also value collaboration and teamwork. Typically, there are a lot of sharp elbows in companies because everyone's so focused on demonstrating their own value," he says. "That's just not the case here."

BBB began as a family-owned business in 1987. And while it's grown exponentially since then, Gillis strives to foster a tight-knit corporate culture, sponsoring company soccer teams and hosting family days at BBB's plant in Mexico.

Now in his third CEO role, Gillis says he's been influenced by myriad mentors. "I've taken pieces of all of them — and I've tried to pay that forward throughout my

career," he says, adding: "I'm still learning and evolving."

Lieutenant Colonel David Boyle and Captain Vincent J. "Jay" Scully Jr., MBA '87, under whom Gillis served in ROTC at Cornell, are among the mentors Gillis is thankful for. "I was dating a woman, and they pulled me aside and said, 'You're never going to find anyone better. We strongly suggest you propose to her,'" says Gillis, who will celebrate his 33rd wedding anniversary with Morgen Tilling Gillis '85 in June.

## alumni AWARDS

### DISTINGUISHED ALUMNI HONORED AT 2018 DIVERSITY AWARDS DINNER

A day of discussion that focused on nurturing acceptance and empowerment during the 2018 Diversity Symposium culminated with the recognition of two distinguished Johnson graduates at the annual Alumni Diversity Awards dinner on Oct. 27, held in Sage Hall's Dyson Atrium.

In her welcoming remarks, Jamie Joshua, director of the Office of Diversity and Inclusion (ODI), described the diversity awards dinner as "a night to celebrate the relationships we have built as a Johnson community along with the many alumni, current students, guests, and Johnson Means Business participants."



In this photo taken at the Diversity Awards dinner, Oct. 27, Johnson Consortium students and alumni returned to campus to celebrate the Together Everyone Achieves More trophy that the 2018-19 Johnson Consortium Class won at the Consortium's annual conference.

Joshua spoke proudly of ODI's mission, telling audience members: "Our work is really to help support your experience at Johnson." As one measure of the growing diversity of the Johnson community, she noted that the first diversity awards dinners were held in Sage Hall's Ramin Parlor, which holds only 40 to 50 people.

This year's dinner, held in the atrium, drew nearly 150 participants. "What has driven this growth?" she asked. "It is Johnson's commitment to cultivate an inclusive environment not just for our students but for our community of alumni, faculty, and staff."

#### MARQUES ZAK, MBA '10

##### Wilbur Parker Distinguished Alumni Awardee

Marques Zak, MBA '10, was honored with the 2018 Wilbur Parker Distinguished Alumni Award, named for Wilbur Parker '50, MBA '50, Cornell's first African-American MBA graduate.

Zak said he was deeply honored to accept this year's award "named in honor of Johnson's first black graduate and my fraternity brother, Mr. Wilbur Parker. It is even more exciting," he added, "to accept this award after my dear friend and classmate, Tyeise Huntley Jones [MBA '10], accepted this very same award last year."

Noting how important Johnson is to him, Zak mentioned he had spent more than 36 hours traveling directly to Ithaca from Bangkok and Bhutan to participate in Johnson Means Business, the school's diverse and LGBTQ student hosting event, and to attend the diversity awards dinner — events he has made it a point not to miss for 12 consecutive years.

Zak, finance director for PepsiCo, serves as board chair for Tomorrow's Leaders NYC, is a member of the Young Patrons Circle steering committee of the Alvin Ailey American Dance Theater, and serves on



Joe Thomas, interim dean for the Cornell SC Johnson College of Business, and Quincy Bedeau, MBA '19, (right) president of the Black Graduate Business Association and co-chair of the Diversity Symposium, presented Marques Zak, MBA '10, with the 2018 Wilbur Parker Distinguished Alumni Award.

the Johnson Young Alumni Board. He told the Sage Hall audience that his achievements are due, in large part, to learning from early failures, finding his niche in the corporate realm, and moving beyond his comfort zone.

"I bet you would never guess that two years into my undergraduate consulting career at Deloitte, I was placed on a performance improvement plan. It wasn't because I wasn't smart or didn't work hard; it was because I didn't know how to play the game," he said. With help from a partner at the firm, Zak said, he was able to navigate the world of consulting before enrolling at Johnson.

