GSOM Admissions Setting New Records

With a 50 percent increase in full-time graduate students and a 25 percent increase in part-time students, GSOM began the academic year with its largest incoming class ever.

GSOM added 117 new full-time graduate students, the most in its history. One catalyst for this year’s growth is the increasing popularity of GSOM’s master of science in finance (MSF) program, which attracted 69 new students, according to Director of Enrollment and Marketing Lynn Davis.

At the same time, GSOM has also attracted high-quality students. GMAT scores for incoming students are the highest ever, according to Dean Edward Ottensmeyer.

“Lynn Davis, Tani Castaneda and Amanda Popp in Admissions have done an outstanding job reviewing hundreds of applications and recruiting our strongest-ever entering classes of MBA and MSF students,” Ottensmeyer said. “We have students from 21 countries, with better test scores and better proficiency in English than we’ve had in the past.”

GSOM exceeded its target for new part-time MBA students by attracting working professionals from some of the top businesses in the region, including Fidelity Investments, Hanover Insurance and EMC Corp. To better accommodate part-time students, Professors Keith Coulter, Dileep Dhavale and Jing Zhang are offering their courses in an innovative “blended” format that combines online and classroom instruction.

To better serve GSOM’s international students, Director of Student Services Pat Tollo and Director of Career Services Lisa Radomsky worked with a team of consultants to develop a new “Executive Business Language Program” that has attracted more than 50 students for its first-ever session.

In addition, GSOM has added two visiting professors to its Finance Department (see story, page 8).

“These are difficult financial times for many people, but graduate education in business is even more valuable when the economy is down and unemployment is up,” Ottensmeyer said. “People recognize that they need an edge to be more competitive and to qualify for better jobs. At GSOM, we’re doing our best to provide them with that edge.”

MSF vs. MBA

GSOM’s master of science in finance (MSF) program has grown significantly and, for the first time ever this fall, attracted more new students than GSOM’s MBA program.

What’s the difference between the two – and why is an MSF so popular today?

“With the growth of the derivatives market during the past 20 to 30 years, advanced study of finance has become more important,” according to Finance Professor Maurry Tamarkin. “As a result, there is greater demand for students who are quantitatively inclined.”

While there is overlap between the two programs, MBA course work has a broader scope with more managerial content, while MSF students focus almost exclusively on finance, with emphasis on advanced quantitative analysis.

While the current financial crisis will have a short-term impact on the job market, Tamarkin believes the long-term demand for MSF graduates will remain high.

Experts Demystify Financial Crisis

GSOM Finance Professor Richard Spurgin believes the $700 billion bailout of the U.S. financial system is “an awful plan.”

“But,” he adds, “I support it.”

Speaking at, “Demystifying the Financial Crisis,” a special forum organized by GSOM that also featured Clark University Executive Vice President and CFO James Collins and GSOM alumni and Advisory Council member Paul Szczygiel ’82 MBA ’88 of Babson Capital, Spurgin said the bailout was necessary because, “It’s important to achieve stability. Failure would be catastrophic.”

While stock markets around the world remain volatile, if no action had been taken, we may have seen runs on banks or even more serious financial problems. While the bailout will create liquidity, Spurgin added that, “I would be much more comfortable if there were not a big bailout of Wall Street.”

Szczygiel said the bailout may numb the pain of the financial crisis somewhat, but it will also cause it to drag on for a longer period, and could cause inflation and a more severe recession.
In Troubled Times, Look Around ... And Connect

Reading my daily newspaper is nearly as troubling as looking at my 401(K) statement! China’s exports have dipped, U.S. retail sales are down, major global auto firms are near bankruptcy, reports of financial misdeeds seem to surface daily, tens of thousands of people have lost Wall Street jobs, university endowment losses have caused serious cutbacks (even at Harvard!), national and state governments are reducing services ... good news seems in short supply.

Against this bleak backdrop, I’ve been thinking about paths to greater hope and confidence, other than the familiar “ride it out” option. And I have three suggestions:

Do something different. Stretch out of your comfort zone and learn something new, not simply as a distraction from your economic woes, but as a way to build a brighter, possibly more interesting future. Study a different industry, learn a new language, volunteer your talents at a struggling nonprofit organization, or meet people with different backgrounds or ideas than your own. Often, good things happen, and new opportunities arise, when you go in a new direction and are having fun.

