

Winter, 2011

Special points of interest:

- Wall Street is feeling the heat these days. Should it make any difference?
- The new Dean articulates his goals, and introduces his new team.
- Too much change too soon can cause gridlock.
- Management opportunities for all in health care.

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Why Wall Street Matters

Those who criticize Wall Street's pay structure generally don't have the numerical skills to put together mergers and trades. Very few of us do, and even fewer are able to stomach the volatile, fleeting quality of the business. Those who handle the hours and extreme competition are, logically, well compensated. The degree of compensation can be argued.

But more important than the talent Wall Street attracts are its customers. Companies turn to Wall Street to fund factory construction, office buildings, buy airplanes, trains, ships, oil rigs, telephone lines, and other assets. Much of the money comes from pension funds, insurance companies, investment banks, foundations, and colleges and universities. Increasingly, it comes from individuals as well. More than 40 percent of U.S. families owned common stock in 2009.

"Financial services is a very important industry in this country," says Jeffrey Immelt, General Electric Co. Chief Executive Officer in a recent interview. "Goldman Sachs has been a partner to GE for a long time. They've done great work for us. Their efforts have resulted in

new GE factories abroad as well as improvements to our facilities in the U.S."

Immelt continued: "I wish they'd take care of their own compensation issues. It just shouldn't be this kind of problem. But I trust them to manage their own reputation, because we need Wall Street."

When an Exxon-Mobil or an IBM hopes to raise \$20 billion by selling bonds or shares, it goes to Goldman Sachs, Deutsche Bank, or other big investment banks. This is a lucrative business. Whether in New York, London, or Tokyo, these financial institutions form underwriting syndicates that raise billions so companies can expand to global proportions. A typical fee for equity underwriting can run to 3.5% of the total amount.

Put simply, the stock market is significant to an economy because it is a way for a business to gain capital while avoiding commercial bank loans.

"Wall Street provides the financial lifeblood for American companies," says Dan Kerr, MBA accounting professor at SBU. "If it weren't for Wall Street, companies could not raise the funds needed to provide goods, services, and employment to help the country grow. The fall-out from the subprime lending mess unfortunately will bring more



government regulation, which may actually stifle Wall Street in the face of growing competition from capital markets overseas."

Americans pride themselves on the efficiency of their stock market and other capital markets, which enable vast numbers of sellers and buyers to engage in millions of transactions each day. These markets owe their success in part to computers, but they also depend on the tradition and trust of Wall Street companies.

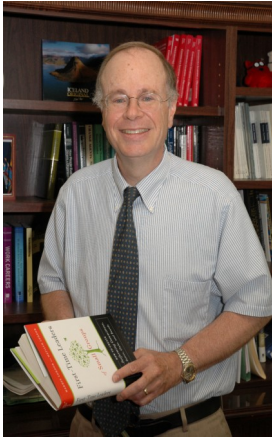
Recently and vividly, this trust was abused. To counter Wall Street's increasingly negative public image, business schools including our own have begun to emphasize ethics and leadership.

"There is total public hostility against Wall Street these days," observes Margot Palermo, a professor of ethics at SBU's College of Business. "But my students seem to want to confront, and change, the wrongdoing."

— Andy Dorman, '08



FROM THE DEAN — *Manuel London, PhD*



Dean London's goals include formal accreditation, a new Innovation Center, and increased research productivity.

“Despite our economic challenges, this is not a time to stand still. We have dynamic courses, a talented faculty, high enrollment, and new partnership opportunities both inside and outside the University.”

I want to inform alumni about ongoing changes in the College of Business. As many of you know, Joseph McDonnell stepped down as Interim Dean before the academic year began. Provost Kaler asked me to move from Associate Dean to Interim. I want to thank Eric for his support. I also want to acknowledge Joe's energy, dedication, and numerous accomplishments. His insight and direction led to new and enriched programs and put us on a path to prominence in business education.

I've been on the job for about three months. Working with the faculty, we are focused on current challenges and formulating our strategic plan, a task that all university departments are undertaking at the direction of our new president, Sam Stanley. Despite our economic challenges, this is not a time to stand still. We have dynamic educational offerings, high enrollment, a talented faculty, and opportunities for linkages and program development within the university and greater NY community.

We value all elements of our faculty. We have active adjuncts who consistently go above and beyond for us. Our full-time lecturers have a wealth of business experience. Our tenure track faculty are contributing to knowledge development, and engaging students in the process. We have a committed staff who are motivated, energized, and excellent representatives of the College.

