1  Impact, Innovation, and Insight
Dean John T. Delaney reflects on the many ways Pitt Business is transforming the world.

2  Fashion Sense
Clothing brands owe as much of their success to strategy, infrastructure, sourcing, and marketing as to artistic design, and Pitt Business alumni are driving some well-loved clothing brands.

8  What’s in Store?
J. Jeffrey Inman’s research on consumer decision making has implications for your neighborhood grocery store.

12  2013 Business Alumni Association Award Recipients
Individuals and a corporate partner recognized at the 49th annual Business Alumni Association Awards program.

16  Quintessential Entrepreneur
Known for his penchant for bootstrapping, salesmanship, and drive, Joseph M. Katz is a fitting namesake for a business school that strives to instill an entrepreneurial spirit in its students.

18  Israel Rising
Paul Harper is attempting to ignite new partnerships between Israeli businesses, the University, and the City of Pittsburgh.

22  The Conscience of Business
Five MBA students spent the spring term developing recommendations that will impact the business operations and effectiveness of Pittsburgh organizations.

28  Innovators
Pitt Business alumni and clients of the Institute for Entrepreneurial Excellence are embracing the risks in order to enjoy the rewards of innovation.
On a Saturday morning this past February, my daughter and I stood in a windy McKeesport parking lot and passed out donations on behalf of the Greater Pittsburgh Community Food Bank. To my surprise and delight, I coincidentally met seven volunteers with ties to our College of Business Administration and Katz Graduate School of Business. This was no organized event. Nobody had to be there. But there everybody was. Within hours, we provided healthy food to 450 families, hungry people of all ages and races. Of the awful need, an MBA student perhaps summed it up best, telling me: “John, I am humbled.”

I could not agree more. Later that day, I learned that a team of CBA and MBA students had won the Pittsburgh regional Chartered Financial Analyst Institute’s Investment Research Challenge. It was the fourth consecutive time we won. The sharp contrast between the two accomplishments, volunteering with selflessness and winning a business competition, got me thinking about the impact of Pitt Business. Our students, faculty, and alumni are transforming the world around them, and not just in the traditional ways associated with business.

Our faculty impact extends beyond the classroom. Consider the article about Clinical Assistant Professor Paul Harper’s energetic campaign to encourage the study of Israel’s entrepreneurial success. Another article details the rich insights into shopper marketing by J. Jeffrey Inman, the Albert Wesley Frey Professor of Marketing and associate dean for research and faculty.

Our alumni impact is global. “Fashion Sense” features a number of Pitt Business alumni who work in the fashion and clothing industry—not a field customarily linked to b-schools. In another article, we highlight novel ideas that became successful business ventures, everything from foldable bicycles to organic light emitting diodes.

Finally, talk of our impact would be incomplete without paying homage to Joseph M. Katz. An entrepreneurial guru and the namesake of our graduate school, he built a business empire from humble beginnings, and did it the right way.

Normally, I shy away from disclosing personal activities such as volunteer work. But I chose to mention it here, and also earlier on my blog (www.katz.pitt.edu/deanblog), because it speaks to a larger story. I want people to know that Pitt Business alumni are successful because, along with high-paying jobs and leadership positions, they contribute to the larger community. That total impact is why they make me proud.
Last fall, while her MBA classmates were enjoying the weekend in Pittsburgh, Sandra Reiman found herself on an isolated dirt road in El Cerrito, Colombia, en route to a tannery celebrated for its old-world leather craftsmanship. Reiman was on a mission. She had the crazy idea of starting a luxury handbag company. And she wanted Colombian artisans to hand-make her bags, for Colombia was her birthplace and home until she moved to Pennsylvania at age 7.

“Finding the right leather tannery was the most difficult,” Reiman recalls. “The place we picked was in a small remote town. The tannery is its lifeblood. Typically, they don’t work with small clients, but I got a tour, which was unusual.”