Look for opportunity in the midst of turbulence. Think creatively about what, in today’s market, a business needs to do to cut its costs or what a consumer needs to do to get greater value. A few days ago, I attended a conference at which a number of high-profile business leaders and industry analysts from India, China and the U.S. reached the same general conclusion – crisis breeds opportunity. The slogan, “Never waste a crisis,” has become familiar in recent days, as a new President prepares for office in the U.S. ... and the meaning is clear—in times of crisis, opportunities to bring about change improve. Similarly, in business, opportunities for innovation always exist, if we can overcome our fears, take action, and follow our entrepreneurial spirits. We don’t need to start a new business to do that; large companies need new ideas, too.

Stay connected. Expand your networks of social and career support. For starters, join the Clark Online community, the GSOM Facebook group, and the GSOM LinkedIn network (see story on this page). The GSOM and the larger Clark community grow larger, more vibrant and potentially more valuable every day, and you should be part of it. When you learn about a job or internship, why not call or email our Career Services staff, and open the door for a talented GSOM student? (As you see in our cover story, we have attracted a great group of new students, and they need and deserve your help.) Also, if you are exploring new job opportunities, why not start with a group of friendly Clark people with whom you have a shared experience?

At GSOM, we have much to be excited about as 2009 begins. Talented new faculty, record enrollments of bright MBA and MSF students, two exceptional new Advisory Council members, lively speakers visiting campus and sharing their wisdom. I invite you to read about all this in this issue of Connect.

And, from all of us at GSOM, I send you best wishes for the New Year, along with the hope that your holidays were happy and that your good fortunes will be many. I would appreciate hearing from you, so, by all means, stay connected!

With warm regards,
Edward J. Ottensmeyer
Dean (eottensmeyer@clarku.edu)

The GSOM Connection

A new, improved Web site and growth of online communities are bringing GSOM students and alumni from throughout the world closer together.

The GSOM Web site, which features enhanced design, new photography, and special sections dedicated to prospective and current students, is at www.clarku.edu/gsom.

“Our goal is to create a Web site that strengthens the GSOM brand by highlighting our programs, showcasing our students, alumni and faculty, and functioning as a widely-used resource for the entire GSOM community,” said Dean Edward Ottensmeyer. “I hope you are as pleased as I am with the outcome.”

Additional enhancements, including video interviews and Q&As with GSOM faculty, students and alumni, are planned. Anyone with suggestions or feedback should contact Tani Castaneda in admissions, who coordinated the project, at castaneda@clarku.edu.

GSOM is also active on several social networking Web sites, an increasingly popular way to connect with colleagues around the world. A quick search on Facebook for “Clark University Graduate School of Management” will direct the user to GSOM’s official “Fan Page,” where students, faculty, alumni and staff show their support for GSOM and stay in touch with each other.

The Graduate School of Management is also on LinkedIn, a professional networking site aimed at expanding users’ professional reach and career opportunities. Search for Clark GSOM’s LinkedIn Group, which was originally set up by Lawrence Norman ’94 MBA ’95, vice president of global basketball at Adidas and a member of the GSOM Advisory Council.

Clark Online is Clark University’s online community, representing a worldwide network of 30,000 Clark alumni who graduated from a diverse range of undergraduate and graduate programs at Clark. You can find other alumni in your area and keep informed of the University’s initiatives and events. To join Clark Online visit www.clarku.edu/alumnicomunity.

Save the Date

February 12, 2009
Alumni Networking Event in Boston
For more information, contact the alumni office at alumni@clarku.edu

How can I make a gift to GSOM Online?
Go to: www.clarku.edu/clarkgift
Where do you find jobs for 50,000 people every morning? That, according to Bob Timpson, recently retired president of IBM's Asian operations, has been one of the challenges facing China in recent years as its economy has grown at a pace unmatched by any country in history.

Speaking recently at GSOM’s “Executive Discussions” series, Timpson said Chinese people are migrating from rural areas to the cities at such a rapid rate, the government needs to help create or find jobs for them to keep them from wandering the streets of China’s cities.