So where do we go from here? We want to build a collegial and active faculty that will improve our programs, grow our MBA enroll-

ment, and support LI business. We have three main goals:

(1) Working to achieve AACSB accreditation: Faculty ratios are a part of this. But another important part is having mission-driven learning outcomes and assessments. We already have our set of 21st century foundational skills linked to our curricula. We need the same in each concentration, and we need ongoing assessment based on e-portfolios and Capstone simulations.

In the process, we will develop programs such as an accounting minor-MBA track; a fast track MBA for business majors, and the recruitment of students for our existing joint programs, our executive MBA, and our full-time day MBA. I am pleased that Prof. **Tom Sexton** has agreed to take the role of Associate Dean for Academic Programs. Prof. **Jadranka Skorin-Kapov** is leading the graduate admissions process. Prof. **Carl Allocca** is continuing as Undergraduate Program Director. Prof. **Michael Nugent** is the Graduate Director for the Full-Time MBA Program, and Prof. **Robert Ettl** is the Graduate Director for the Executive MBA Program. Prof. **Art Lekacos** is the new Director of Educational Technology.

We will continue to develop student life within the College to improve the learning experience and enhance students' academic success. We will continue learning communities, support clubs and associations, and provide better career support (career advising, internships, and job placement). With Art Lekacos's expertise, we will in-

crease our use of Web 2.0 and 3.0 instruction.

(2) Develop the Innovation Center: We are working with Engineering, Health Sciences, BNL, and others to support the development of innovations and research translation. We can help with science and R&D team facilitation, business planning, finance, marketing, and leadership training. This will lead to opportunities for research and practice that will bring in revenue through grants, contracts, conferences, publications, and other sources. Prof. **Gerrit Wolf** is spearheading this effort.

(3) Research: We will support and increase our research productivity in line with the research goals of the university and to improve our reputation in the academic community, which in turn will improve our reputation overall. Prof. **Michael Kamins** is our Director of Research.

As alumni, I want to thank you in advance for your support and involvement in creating an outstanding College of Business. Please consider sponsoring a student team project in the Project, Technological Innovations, or Marketing Research course. Hire a student intern and/or a graduate from the MBA or bachelors program. And of course, send financial contributions to the Stony Brook Foundation earmarked for the College of Business!

The core values and curriculum afforded by our MBA program provide a value-added opportunity for rewarding employment possibilities in numerous industries, particularly as the curriculum evolves in the coming years. □

Caveats of the Corporate Treadmill — Julie Bouziotis, '09

Managers Need to Temper the Tempo

In an ever fast-paced market continuum of change, successful business translates into newness prowess. Oftentimes what is new today will be old hat tomorrow and this begs the question: How adequately and precisely can one define meaningful “newness”? The solution is not to define the unknown but rather, to manage change with due diligence and a checklist that perfectly aligns your objectives to sustain your foot print. This simply means that you mitigate the risk of overload by being highly selective not only about which projects you initiate but also, how many and at what pace you undertake them as well. Companies that harvest ambitions by unwittingly cannibalizing their own resources risk falling victim to “The Acceleration Trap” (*Harvard Business Review*, April, 2010), which states: The advantage of change in and of itself is weakened by the speed with which it is assumed.

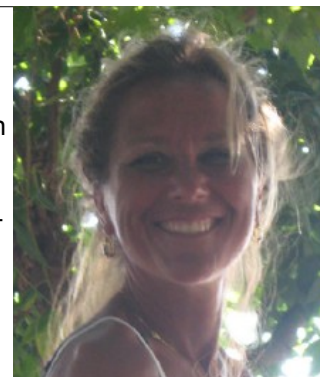
As a new practice administrator for a high volume medi-

cal practice that desperately needed some adjustments, the temptation to subtly eclipse the way things were done was deliciously inviting. But anything tasting that good (metaphorically speaking) must be precarious at full throttle. Change became very romantic once my first strategic move blipped the top line; I was the right person to lead the way. Simply stated...OMG! We all were instantly on the Autobahn where the risk was slowing down, not speeding up. There was nothing I could do to convince my boss that we were headed for trouble. If I was sure of one thing, I knew that success could only be sustained with the support of an effective team, and that my team could only remain effective with a sound manager.