After earning his Johnson MBA and landing a job at Frito-Lay, Zak drew on the lessons learned at Deloitte to find a sponsor at parent company PepsiCo — and that person encouraged him to pursue challenges rather than bottom-line results. Zak, a self-described "recovering overachiever," accepted the challenge of leading diversity recruiting at Pepsi. Over the course of five years, his team tripled the company's diverse talent in the finance organization and doubled the diverse talent in its executive ranks.

"I firmly believe having a seat at the table is not enough," Zak said. "Bringing more people to the table is the ultimate goal."

**WILLIAM RESTREPO '80, MBA '85**  
**Carlos R. Quintanilla Distinguished**  
**Latino Alumni Awardee**

William Restrepo '80, MBA '85, was honored with the 2018 Carlos R. Quintanilla Distinguished Latino Alumni Award, named in honor of Carlos R. Quintanilla, MBA '80, a Johnson Advisory Council member and a champion of the school's efforts in Latin America who received the Latino Distinguished Alumni Award himself in 2011.

"Receiving the Carlos Quintanilla award from an institution that's so special to me is an incredible feeling," said William Restrepo '80, MBA '85, upon accepting the award, which recognizes alumni for exceptional achievements and significant contributions to their professions, community, and society as a whole; for their demonstrated commitment to Johnson; and for promoting the advancement of Latinos in the business world.

Restrepo is the chief financial officer of Nabors Industries, the world's leading provider of onshore drilling services, and sits on the boards of Saudi Aramco Nabors Drilling Company (SANAD) and ReelwellAS. He previously served as CFO for Pacific Drilling, Smith International, and Seitel, Inc., and held various senior operational and financial positions at Schlumberger Limited.

He told the gathering that his six years at Cornell was the experience "that has marked me the most in life. It had a large impact in shaping who I am today. Cornell also gave me confidence in my ability to take on tough challenges. I just knew I would find a way to get impossible things done."

Restrepo, who arrived on campus in 1976 as a 17-year-old from Colombia, recalled it as a time when "the idea of diversity had not yet made its mark." Nevertheless, and even though there were no other

Hispanics and only one African American in his dorm corridor of about 30 freshmen, "at Cornell, I felt absolutely at home," he said. "Today's award, as well as the events being held this week, tell me that Cornell clearly values diversity and seeks to maintain an environment that better reflects what students will face during their future careers."

At Johnson, Restrepo said, "I discovered that my professors were amazing. Just to name a few: Joe Thomas made statistics fun and relevant. Hal Bierman made finance intuitive. Robert Swieringa made accounting so commonsense, so obvious. Richard Thaler shook up a lot of what I knew about economics. And Robert Jarrow made options theory seem ridiculously easy. My professors were not only leaders in their fields and great teachers. They were incredibly approachable and caring. That's what I remember the most."

He acknowledged facing discrimination during his career, noting that he was able to move past such disappointments and to focus instead on his professional goals. "You have multiple chances to achieve your dreams and you get better at competing over time," Restrepo said. "Good things will happen when you keep fighting for your dreams."

"I was privileged to have attended Cornell and Johnson, and I am exceedingly grateful for my time here," added Restrepo. He closed by offering some advice to current and prospective students: "I hope that all of you realize how phenomenal this opportunity is and that you take full advantage of everything you will experience here."



**Joe Thomas**, interim dean for the Cornell SC Johnson College of Business, and **Jorge Flores-Herrera**, MBA '19, treasurer of the Hispanic American Business Leaders Association and co-chair of the Diversity Symposium, presented **William Restrepo '80, MBA '85**, with the Carlos R. Quintanilla Distinguished Latino Alumni Award.

**LINDSAY BARNES, MBA '20**  
**John R. Clark Sr., MBA '72**  
**Professional Scholarship**

Kevin Clark, son of John Clark Sr., MBA '72, announced his family's decision to establish a scholarship to honor his father's leadership and impact on decades of Johnson students at the 2017 Diversity Awards dinner. Kevin came back to campus along with his brother, John Clark Jr., and mother, Diane Clark, John Clark Sr.'s wife, to present the inaugural John R. Clark Sr., MBA '72 Professional Scholarship to the award's first recipient, Lindsay Barnes, MBA '20.



**John Clark Jr.** (left) and **Kevin Clark**, sons of the 2004 Wilbur Parker Distinguished Alumni Award honoree **John Clark Sr., MBA '72**, and their mother, **Dianne Clark**, present **Lindsay Barnes, MBA '20**, with the inaugural **John R. Clark Sr., MBA '72 Professional Scholarship**.