“The focus at every level is on avoiding social chaos,” he said.

While China faces many challenges, he is optimistic about the country’s future – and, based on his business experience there, believes the country will succeed. He found that Chinese employees have a strong work ethic and are focused on helping the customer; he also found that the quality of management is high.

“I’m a big China fan,” he said.

Misperceptions of China

Timpson’s perspective is different from that of many Americans, who see China as a heavily polluted, corrupt Communist dictatorship. Such perceptions are inaccurate, he said. For example, while Americans think of China as being ruled by Communist bureaucrats, most political leaders were trained in Moscow as electrical engineers.

“If you asked the political leaders of most G7 countries about tuned inductive capacitance harmonic circuits, you probably wouldn’t get too good of an answer,” according to Timpson. “But in China, these guys are electrical engineers. They tend to see social problems as major technical projects to be worked on as an engineer would work on them.”

He was surprised to find that women play a more important role than in many other countries. For example, a woman heads what may be the world’s largest bank, the Industrial and Commercial Bank of China.

In recent years, restrictions on travel, capital investment and the ability to do business in a foreign country have been relaxed in China, and people are proud of their country’s accomplishments.

“There is a lot of patriotism, but it’s not an ‘us vs. them,’ generic thing,” Timpson said. “I found people who were really proud of what the nation of China had accomplished in a relatively short period of time.”

The first thing Americans visiting China notice is “the sheer energy, the 24-7 construction,” he said, but they will also quickly find that the people are very friendly, attentive and eager to learn. There is “not a lot of ideology baggage,” but corruption remains a problem.

While IBM has been able to maintain its ethical standards in China, he said, many companies have not. As an example, he cited a computer company that skirted bribery regulations by offering a fully loaded Mercedes as a “door prize” at a reception. An influential businessman “won” the Mercedes in a drawing.

Progress in India

Timpson noted that India has also made tremendous progress.

“The middle class is now up to 200 to 250 million people,” he said. “The middle class is buying motor scooters, air conditioners, dishwashers. Just as China has lifted 300 million people out of poverty in a generation, I see people in India with a spark in their eyes. Everyone knows what a call center pays and it affects the whole mentality.”

While the government in India is not as anti-business as it used to be, some problems persist, he said, citing the Communist Party of Calcutta’s efforts to impede the development of an automotive manufacturing plant.

Regardless, Timpson believes the fastest economic development in the world will continue to take place in China and India for many years.

“During your business lives,” he told GSOM students, “the largest opportunities in the world will be in China and India. You have to think about China and India in everything you do.”
Working Through Today’s Financial Crisis

What began as a problem in the subprime mortgage market has evolved into the most devastating financial crisis since the Great Depression.

The crisis is having an impact throughout the world and in every industry. We asked Clark CFO and Executive Vice President James Collins to discuss the impact of the crisis on Clark University. We also asked members of the GSOM Advisory Council to discuss the crisis and its impact on their own businesses. We also asked them to share any career advice they might have for GSOM students and alumni in light of the crisis.

Higher education has been affected by the financial crisis as much as every other industry. At Clark, the crisis has reduced the university’s endowment, affected the school’s ability to borrow and made it more difficult for students to pay for their education.

While we are taking steps to deal with the crisis, the period we are now in is one of tremendous uncertainty and risk. We are planning accordingly.

The operating budget has been revised to reflect our projections for the current year. We can offset a deficit by tightening our spending better evaluating the risks of all decisions.

We will exercise great caution in making commitments that extend beyond the short term, and will need to manage this uncertainty by better evaluating the risks of all decisions.

The operating budget has been revised to reflect our projections for the current year. We can offset a deficit by tightening our spending this year, but we will also need to submit a balanced plan for 2010 and have begun working on it.

It is also very important that we carefully monitor the impact the economic climate is having on our students and their families. It is not unlikely that some additional financial aid will need to be found.

We are pleased that the federal government has recently increased loan and grant amounts, but the first of these will be less attractive to parents, and the second is quite minimal.