It is incumbent upon you to be vigilant about where change is needed, how it ties into your business strategy, and whether the timing is appropriate in the broader scope of the direction your company is headed. Change implies that something has

become “old” or any variation of its nuances, and as old is replaced with new, a formal adieu is appropriate and welcome. One needs to empty his cup before filling it with something fresh. When a project has been completed successfully, a formal “great job everyone” must ensue to celebrate the hard work that made it happen. Positive stimulation affects the flow of how people operate and interrelate but too much of anything can and will ambush your business. Constant change is counterproductive if your objectives fade further into the background as layers of change are added in lock-step fashion.

Remember that change is an exhausting process, and employees require a respite between successes to avoid psychological anarchy, a symptom of excess with paucity of means. The proverbial “less is more” speaks to the ability to perform a quarterly sweep of projects that have been parked, begun, or imminent so that your company and your people perform optimally...constantly. □



Julie Dunn Bouziotis

“Change is an exhausting process, and employees require a respite between successes to avoid psychological anarchy.”

Harriman Hall

An undulating wave of change has brought new leadership to the College of Business. The man who grew the MBA program from 30 to 300 candidates, and was on target to enroll 450 graduate students by 2012, suddenly stepped down. Joe McDonnell spent long hours building an institutional foundation for the MBA program

and by any measure he succeeded. Not only did he grow the MBA program, but he created joint programs with a variety of other masters (e.g., in public health, public policy, biomedical, and mechanical engineering), and the fast-track MBA for undergrads. He also fostered close ties with Korea and China, which brought

considerable financial resources to the COB.

But Dr. McDonnell’s enrollment goals for the overall College of Business proved too ambitious for senior academicians. In their view, the drive to grow the COB was at the same time diluting it. Full national accreditation, they believed, could only come with more doctor-

al faculty and fewer students.

They further believed that the College of Business needed to be more closely aligned with the research activity that is Stony Brook University’s international trademark. The Provost agreed. And with that decision came change.

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The newsletter remains hopeful. We learned about the importance of entrepreneurial focus and energy to build a company, but the time finally arrives when the company is handed to a seasoned manager.

Our new dean is the very definition of “seasoned.” Manuel London has been with the University 23 years. He is the author of a dozen books, including *Leadership Development: Paths to Self-Insight and Professional Growth* (2002) and *Continuous Learning in Organizations* (2006).

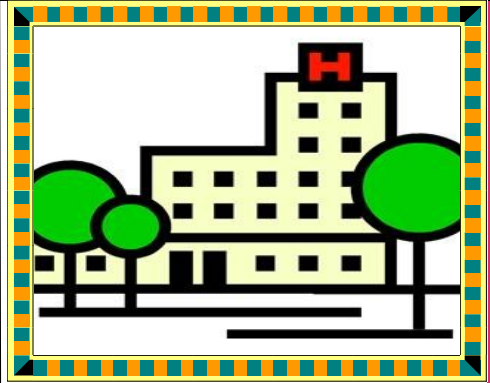
He wrote the landmark *Change Agents* in 1988, a book about new roles and strategies for human resource professionals. He is considered an expert in performance management, balanced scorecards, strategic planning, and the modern workplace.

That’s right he knows a lot about careers, hiring, and employers. He also finds time to teach human resource management to MBA candidates, and everyone loves his course. His long tenure brings a unique perspective about what is important to the University and how to sustain its support for the College

of Business. Dr. London has been with the MBA program from the beginning, so you couldn’t ask for anyone more familiar with the curriculum. The COB needs to eventually take its place next to Stony Brook’s other prestigious graduate programs. Dr. London intends to lead us there.

In a recent letter to MBA graduates, the new dean wrote about developing an Innovation Center. Your newsletter was privileged to sit in on some early discussions about the project. Its most exciting aspect is actual job creation. The COB will form a direct link to the University’s new research campuses — now beginning to fill up with high-tech start-ups — to see if we can help these companies grow out of incubation.

Anytime there is close contact between business and academia the opportunity exists for research. “The Innovation curriculum is designed to remove the barriers facing emerging entrepreneurs,” says Dr. Gerrit Wolf. “It also supports the University’s strategic priority to advance the region’s economy.” □



Consider Health Care for New Management Opportunities

— Isabel E. Fersh, '09

Working in the health care industry is a potentially excellent employment option for MBA graduates in all concentrations. A hospital administrator’s functions and responsibilities span the gamut of all disciplines offered by the Graduate College of Business: Management, Finance, Human Resources, Information Systems, and Marketing.