## THE PARKER CENTER TURNS 20

More than 120 Johnson and Cayuga Fund alumni, current students, and friends of the Parker Center for Investment Research joined the center's faculty, founders, and benefactors to celebrate its 20th anniversary on Oct. 25 at the New York Athletic Club in Manhattan.

The milestone celebration was remarkable in bringing together key players who envisioned the center and brought it to fruition, including Parker Center founders and former faculty directors Charles M.C. Lee, MBA '89, PhD '90, and Bhaskaran Swaminathan, and Parker Center benefactor Jeffrey Parker '65, MEng '66, MBA '70, for whom the center is named. It was a particularly significant reunion for current Parker Center co-directors Sanjeev Bhojraj, Alumni Professor in Asset Management, and Scott Stewart, MBA '83, PhD '85, clinical professor of finance, and Breazzano Family Executive Director Lakshmi Bhojraj '95, MBA '01, who have significantly expanded the original vision of the center and elevated it to the stature it enjoys today.

"I was delighted to reconnect with many of my former students, who came together to show their appreciation for the deep impact the Parker Center has had on their careers and lives," said Sanjeev Bhojraj, the center's longest-running faculty director.

"It was a proud moment in the history of the Parker Center — a terrific opportunity for old friends and classmates to come together, reminisce, reconnect, and reflect



Past leaders of the Parker Center joined current leadership and Dean Mark Nelson at the Parker Center's 20th Anniversary celebration Oct. 25. (left to right) Former faculty director **Charles M.C. Lee MBA '89, PhD '90**, now an accounting professor at Stanford Graduate School of Business; **Lakshmi Bhojraj '95, MBA '01**, Breazzano Family Executive Director; faculty co-director **Sanjeev Bhojraj**, Alumni Professor in Asset Management; Parker Center benefactor **Jeffrey Parker '65, MEng '66, MBA '70**, and his wife, **Julie Parker**; former faculty director **Bhaskaran Swaminathan**, now a partner and director of research at LSV Asset Management; **Dean Mark Nelson**; and faculty co-director **Scott Stewart, MBA '83, PhD '85**, clinical professor of finance

on the important role the Parker Center has played in their careers," Lakshmi Bhojraj added.

Mark Krutty, MBA '19, wrote in his account of the event: "Jeff spoke about how he saw a white paper proposal from the founders outlining the vision for what would eventually become the Parker Center for Investment Research. The idea of a center for investment research, consisting of a state-of-the-art analytical facility, a student-managed fund, and cutting-edge faculty research, appealed to him far greater than the idea of supporting



Parker Center benefactor **Jeffrey Parker '65, MEng '66, MBA '70**, spoke about the founding of the Parker Center at the center's 20th Anniversary celebration dinner.



Johnson alumni, students, and friends clearly enjoyed seeing one another at the Parker Center's 20th Anniversary celebration at the New York Athletic Club in Manhattan, Oct. 25.

a classroom, and he decided to fund this initiative to make it a reality.”

After dinner, Dean Mark Nelson introduced the panelists for the evening’s exchange about “Current Trends in the Global Investment Management Industry.” Panelists included Johnson alumni Matt Born, MBA ’97, CIO at Fidelity Investments; Stanislas Rotman, MBA ’99, CEO and founder of Nevastar Finance; and Swaminathan, a partner and director of research at LSV Asset Management. Stewart, clinical professor of finance as well as Parker Center faculty co-director, served as panel moderator.

“It was a great panel discussion,” says Lakshmi Bhojraj. “Whether it is active versus passive management, ESG [environmental, social and governance] investing, or artificial intelligence and its implications for the investment management industry, there is so much going on that people want to hear about. And this was a great opportunity to hold that discussion.”



“Current Trends in the Global Investment Management Industry” panelists (left to right) **Matt Born, MBA ’97**, CIO at Fidelity Investments; **Stanislas Rotman, MBA ’99**, CEO and founder of Nevastar Finance; former Parker Center faculty director **Bhaskaran Swaminathan**; and moderator **Scott Stewart, MBA ’83, PhD ’85**, clinical professor of finance and Parker Center faculty co-director

## The Parker Center’s Achievements

While the Parker Center had its roots in the Cayuga Fund, the center has, over time, significantly grown and elevated its stature in the investment management industry. The center now operates an impressive portfolio of events and activities designed to enhance the networking and recruiting opportunities for its students and build industry connections for the school.