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James Collins
CFO and Executive Vice President, Clark University

How should GSOM students react to the current financial crisis?
Irrespective of the economic cycle, a Clark GSOM education is an investment that will prepare students for careers within the global economy. As evidenced by the recent events, a person’s ability to add value to an organization or to pursue an entrepreneurial path will provide the ultimate job security.

Are we taking the right approach to overcome the crisis? What else should we be doing — or what should we be doing instead?

Innovation, leadership and sound execution of business fundamentals will ultimately pull the U.S. out of this crisis. It will take more time to reverse the trough than the usual recessionary cycles.

A real-time study of the causes of this crisis (mortgage lending, securitization of subprime loans, potential effects of the CRA, etc.) and effectiveness of the recent recovery measures should be an integral part of graduate-level business school curriculum – as these are unprecedented events and times for financial institutions in the U.S. and abroad.

When do you expect the crisis to end? What will it take?
When institutions are confident they can lend money to borrowers who can pay it back - and borrowers have enough skin in the game, confidence in the true value of the asset and income security to make that happen.

What long-term impact, if any, will the crisis have on the U.S. and its economy? What about foreign countries?
I think people will realize the most reliable financial security they have is their employment.

John Andreoli MBA ’80
President and CEO, Sullivan Group

Few organizations are immune to the turbulence that we are experiencing in the financial markets. In varying degrees, the turbulence in the credit and equity markets affects the bottom line of most for-profit companies. And, there are ripple effects for non-profits as many endowments lose market valuation, organizations regroup strategic plans due to the impact of outstanding debt, and non-profits experience potential shortfalls regarding fundraising.

But with every challenge comes opportunity. National Life was chartered in 1848 and just celebrated its 160th anniversary. We have seen it all: We had policyholders who died in the Civil War and in both World Wars. We had insureds on the Titanic and policyholders who died during the epidemic of Spanish influenza. Our first death claim occurred in 1850 by a policyholder who died seeking fortune in the California Gold Rush. We survived the Great Depression.

Our approach has always been to take a long-term perspective. Today’s financial crisis is of real concern and we cannot ignore the turbulence. But we are maintaining perspective. Our number one priority is to deliver on the promises that we make to our customers over the long term. We are focused on those things that we can affect: keeping our sales momentum going, managing our expenses to the current economic realities, and continuing to build our business for the long term.

Michele S. Gatto MBA ’97
Executive Vice President – Corporate Services & General Counsel
National Life Group, Montpelier, Vt.
How should GSOM students react to the current financial crisis?
The financial crisis may impact students in two ways: First, students who plan to pursue a career in banking or finance may encounter difficulties in securing an attractive position. Second, in general, hiring activities by corporations may be reduced for some time.

However, students should not be discouraged. The financial crisis will not last forever. In contrast to previous recessions, governments and central banks acted swiftly and decisively.

Also, globalization is here to stay and will continue to provide attractive career opportunities, particularly for students who have international experience and are willing to start their career abroad. In this context, Asia will continue to offer rich career opportunities for people who are willing to relocate.

Students who graduate in 2009 may face the most difficulties. My suggestion is: If you do not find an attractive job right away, consider a six- to 12-month investment in strengthening your competitive advantage in the job market. For example, a student may consider an internship in a foreign country and/or foreign language classes abroad.

When do you expect the crisis to end? What will it take? What long-term impact will it have?
We have seen several structural breaks in both financial markets and the world economy. Examples of these structural breaks are: a sharp reversal of housing prices, the unsustainability of leverage, the rising cost of credit and the breakdown of risk transfer mechanisms from risk originators to investors. As a result, we are currently experiencing tectonic shifts in asset allocation strategies, funding strategies, strategic paradigms of companies and their capital/risk management.

Markets need to find new equilibriums that address the above mentioned structural breaks. As soon as some stabilization has been achieved, the recovery may come much faster than we think. Given the unprecedented global intervention by central banks and governments, I expect that the economic downturn will not lead to a prolonged depression. However, it will come at a price, as inflation is likely to pick up significantly 12 months from now. While inflation may help in the short-term (stabilization of housing prices, "inflation away" debt), it may create a new but different economic challenge in the future.

Wolfgang Hammes  MBA ’89
Co-Head, European Financial Institutions Group
Investment Banking, Deutsche Bank, London, U.K.