As it turns out, Reiman (MBA ’12) had found her leather maker. The partnership was an important milestone in the creation of Sandra Cadavid LLC. She markets the handbags—which Reiman describes as inspired by Cartagena, designed in Pittsburgh, and handcrafted in Colombia—to career-driven women who have disposable income, but aren’t about to plop down $2,000 for a Louis Vuitton bag. Today, her Sandra Cadavid bags, in addition to being sold online, are carried in a handful of boutiques in Pittsburgh, Cleveland, Boston, and Denver. Early on, she received a chance celebrity endorsement from E! News anchor Giuliana Rancic and later her bag showed up on the Today show.

Reiman admits that fashion is not the first industry that comes to mind when one thinks of business schools. Finance, manufacturing, health care, consumer packaged goods, energy, and others claim that distinction. But in truth, a clothing brand’s success owes as much to strategy and infrastructure, sourcing and marketing as it does the artistic design. Alumni records show that Reiman, who formerly worked at PNC Financial Services Group, is one of hundreds of University of Pittsburgh MBAs and BSBS who hold prominent positions in what can broadly be called the clothing retail industry. These Pitt alumni stories show that while a culture’s aesthetic tastes may change, employment prospects in this sector are never out of style.
THE MERCHANDISE PLANNER

Most people look at a calendar and see 12 months. But it’s not that simple for Julie Fulesday (MBA ’10). As an associate merchandise planner for American Eagle Outfitter’s Aerie brand, Fulesday balances the demands of the current season, while looking three to four quarters ahead, which often takes her calendar into next year.

“Merchandise planning requires attention to detail, creativity, and collaboration. Our corporate office in the South Side is a high-energy environment,” Fulesday says. She plans sales in fleece tops and accessories, which include scarves, hair items, cold weather merchandise, and footwear, among others. Since 2006, Aerie has competed for the lucrative high school and college demographic.

Fulesday builds quarterly plans that maximize sales and margin growth while minimizing the amount of inventory that sells at a reduced price. She relies on her merchant partners’ expertise to build on-trend product assortments; historical sales data also influences her forecasts. Fulesday provides the financial information to her team so that the most profitable decisions can be made.

Additionally, Fulesday works with the marketing team on pricing strategies and promotional activity. “Over the past few years, retail has become increasingly promotion driven, but Aerie and American Eagle still aim to drive store traffic by having the right high-quality product, delivered at the right time to meet a shopper’s needs,” Fulesday says.

The goal, she says, is to provide an exciting and varied product assortment that builds customer loyalty. Ultimately, Fulesday enjoys how her work is tangible and can be measured. “You can plan and you can research trends, but at the end of a day, it really comes down to whether a person selects your product,” she says.

THE SUPPLY GUY

Pittsburgh anchors several national names in retail clothing. That makes the city a launch pad for many careers—even if the populace’s affinity for sports jerseys sometimes lands Pittsburgh on “worst dressed” lists. American Eagle Outfitters, DICK’s Sporting Goods, and rue21 all have their corporate headquarters in the area. The e-retailer ModCloth Inc., recently named to Fast Company’s 50 Most Innovative Companies’ list, began here, and although its headquarters moved to San Francisco, the company maintains its largest concentration of employees here.

“I didn’t plan to get into fashion,” admits Scott Casciato (EMBA ’09), vice president of service for ModCloth. In that regard, he is similar to many with business backgrounds. Casciato previously held management roles for the software consulting company Ariba Inc., the supply chain consulting firm Tenzing Consulting, and the fleet management and supply chain management company Ryder System, Inc. But a conversation with ModCloth cofounder Eric Koger changed his mindset. “What attracted me to ModCloth as a business were the growth, the market opportunity, and the disruptive business model. In the Executive MBA program, we talked a lot about disruptive business models and this is certainly one of those,” he says.

Casciato is responsible for orders being shipped from ModCloth’s 200,000 square-foot facility in Crafton. He also oversees the 24/7 level of customer care and participates in the overall business strategy planning.