The Parker Center’s key events include:

- **The MBA Stock Pitch Challenge** and **Undergraduate Stock Pitch Challenge** These stock pitch challenges provide a forum for students from top MBA and undergraduate business programs to compete and showcase their stock-picking skills in front of a panel of distinguished judges drawn from sponsoring firms.
- **MBA Women in Investing** and **Undergraduate Women in Investing (WIN)**. These pioneering conferences, founded by Breazzano Family Executive

Director Lakshmi Bhojraj, are designed to educate and encourage women to pursue careers in asset management, a field in which they are vastly underrepresented.

- **The Investment Portfolio Case Competition**, held at the Cornell Tech campus on Roosevelt Island. Parker Center faculty co-director Scott Stewart launched this event in 2017. Not only does it create opportunities for students; it also enables the center to build strong relationships with more than 30 top-tier investment management and financial services firms that are integral to students’ success.

## class NOTES

### // CLASS OF ’62

**DAVID A. DUFFIELD ’62, MBA ’64**, was honored with the inaugural Cornell Engineering Distinguished Alumni Award — its highest alumni honor — which recognizes extraordinary leadership, vision, and bringing distinction to the college. An engineer, businessman, entrepreneur, and philanthropist, David founded six companies, including two highly successful business enterprise software firms, PeopleSoft and Workday.

### // CLASS OF ’68

**BILL BOERUM, MBA ’68**, represented Sister Cities International in negotiating and signing a Protocol of Cooperation with

the Union of Russian Cities (URC). The signing ceremony was conducted in Bishkek, Kyrgyzstan with Stanislav



Mosharov, president of the URC signing for his organization. The protocol set the stage for developing joint activities between the two organizations on a subnational level for municipal best practices and improved management performance. Bill, an international conference speaker with a focus on Russia, writes: “Much of the underpinning of my international interest and insight was developed while at ‘B&PA’, as it was known in my time in the late 1960s.”

### // CLASS OF ’77

**DAN HESSE, MBA ’77**, former CEO of Sprint, delivered the 2018 BenDaniel Ethics Lecture, “Just Corporate Culture and National Unity,” at the Statler Auditorium on campus, Nov. 13, 2018. Dan is a director of Akamai and of PNC, where he serves as chair of the technology subcommittee.

### // CLASS OF ’86

**STEVE KROPPER, MBA ’86**, a partner at Skunk Works Fund, writes an account of his six years with Parallel Wireless, where he was VP of U.S. business development: “200 hotels, 250 flights, 30 states (18 networks built), 1,699 new friends, and two dozen FCC special licenses. Once, there were just five of us in the basement. Now [there are] over

400, with networks on every continent, an end-to-end LTE solution. 25 people (each surely more competent than me) now handle my duties! I got to be an insider with law enforcement at the Super Bowl, Rose Bowl (thanks Verizon), Indy Speedway, NY Marathon, floor of the Grand Canyon, Republican Convention, and DHS Jamming in the deserts of Idaho and New Mexico. My appreciation for wireless carriers and first responders has been transformed. Now a Skunk Works Fund partner, I am on to the next adventure (thank you IRS rule 83-(b))."

// CLASS OF '96

**ALISA COHN, MBA '96**, CEO of Alisa Cohn and Associates in New York City, was named one of *Inc.* magazine's Top 100 Leadership Speakers for 2018. An executive coach who works with senior executives and high-potential leaders, Alisa has been recognized as one of the top 100 coaches in the Marshall Goldsmith 100 project.

// CLASS OF '00

**EDWARD BATCHELOR, MBA '00**, writes that he launched Hardman Batchelor International, headquartered in Austin, a "groundbreaking global firm that specializes in recruiting and assessing world-class board directors, CEOs, and C-level executives with a particular focus on cultivating the unique Austin and small-cities marketplace."



// CLASS OF '01

**ANNE CRAMER, MBA '01**, writes: "I'm excited to finally leave consulting and join Delta Dental to head up their customer experience center of excellence. The company is committed to making CX and design innovation central to its operating model to stay relevant in the ever-changing healthcare industry."

// CLASS OF '05

**SALLI SCHWARTZ, MBA '05**, was named global head of strategic capital management and corporate treasurer at Moody's in November 2018. In this role, Salli leads a combined investor relations and treasury function, overseeing Moody's relationships with its debt and equity investors, sell-side analysts, rating agencies, and partner banks. She is also responsible for executing the company's

strategic capital planning activities.