What started as a crisis within the subprime mortgage market has now spread, first to the rest of the financial services industry, then to industrial America and finally to the average consumer. What the crisis has revealed is an economic system that had become, after years of relative tranquility, too leveraged and too complacent about the potential for systemic shocks.

In general, the right things are being done - by the government and by individual companies - to combat the crisis. First and foremost, we must recapitalize our financial institutions. Absent a functioning credit market and banking system, achieving real economic growth would be quite difficult. With a functioning system, however, there is a reason to be optimistic that after a sharp global recession (perhaps one lasting into the middle of 2009), the system will have "reset" itself at a more sustainable level. The recession, however, is likely to be painful, including a sharp increase in unemployment. In particular, while the banking system can recapitalize itself, individual consumers cannot. Thus, consumer spending will most likely continue to be weak and slow to rebound.

For many current GSOM students and recent graduates, this will be a challenging environment. It will, however, pass. In one sense, this is an opportunity to reassess where to begin a career. If working in the financial industry is a priority, stay committed to pursuing that goal. While jobs will be in short supply right now, it’s a good time to get your foot in the door and grow with the industry as it seeks to recover.

Margot B. Nones  MBA ’83
Co-Founder, Evercore Asset Management, LLC
New York, N.Y.

How should GSOM students react to the current financial crisis?
This is an uncertain time for anyone looking to embark on a new career or job. It is, however, a time to be opportunistic and entrepreneurial. I would focus on active networking and acquiring as much knowledge as possible about your respective industry. Since many of the traditional career avenues may not be available due to overall job contraction, there is no better time to take a step back and identify where the opportunities will exist going forward, and how to best take advantage of them.

Are we taking the right approach to overcome the crisis? What else should we be doing – or what should we be doing instead?
This is a difficult question because many of the world’s preeminent politicians and financial leaders disagree on how to best navigate these uncharted waters. Pouring taxpayer money into the financial system, objectionable as it sounds to many, seems to be a necessary element of the solution. It must, however, be treated as an investment on behalf of the American taxpayer, rather than a series of bailouts, and it must address the core issues of the crisis, rather than certain foundering industries.

When do you expect the crisis to end? What will it take?
We are going to see the impacts of this crisis for some time. We should not expect to see an end to it until we have seen our banking system and real estate prices stabilize, at a minimum. In many parts of the country, home prices are still in free fall, rendering it unlikely for private capital to invest, and difficult for banks to value their assets, many of which are tied to real estate. The stock market, however, tends to be forward-looking, so we can expect to see it regain its footing in advance of a broader economic turnaround.

What long-term impact, if any, will the crisis have on the U.S. and its economy? What about foreign countries?
One outcome is certain – underwriting standards for credit will be overhauled. People will probably not be able to get mortgages and even credit cards with the same ease. It is safe to say that the next year will be a slow year for nearly all businesses in the United States, and by the end, many may not be around anymore. Similar dangers exist abroad where, in some cases, bank and lending practices over the past few years have arguably been worse than in the U.S.

Steven J. Swain ’89
Chief Operating Officer, Lyster Watson and Company
New York, N.Y.
The global economy has made market research a vital discipline, as businesses have come to understand that a marketing campaign that works in one country will not necessarily work in another country, according to Madhunika Raghavan, a Group Vice President at Maritz Research.

Speaking at the GSOM “Executive Discussions” series with Richard Pace, another Maritz executive, Raghavan said, “research drives marketing strategy,” because of the high stakes involved and the danger of using a strategy that will fail in a particular country. “You have only one chance to launch a product correctly,” she said, so the cost of research is a worthwhile investment.

“In banking,” Pace added, “the attitude used to be ‘we’re going to do this strategy because I think it’s great.’ Now, we have customer-driven alignment. The first thing you want to know is, ‘What does the research say?’ It reduces the risk of failure.”

“Research has become a solid partner” as businesses have expanded globally, Raghavan said, given the need to understand new markets and different cultures. In the past, companies have made mistakes such as:

- Marketing a car named Nova in a country where the name means “no go.”
- Encouraging Saudis to “test drive” cars, even though the term makes them think they have to pass a test before driving a car.