ModCloth gives shoppers a voice. Its Be the Buyer program lets people vote on garment samples to decide what the company should produce. Since the 2009 launch, 17 million votes have been cast. The Make the Cut program lets people submit their own clothing designs. Winners have
their design made and name cobranded on the label. And the Style Gallery lets people submit photos of themselves in ModCloth clothes. Users are invited to “shop the look,” and buy the products pictured.

Maybe the best stat of all is that more than one-third of visitors to ModCloth’s Web site make multiple visits daily. “The U.S. fashion market is estimated at $300 billion with much of that still offline and e-retail remaining a very fast-growing segment. We have a lot of blue ocean in front of us to capture,” Casciato says.

THE OUTLET BUYER

Every morning, Akilah Huguley (BSBA ’08) looks out onto the glittering San Francisco Bay from the Gap Inc. office in the city’s Embarcadero district. As an inventory management manager, Huguley oversees inventory for the men’s division for Gap Outlet stores nationwide. The job carries great responsibility, as men’s clothing represents a quarter of U.S. Gap Outlet sales volume. It also ranks high on the coolness quotient, as celebrities like Kanye West and Bono are among the famous visitors to Gap’s headquarters.

“I love working in the outlet business because the outlet world is so entrepreneurial. We are not afraid to just try something new and see what happens, and in my role I am really empowered to take risks in my business decisions. Gap’s outlets were initially clearing centers for the brand. But now all product is created specifically for the outlet. We design products with the outlet customer in mind,” Huguley says.

Essentially, Huguley decides which men’s apparel she thinks will be the most profitable and what amount to buy. “I have a customer I am constantly working to please—by consistently providing great product he wants at a price he is willing to pay,” she says. She works closely with her team of men’s product segment planners. “I feel proud to help them achieve their individual business goals, consequently driving the total men’s business,” she says.

A graduate of Gap’s rotational training program, Huguley spent time in inventory management, merchandising, and production roles across the Gap, Old Navy, and Banana Republic brands. “I love finance, but there is also a creative side to me. I wanted my job to merge both loves, which is what makes the Gap a good fit,” she says.
Before a Lucky Brand shirt hits the store racks, Brant Hawk (BSBA ’09, A&S ’09) is involved in its creation. As a merchant for men’s woven tops, sweaters, and outerwear, he works with all the different teams that take a product from concept to completion. Hawk knows the rationale for every button, pocket placement, screen print, and fabric weave.

“I feel like I can never go shopping like a normal person again. I’m always looking at the fabric, the design, the construction, the little details I notice that the average person doesn’t,” Hawk says.

At Lucky Brand’s Los Angeles headquarters, multiple seasons of clothing lines happen simultaneously. “People from the design team put ideas out there. From that, I create a guide map and give it to the team. They do sketches and design the product. There is a sketch review meeting with the VP of Design. Two months after that, we look at prototypes. That’s when we have swatches of fabric and all the patterns in front of us. Then we look at small details like buttons, zippers, and pick out label packages,” Hawk says.

This meeting isn’t the end. In fact, Hawk is only getting started. “Two or three months later, we have adoption. 
I have the full line then and samples of everything. Next, I’ll put together the entire season’s worth of shirts, tops, and sweaters. I make sure the whole men’s assortment looks cohesive, like one person designed it,” he says.

**THE FREQUENT FLYER**

George Clooney’s character in the movie *Up in the Air* travels so frequently that his goal is to earn 10 million frequent flyer miles. Erik Rodenberg (EMBA ’08), a principal with Columbus Consulting International, says that fiction is partly based on fact.

“I have acquaintances who don’t have a home base. They’ll say I really want to be in Miami, and rent a one bedroom with big closets,” Rodenberg says. “Travel is a tremendous part of the job. You have clients located in various spots — Montreal, Columbus, Pittsburgh, New York, Los Angeles.”

Columbus Consulting provides support in retail systems, strategy, and processes to major retail clients, including names like Coach, Inc., DSW Inc., and rue21. The world’s largest consulting firms, including McKinsey & Company and Accenture, are Columbus’ competition. Rodenberg has firsthand experience in merchandise and assortment planning, buying strategies, and inventory planning. Most clients of Rodenberg and Columbus Consulting utilize the team for their vast experience not only in traditional retail stores but the total omni-channel experience, connecting stores with the e-commerce world.