// CLASS OF '07

**DERRICK YEE, MMH '07, MBA '07**, vice president at Watermark Capital Partners, where he is responsible for asset management activities, shared his reflections on being a hotel asset manager 10 years into the job and offered advice for those starting out in the business in an op-ed in *Hotel News Now*.

// CLASS OF '09

**DIONNE JACKSON, MBA '09**, announced that she has rebranded her company, formerly Million Dollar Moxie, as Steep Trajectory. "We are rebranding to reflect my passion for helping the leaders of organizations — business and charity alike — achieve success," she writes.

// CLASS OF '11

**CHARLIE MULLIGAN, MBA '11**, is co-founder and CEO of nonprofit giving platform GiveGab, which announced in late August that it had received \$1.5m in funding from New York Ventures, the venture capital arm of Empire State Development, bringing GiveGab's Series A funding to over \$9 million.

**MARLON NICHOLS, MBA '11**, co-founder and managing partner at Cross Culture Ventures, joined Johnson as an adjunct lecturer in venture capital to teach Venture Capital Apprenticeship in fall 2018.

// CLASS OF '14

**CHRISTINE MONJER, MBA '14**, was promoted from director of marketing to assistant general manager of the Las Vegas Aces, the WNBA franchise in Las Vegas.

**AARON WALLS, MBA '14**, is co-founder and CEO of BrewJacket, a Colorado-based company that has developed an "all-in-one craft beer brewing machine" for making beer at home. He has led the company through two successful Kickstarter campaigns and shipped thousands of products to 28 countries around the globe. Aaron and his co-founders, Matthew Goff, PhD '15 (ENG), and Evgeniy Tkachenko, a former researcher in Cornell's Biomedical Mechanics Group, are alumni of Cornell's eLab accelerator program.

// CLASS OF '15

**ERIN DAWKINS, MBA '15**, is vice president of brand operations at the Elizabeth Taylor Companies in Los Angeles,

where she "ensures that all projects, processes, and strategic planning related to the Elizabeth Taylor brand and its revenue development and expansion are directed and implemented effectively, both internally and externally."

// CLASS OF '16

**GREG BRILL, MBA '16**, and **SAM RAUDABAUGH, MENG '16**, (Computer Science), co-founders of Thread Learning, which digitizes the way teachers chart autistic children's progress, raised \$1.13 million in venture capital and will work with more than a dozen clinic chains and autism schools in the coming year. Sam and Greg, who worked in autism education before pursuing his MBA, created the app when they were cohorts at Cornell Tech and won a Cornell Tech Startup Award of \$100,000 in 2016. Thread Learning collects, graphs, and analyzes multiple students' behavioral tracking data simultaneously through an online portal and tablet app. It also allows educators to plan educational programs and communicate progress with parents, doctors, and therapists. "Our goal is to get the best possible care for the millions of people in the world with autism," said Greg in an article in the *Cornell Chronicle*.

// CLASS OF '17

**PRANAV SACHDEV, MBA '17**, co-founder and CEO of Glyph, a new, animal-free shoe company, announced the Nov. 13, 2018, launch of "a groundbreaking digitally knitted shoe ... constructed using advanced robotics, and the material consists of 100 percent recyclable yarn."

// CLASS OF '18

**OLABAYO ALLEN-TAYLOR, RONNIE MIMRAN, AND MANISHA MEHROTRA**, all **MBA '18**, alumni of the Cornell Executive MBA Americas program, are quoted with links to their full-page profiles in "Best Lessons Learned by the Class of 2018" (*Poets & Quants*, Sept. 9, 2018).

// IN MEMORIAM

**JOHN "JACK" ROGERS III '45, MBA '50**

**WALTER C. HARTMANN, MBA '56**

**ALAN BATES, MBA '86**

**REBECCA BLANCO, MBA '17**





**“It is easy to be proud of what you do every day when you work for a company where sustainability is central to its purpose.”**

—TOM STROBEL '96, MBA '05

## TAKE IT FROM A VP: LEARNING NEVER ENDS

Earning an MBA marks the beginning, not the end, of a business education, says Tom Strobel, vice president of finance at Ecolab, a global leader in water, hygiene, and energy technologies and services. For Strobel, every day is an opportunity to learn something new — a challenge he welcomes with open arms, even though he's no newcomer to finance.