Behavioral Segmentation

In today’s global economy, she said, companies need to adjust not only to different countries, but to specific behavioral characteristics. Businesses need to understand not only the culture of the country, but “the psyche of the consumer.”

In India, for example, Unilever understood that most people could not afford bottles of shampoo, but wanted to take a step toward joining the luxury class by buying shampoo. By selling individual, single-use packets of shampoo, Unilever was able to pick up significant market share.

“Behavioral segmentation” is vital to successful marketing, Pace added, but is especially challenging in a country like China, because there are a wide variety of dialects and cultural differences throughout the country, as well as obstacles to obtaining accurate information. Secondary market research, which is research not obtained directly in the country, as well as obstacles to obtaining accurate information.

When conducting market research in China, Pace uses mixed methodologies, with some surveys taking place by telephone and others via the Internet. While there are 616 million cell phone users and 275 million Internet users among the population of 1.3 billion, most Chinese are reluctant to participate in phone surveys, because “as recently as 10 years ago, they couldn’t say anything for fear of government monitoring.”

He added that the market is changing rapidly. Eight years ago, China was focused on productivity and customer satisfaction wasn’t a consideration. “Today it’s very important.”

Research surveys also have to be adjusted for cultural differences, Pace said. While Americans can be counted on to be very judgmental in their opinions, Chinese and Japanese typically will choose a “3” if given a five-point scale. Maritz uses four-point scales on its market surveys in China and Japan, so that respondents are forced to come down on one side or the other.

As market research has played an increasingly important role, they said, the industry has responded and is using more sophisticated processes to adjust to differences in culture, language and behavior. “You have to conduct surveys not only in the appropriate language,” according to Raghavan, “but in the appropriate dialect, too. You have to understand all the nuances.”

New Concentrations Available To GSOM, IDCE Students

As a result of GSOM’s cooperative agreement with Clark’s graduate program in International Development, Community and Environment (IDCE), GSOM students now have an opportunity to add a concentration in Social Change, while IDCE students can add a concentration in Enterprise Management.

These new concentrations grew out of a cooperative agreement between GSOM and IDCE that began two years ago, when both schools began allowing students to take courses in each other’s programs.

To accommodate diverse student interests, both concentrations will be tailored to fit specific student needs, with courses determined with guidance from faculty advisors.

“The worlds of business and development are increasingly intertwined,” according to Professor Mary-Ellen Boyle who co-chaired the joint IDCE/GSOM Task Force. “Corporations are facing social, environmental and sustainability challenges – and development and planning professionals are using management skills and thinking strategically every day.

“The separation of goals and activities that once characterized the private and public sectors is dissolving in the face of new partnerships, alliances and collaborations aimed at addressing the greatest challenges of the 21st Century: economic well-being, social justice and environmental sustainability.”

An IDCE student choosing a concentration in Enterprise Management will take at least three GSOM courses; GSOM students choosing a Social Change concentration will take at least three IDCE courses.

IDCE students will choose from a variety of courses, including business in society, leadership, international management, “greening the corporation,” management decision models and others.

GSOM students concentrating in Social Change can choose from courses such as environmental policy, technology and sustainability, international development and NGO management.

“Clark attracts MBA students who want to make a difference in the world,” said GSOM Dean Ed Ottensmeyer. “Even though our students focus primarily on developing world-class business skills in finance, marketing or global business, we see increasing numbers of students who want to put those skills to work outside the traditional business sector. Through the new Social Change concentration, our students can add to their repertoire of leadership skills by learning more about the social and environmental challenges facing our world.”
Finding Opportunities In A Tough Economy

Growth is relative. The high-growth economy of the late '90s is just a memory, but even in today’s economy, where many companies are barely surviving, some companies are growing.

How do they do it?

Speaking at Worcester Business Journal’s “Top Growth Companies 2008,” which was co-sponsored by GSOM and moderated by George Gendron, founder and director of Clark’s Innovation & Entrepreneurship Program, panelists from three successful companies shared their ideas on how managers and owners can not only survive, but thrive long-term, in spite of current economic conditions.