“We are not just consultants. I came out as a senior leader from the corporate retail world. I was a buyer, I was a senior director of planning, I had an opportunity to lead assortment planning for a major retail corporation. We have this experience and translate it into consulting,” Rodenberg says.

Rodenberg is also the CEO and cofounder of the boutique retail and management consulting firm, DRC Solutions, LLC, which focuses on clients in the $50 million and less space.

**THE ANALYTICAL MIND**

Data is everywhere for a numbers-driven guy like David Foos (MBA ’05). As a senior manager of store planning for Chico’s FAS, Inc., he is trained to see sales patterns that can be extended to individual stores. For example, is there a store that can sell wool sweaters in summer? Do certain colors and styles sell better in one region than another?

“The biggest challenge day in and day out is figuring out where to draw the line. You can analyze down to store-level colors, but if that isn’t enough to move the needle and get extra income, it’s not worth pursuing it,” Foos says.

Based at Chico’s headquarters in Fort Myers, Fla., Foos leads a team of six individuals. They focus on what’s known as assortment localization, which is the creation of a product mix that is appropriate for each store’s local characteristics and demographics. Another major focus is “fast fashion,” which borrows from just-in-time manufacturing to acquire the merchandise and sell it as quickly as possible.

Foos’s job is about “finding the right product in the right group of stores for the right customer.” He is mostly removed from the fashion side. “I don’t need to know what’s trendy per se, but I need to know about different styles, textures, and fabrics,” he says.

Years ago, when he first broke into the business as a store tier planner for Victoria’s Secret, Foos was surprised that his left-brain mentality was compatible in the clothing industry. In that way, he was fortunate to stumble upon it.

“It’s great to be in a position where you wake up in the morning and want to go to work,” he says.
Chemists work in labs with glass beakers, Bunsen burners, and Erlenmeyer flasks. Surgeons are at home under the sterile glare of operating room lights. Ecologists, in contrast, are most comfortable outdoors, cataloging the mysteries of our environment.

What about marketing professors?

To J. Jeffrey Inman, the Pitt Business Albert Wesley Frey Professor of Marketing, his laboratory is the neighborhood grocery store. It is here that Inman’s erudite eye has observed the finer points of consumer behavior. While most shoppers simply see surface level—the food aisles containing their mustard of choice, displays advertising the day’s sales, the distracted man ahead clogging the lane with his cart—to Inman the store is a cornucopia of retail tactics and complex psychological interactions.

His contributions to the field of consumer decision making are broadly felt. For more than two decades, Inman has researched things that gnaw at everyone, like grocery store budgets and eating habits, and the stuff that keeps retailers up at night: product packaging and display placements, to name just a few. He is a prolific publisher, the author of no less than 10 articles that each were cited more than 100 times by his peers, and a copious collaborator, having published papers with more than 50 different professors. Inman has served in editorial roles for the who’s who of marketing journals, including the Journal of Consumer Research, Journal of Marketing, Journal of Marketing Research, Journal of Retailing, and Marketing Science.

And not the least of Inman’s contributions is the mentoring he’s given to a stable of PhD students who today are on the faculties of elite universities.

“I just find it very interesting to see and better understand how people make the choices that they do, given that there is so much information available to make that perfect choice,” Inman says.

Inman, who is also the associate dean for research and faculty, has a second theory for what fans his curiosity. “One thing I’ve observed is that academics tend to study things they fall prey to. I study promotion a lot, and I’m very sensitive to promotion. I also tend to fall victim to regret, asking myself ‘Why did I do that? Why did I commit? Why didn’t I say no?’”

Inman isn’t alone in this irony. For example, he knows of a negotiations professor victimized by the ploys of the used car salesman. And another marketing professor whose research specialty—and Achilles’ heel—is impulse buyer behavior.
A SHakeup IS NEEDED

During his October 2012 presidential address for the Association for Consumer Research (ACR) annual North American Conference in Vancouver, Inman fired something of a shot across the bow. The field’s research, he argued, risked slipping into irrelevancy among nonacademics. Exhibit A, he said, was the homogeneity of the 1,000 individuals at the conference.