Adopting a leadership style that supports organizational development and continuous improvement is the key to fostering patient care. This includes an ability to guide interdisciplinary teams, because quality health care depends on groups of professionals working together, particularly in a hospital setting.

Organizational systems and strategies provide the foundation for implementation and compliance of policies and procedures, which lead to optimal care. Administrative management coordinates clinical treatment services and communications between internal departments such as business office and IT. This requires effective communication and cooperation.

The Facility Administration division within a hospital’s organizational structure offers opportunities in Finance and Human Resources. Think of finance as the business office, which handles all contracts for purchasing, payment of services,

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STAY CONNECTED

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- E-Conferencing site - <https://meeting.sinc.stonybrook.edu/mbaalum/>

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and patient accounts. Under the human resources umbrella could be payroll, employee and labor relations issues, conflict resolution, and ethics in the workplace.

The increasing computerization of medical records makes IT a vital department, underscoring the role that management information systems can play in timely and accurate analyses of patient care. Access and the ability to share medical information and patient history is of primary importance in ensuring quality care. Of course, ethical and legal parameters set forth by HIPA (Health Information Privacy & Portability Act) must be followed by all involved, along with strict adherence to patient confidentiality.

The recent appointment of a new federal director to CMS (Center for Medicare/Medicaid Services) has led to issuance of new standards for electronic medical records. Beginning in 2015, hospitals and doctors may be subject to financial penalties under Medicare if they are not using electronic health records. The US government is also establishing significant monetary incentives for compliance with digital record formats. The widespread introduction of electronic medical records into the mainstream of health care services is a likely growth industry, and interested MBAs should consider this area of IT management.

Finally, elements of marketing can improve customer satisfaction through surveys and questionnaires about both the quality of services and their delivery. Customer satisfaction can lead to favorable outcomes, increased profitability, and improved cost/benefit ratios, resulting in positive treatment processes and results. □

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Advice for Entrepreneurs

Ten Common Mistakes Made by Entrepreneurs

1. **Sticking with an idea for too long:** While a single idea may be your reason for entering a market, don't be afraid to continue exploring other options. Remain open minded, and consider new ideas that may pan into feasible market opportunities.
2. **Being product-driven, not customer-driven:** In the world of capitalism, the customer is king. Even if your product is faster, better, or stronger than the competition's, if it isn't what your customers want, then they won't buy it. Understanding what your customer wants and needs should be your number one priority.
3. **Thinking legal problems can be solved later on:** Many important legal decisions must be made early on, including partnerships, incorporation, state sales tax registration, and others. It's good to talk to an attorney who has experience working with entrepreneurs.
4. **Spending money before you make it:** Cash is king in the early stages of a business. Money owed to you is only a forecast of future cash flows. While you may develop a booming business with many customers, you cannot pay your bills and staff without cash.
5. **Not having a clear focus:** Write a business plan early on, even if it is only for your benefit. Set both short- and long-term goals for the business. Without a clear vision of where you are heading, your great idea can get muddled along the way.
6. **Catching key customer syndrome:** Having that one large customer in the beginning may be just what you need to get your business started, but use that advantage to work on acquiring even more customers—large and small. One account that generates more than 50 percent of revenues can be a recipe for disaster if that customer goes out of business or stops buying from you.
7. **Performing inadequate market research:** Entrepreneurs often overestimate their potential market. So be careful about defining your market segment too broadly, and make sure to conduct sufficient research on potential and existing competitors. Ask questions such as: What are potential customers buying now? What is their incentive to switch to buying a new product? Is there enough market demand?
8. **Having too much overhead:** Many start-ups fail because they overspend on overhead. The best entrepreneurs know how to use their cash for business-building processes, such as product research and development. Think carefully before spending and remain focused on the bottom line.
9. **Lacking experience:** Your lack of experience in the industry you are trying to enter can lead to costly mistakes. Before launching a start-up, gain insight through an internship or related job.
10. **Maintaining equal partnerships:** When starting a business, it can be tempting to divide ownership equally among the partners and attempt to make all decisions via consensus. But while partners may agree in the early stages, disagreements will inevitably arise. Partners also differ about how much time to put into a business. Ensure that there is a defined leader with adequate authority to make final decisions and sufficient compensation to remain motivated. □

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