“You're much better off taking the medicine early,” according to Larry Bohn, managing director of General Catalyst Partners in Cambridge, a venture capital and private equity firm. “Cutting often is extremely demoralizing. If you have to cut, cut up front.”

It’s better to anticipate the worst and prepare for it by cutting jobs and expenses all at once than it is to make consistent, slow cuts, he said. Steve Rothschild, CEO of Bulbs.com, agreed.

“You cut hard, you cut fast, you have to be realistic,” Rothschild said. “Afterward, there’s a bit of relief. You turn to the balance of employees and say, ‘You’re the survivors. Now it’s a matter of building and being profitable and going to where we need to be.’ You can collectively breathe a sigh of relief and go forward.”

Importance of Communicating

Bohn and Rothschild also agreed that communicating with employees is important.

While Bulbs.com continues to grow, it responded to pressure from its venture capital firms to continue growing by “developing a coherent strategy” and making certain everyone understood it.

Bulbs.com also shares its financial reports with all employees, he added, and “if they don’t know how to read a P&L, we teach them.”

Fred Healey, president and CEO of Workers Credit Union in Fitchburg, said that both communication and collaboration are important. His credit union, he said, collaborates with seven subsidiaries on everything from business loans to research and development.

“The Achilles heel we have, and practically everyone in this room has, is operating expenses,” Healey said. “If we can control them and reduce them, that’s going to add to our earnings.”

Panelists also advised that it is important for everyone to be productive and to look for opportunities, regardless of the state of the economy. It may, for example, be a good time to consider acquiring other companies, Rothschild said, as they be acquired for a lower price than when the economy is prospering.

“When businesses are feeling the pressure and looking to cut costs,” he said, “they are more open to new ideas.”

Likewise, they said, those who are in the job market can find opportunities regardless of the job market if they are enthusiastic enough and look hard enough.

Continued from page 1

“A lot of this is based on home prices and the assumption that prices will not go down,” he said. “The crisis will end, but we have to find a bottom in the price of real estate first.”

All three experts said they are uncertain how well the government’s evolving plan will work.

“The scope of the problem is too large for anyone to feel secure about the answer,” Szczygiel said. “It could be even more expensive.”

He suggested that an exchange system, regulated by the government, be set up to sell the illiquid assets. The exchange would create liquidity and values for the assets would be established through transactions taking place on the exchange.

Collins said the most cost-effective approach for the federal government would be to invest in financial institutions in a way that provides taxpayers with a significant potential return.

“Warren Buffett has liquidity and is able to use it now to buy assets cheaply,” Collins said. “If I were the government, I would use liquidity and buy cheaply. Make sure you get warrants for participation. Make sure taxpayers are protected. Act like a very effective banker.”

Origins of the Crisis

While there were many causes for the current financial crisis, the three experts agreed that one of the most significant ones was the growth of “securitization,” the process of bundling mortgages to create new financial products, such as mortgage-backed securities and collateralized debt obligations (CDOs). Banks, insurance companies and brokerages would write them, put them in a pool, then borrow against the asset.

“The key issue is one of leverage,” Collins said. “It went from 10 to one to 50 to one. The margin was getting increasingly narrower.”

CDOs were bundled into CDOs of CDOs, which were then bundled into even more complex instruments.

“Today, even I can’t read a prospectus and know what is going on,” Spurgin said. “You have to follow the money through three or four complex structures.”

The original issuers of CDOs could pass the risk along through the secondary market. Fannie Mae and Freddie Mac became the main clearinghouse for the subprime mortgages. They initially were operated conservatively, but standards were relaxed during President Clinton’s administration, according to Szczygiel, and “there was not enough of a margin of safety.”

As a result of the growth of securitization, the booming housing market, regulatory changes and other factors, the subprime mortgage market grew rapidly.

“It’s shocking how much of the stuff was out there,” Spurgin said. “Historically, subprime mortgages have been about 2 to 4 percent of the total mortgage market. It moved to 25 percent.”

“Fannie Mae and Freddie Mac owned 40 percent of all the mortgages out there,” Spurgin said. “When you are that much of a force in the market, you have to hold them. You can’t sell. If they did, they would have driven themselves out of business.”