“Academics comprise over 99 percent of this year’s conference attendance. I don’t know about you, but I find that disturbing,” Inman said.

Even so, Inman struck an optimistic tone. Calling for more useful insights in the field, he suggested that he and his peers recalibrate their focus. He called for a renewed focus on projects that wander out of the weeds of theory and into the avenues of actionable insights. That means changing the way topics are chosen and tests are conducted.

“I urge us not to be confined,” Inman said, “but rather to think about how our research speaks to both theory and substance. I firmly believe that this is not an either-or case and that we can often have our cake and eat it, too.”

Beyond its intrinsic value, this type of research is useful to policymakers, businesses, and consumers. Inman said the nascent study of mobile phones represent boundless possibility.

Inman didn’t reference it at the conference, but he could have pointed to his own contribution. Along with professors from New York University’s Stern School of Business, Drexel University’s LeBow College of Business, and the University of Texas at Austin’s McCombs School of Business, Inman mapped how mobile promotions that persuade shoppers to travel farther within a store can significantly increase unplanned spending. While retailers have long postulated that increased travel distance will lead to increased purchases—ergo, why milk and eggs are placed at the back of the store—until now, there was no empirical proof.

To get their proof, Inman and his coauthors used radio frequency identification (RFID) tracking to chart the paths that shoppers took through the store. They found that shoppers travel an average of 1,400 feet and that for every extra 55 feet of travel, the store generates an additional dollar in unplanned spending. The research team also conducted a field experiment to test mobile promotions. Coupons that made shoppers travel farther from their planned path led to $21.29 in extra spending, while coupons near their planned path led to $13.83 in extra spending. Finally, the researchers performed simulations based on the strategic promotions of three product categories, finding that mobile promotions may increase unplanned spending by 16 percent.

The study, entitled “The Effect of In-Store Travel Distance on Unplanned Spending: Applications to Mobile Promotion Strategies,” appeared in the March issue of Journal of Marketing. Since its publication, the study garnered media coverage in the Pittsburgh Post-Gazette, among other outlets.

“As smartphones proliferate and apps, such as FourSquare and LocalResponse, become ubiquitous, marketers are seizing this moment to enhance their location-based mobile marketing strategies,” Inman says.

A BRAVe NEW WorLD

Indeed, technology is opening new research opportunities. Before it would have been implausible to look over a shopper’s shoulder to analyze each purchasing decision. But by equipping shoppers with tiny cameras and RFID packs, Inman is able to see through their eyes and track each footstep. Inman also has data from a research project in which shoppers wore EEG monitoring equipment. He is in the process of making sense of more than five terabytes of data that was gathered from more than 200 shoppers tested.

All of this begs the question: Why would a supermarket open its doors to such labor-intensive projects? “The benefits to a company are many,” Inman says. “They get really smart, qualified people thinking about issues important to the company. The researchers are like consultants, who companies would pay a lot more for. Companies are sitting
on data for years and years. They might as well extract something more from it.”

Inman says there is little risk to a company in sharing its data. “I have had good luck with masking data, and typically there is a two-year lag time before publication. More collaboration with companies would really benefit us at Katz,” he says, “and our alumni could play a key role in helping us collaborate with their companies.”

In another project, Inman is working with PhD student Mike Sciandra on how smartphones can be a double-edged sword for retailers. For example, smartphones are helpful when consumers use them to learn more about the product. But phones have adverse effects when distracting shoppers. That leads shoppers to miss promotions and forget to buy items.

In an ongoing project, Inman and PhD student Hristina Dzhogleva are working with “Company X” to evaluate the impact of the NuVal® nutritional scoring system. The system scores food on a scale of 1–100, placing the score on the shelf tag, thus allowing consumers to compare overall nutrition the same way they compare price. Inman is assessing which products tend to be most affected by the scores and which types of shoppers are most affected.