After graduating from Johnson, Strobel earned his stripes working on the treasury teams at ExxonMobil and the Apache Corporation. He also worked in Australia on a \$14 billion financing project for PNG LNG, a development effort to commercialize the gas resources of Papua, New Guinea, a true “career highlight” for Strobel, as it was the largest project financing in history at the time.

“In my thirteen years since my MBA, I've held ten roles, which have all taught me to be adaptable and agile,” says Strobel. While focused in treasury, his experience has spanned capital markets, cash management, foreign exchange, insurance, project finance, pension investing, M&A, contract negotiations, and more. While each new assignment starts with an initial period of discomfort that is the natural byproduct of learning, finding ways to add value in different areas is ultimately very satisfying.

Strobel's broad experience has prepared him for more senior roles. Recently, he has focused on team leadership. “I really enjoy creating the right environment for teams to be successful,” says Strobel. That vision is paying off; Ecolab's cash management department won an Adam Smith award for best liquidity solution in Asia.

Strobel, who joined Ecolab in 2016, has enjoyed his transition. “Ecolab is unique in that it is a growing and successful company that is doing good things in the world,” he said. For example, he worked on the company's investment to support construction of a new wind farm in Texas that will enable Ecolab to offset 100 percent of its electricity demand in North America and reduce its greenhouse gas emissions by 25 percent. “It is easy to be proud of what you do every day when you work for a company where sustainability is central to its purpose,” says Strobel.

As students begin their finance careers, Strobel urges them to find an organization that will serve as a great platform for learning. “Particularly early in a career, it is important to join an organization that



Tom Strobel '96, MBA '05, VP of finance, Ecolab

will support your professional growth. That means working for good mentors and having access to great opportunities to learn,” said Strobel. “For example, at Ecolab, we have almost 3,000 finance professionals spanning all manner of disciplines, and we support professional development through diverse assignments.”

— Maria Minsker '13



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## A HOTELIER'S PERSPECTIVE: THE LITTLE THINGS MATTER

Lani Shufelt, MBA '12, started working in the hotel industry when she was just thirteen years old, doing everything from weeding the garden to renting out bicycles to guests at a Michigan resort her father owned. She enjoyed it, but it was later, when she joined the Chanler at Cliff Walk, her father's Newport, Rhode Island, resort, that Shufelt knew she'd found the right fit.

When it was time for her to take over ownership at the Chanler, the resort's unique nature drove Shufelt to take on the chief operating officer position she so values today. A 19th century mansion built by New York Congressman John Winthrop Chanler, the historic inn has sprawling manicured gardens (the pride and joy of Shufelt's dad, whose first passion is landscaping) and a vast view of the Atlantic Ocean. No two rooms are alike; instead, each is styled to reflect certain time periods, such as the Renaissance, or floral themes, such as English trellis. But it's more than the Chanler's physical beauty that sets it apart.



Lani Shufelt, MBA '12, owner and chief operating officer, the Chanler at Cliff Walk



The Chanler at Cliff Walk in Newport, Rhode Island

PHOTOS COURTESY OF LANI SHUFELT



**“Travelers want their hotel to give them a sense of place.”**

— LANI SHUFELT, MBA '12

The hotel industry is changing, according to Shufelt, and rather than opting for cookie-cutter accommodations that merely provide a place to spend the night, travelers are looking for unique experiences. “They want their hotel to give them a sense of place and really reflect their destination,” she says. At the Chanler, it's the little touches that make it a true luxury destination.

One such touch the resort offers is a complimentary driving service that pairs guests with drivers who are Newport locals, in essence giving guests an insider's guide to the area. “It seems like a small thing, but our drivers know the area so well. They can recommend things to see, places to

eat, and talk about what it's like living in Newport,” says Shufelt.

“Our guests so value these personal interactions.” Hotel staff also take time to get to know each guest so they can personalize their experiences and make their stays special — even before they arrive. For example, guests can speak with a staff member on the phone to share what they like to eat so the talented chefs at the hotel's Cara restaurant can delight them, says Shufelt. Or they can discuss any excursions they'd like to book in advance, such as a tour of the famous Newport mansions.

“We want to learn about the people that stay with us so we can exceed their expectations during their stay,” Shufelt says. “We want to anticipate their every need based on their interests and do everything possible to make their stay unforgettable.”

— Maria Minsker '13

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