In spite of all of the problems caused by subprime mortgages, they are still being promoted by some financial institutions.

“With all we’ve been through,” Collins said, “you’d think we’d slow down. You can still hear commercials where they say, ‘Have credit problems? Call us.’ You have 19-year-olds getting three or four credit card applications a day.”

Still, as challenging as the current crisis may be, Spurgin said, “I’m pretty sure this isn’t going to be the end of the financial world as we know it. Comparisons to The Great Depression are very, very overblown.”

Steve Rothschild, Fred Healey and Larry Bohn
Kulsick, Powers Join GSOM Advisory Council

GSOM has strengthened its Advisory Council by adding two new members, Maria Kulsick MBA ’93 and Brad Powers ’97 MBA ’98.

“The Advisory Council is as important to GSOM as a board of directors is to a business,” according to Dean Edward Ottensmeyer. “As such, when we strengthen our council, we become more competitive and better prepared to provide our students with the best business education possible. Maria and Brad are outstanding additions to the council.”

Kulsick serves as a Vice President in Fidelity Investments’ Leadership & Organization Development group. Her primary responsibilities include the development and deployment of Fidelity’s Leadership Success Profile and Succession Management processes. Before joining Fidelity’s human resources department, she worked in various finance positions, including 11 years with Digital Equipment Corporation.

She has broad experience with strategy development, business planning and analysis, process redesign, program management, business transformation, mergers and acquisitions, and performance measurement. She worked in Paris for several years during international assignments with both Digital and Fidelity.

Powers founded Active Response Group, an online lead generation and ad network company based in New York, N.Y., in 2004. Under his leadership, ARG quickly became one of the leaders in the online lead generation space.

Before starting ARG, he served as Executive Vice President, Sales and Marketing for eWOMP Technologies, a provider of customized email and viral marketing solutions. His clients included Microsoft, Town Sports International, Zone Perfect, Petersons, Thompson Learning and Prometric.

Previously, he was Chief Marketing Officer for Wanakee Design and Products, a direct marketer of high-end cosmetic products. He earned a bachelor’s degree in psychology and his MBA from Clark University.

New Finance Faculty

GSOM has added two new visiting professors in finance this year - Wendy M. Jeffus, Ph.D. and Serguey Khovansky, Ph.D.. Jeffus, a visiting assistant professor, focuses on corporate finance, international finance and derivatives. She has lectured on multinational financial management and advanced financial management at Boston College’s Carroll School of Management. She has also served as a teaching fellow, covering capital acquisitions and investment banking, and international business at Harvard University’s summer school. She served as chief administrator of the Educational Investment Fund at Texas Christian University and was also a registered client associate for Merrill Lynch.

She holds a bachelor’s degree from Southern Methodist University, an MBA from Texas Christian University, a master’s of science in finance from Boston College and a doctorate in business administration from Southern New Hampshire University. She is a member of the American Finance Association, Financial Management Association and the Academy of International Business.

Khovansky, a visiting assistant professor, teaches derivatives and financial econometrics. He previously served as assistant professor of finance at Mount Saint Mary College in New York and taught at the University of Virginia.

He studied corporate finance, banking and capital markets at the London School of Economics. He earned a master’s degree in physics from St. Petersburg State Technical University and a master’s degree in economics with a concentration in mathematical economics from the New Economic School in Moscow. He earned a doctorate in economics from the University of Virginia, and served as a quantitative analyst for Citigroup and Rossyiskiy Kredit Bank.

Faculty Notes

Donna Gallo, Ph.D. has been named GSOM’s associate dean, replacing Priscilla Elsas, who resigned from her administrative position but remains on the GSOM faculty. GSOM Advisory Council member Robert Sigel has joined Clark’s entrepreneurs-in-residence program and is teaching an undergraduate course in entrepreneurial communication and influence. Arpita Joardar, Ph.D. has joined the GSOM faculty as an assistant professor of international management. GSOM professors Barbara Bigelow and Margarete Arndt were honored as co-recipients of the 2008 Myron D. Forttler Exceptional Service Award at a recent Academy of Management meeting. The award recognizes their distinguished service to the Health Care Management Division, and their contribution to healthcare education and scholarship.