**THE PATH HE TRAVELED**

Inman’s career began outside the hallowed halls of academia. His first job out of college, after earning a mechanical engineering degree from General Motors Institute, in Flint, Mich., was as a production foreman on the midnight shift at a plant in Indianapolis, Ind. Next, Inman worked at Texas Instruments in Dallas, Texas, in a semiconductor sales position.

“Industry experience helps grow you into a real problem solver. You have a better sense of what some of the constraints are. In problem identification for research, that has been very helpful,” Inman says.

Although Inman’s term as ACR president is over, he remains actively involved. He is assisting with the creation of an ACR journal that would take to heart the crux of his presidential address. The journal would focus on “real problems and encourage external validity,” Inman says. It would focus on substance as opposed to theory or method as the primary contribution. The issues would be ones of consumer welfare, public policy, and for-profit and non-profit businesses.

With his abiding talent for producing impactful research, Inman appears to be the right man for the job.
2013

BUSINESS ALUMNI ASSOCIATION

Kenneth R. Woodcock

Kenneth M. Shamus
At a reception in April, Pitt Business and the Business Alumni Association honored five alumni and one Pitt Business faculty member who are positively impacting their professions, disciplines, communities, and the school. Industry and the next generation of Pitt Business alumni are the beneficiaries of the exceptional contributions and achievements of the alumni profiled. Please join Pitt Business in celebrating these distinguished award recipients. For more information about the awards or to nominate an alumnus or friend of Pitt Business for a future award, visit www.katz.pitt.edu/awards.
Handy P. Soetedjo

2013 Distinguished Alumnus Honoree
MBA ’95
President Director
PT MIDASIA CAPITAL

Indonesian businessman Handy P. Soetedjo, the president director of PT Midasia Capital and an investor in a variety of entities, is part of the Philadelphia 76ers’ ownership team.

He, along with a fellow countryman, made history with the team’s 2011 purchase, by becoming the first Asia-based, Asian owner of a National Basketball Association team. The 76ers’ diverse ownership group includes actors Will and Jada Pinkett Smith.

Before his involvement in professional sports, Soetedjo built a fortune through trading and investing assets in coal, oil, gas, power generation, real estate, and a variety of media companies. An avid basketball fan, he first purchased an ownership stake in the team Satria Muda Britama Jakarta, which he proudly notes has won eight professional championships in the Indonesian Basketball League. Later, Soetedjo built another basketball club, the Indonesia Warriors, which competes in the Asean Basketball League. The Indonesia Warriors won the league championship in 2012.

“Owning the 76ers is a dream come true. I felt I had a Pennsylvania connection because I went to school in Pittsburgh,” Soetedjo says.

Soetedjo credits Katz for building his foundation in business fundamentals, while also kindling his entrepreneurial spirit.

“Prior to taking my graduate studies, I was a biology major in my undergraduate school. Katz opened my mind to see things in terms of the business perspective,” Soetedjo says.

Samme Thompson

2013 Distinguished Alumnus Honoree
MBA ’70
Founder and President
TELI T ASSOCIATES, INCORPORATED

Samme Thompson, founder and president of Telit Associates, a financial and strategy consulting firm, has served in executive roles for some of the world’s largest telecommunications and consulting organizations.

During a 30-year span, Thompson’s senior management roles included chief strategy officer of Motorola Corporation; senior vice president of investment banking in telecommunications and technology for Kidder, Peabody & Co.; chief strategy officer for AT&T Information Systems; and senior engagement manager for McKinsey & Company. He had a front row seat during the U.S. Justice Department’s breakup of AT&T, and went on to participate directly in the ensuing wave of industry consolidations and the wireless evolution.

“The telecom industry has gone through a dramatic transformation, and I’ve been fortunate to be part of that, working around the globe with leading investors, entrepreneurs, corporate boards, and CEOs,” he says.

Thompson, who is based in Chicago, now advises private sector clients and foreign governments on a diverse range of transactions, financings, and policy matters in the telecom and information technology areas.

Additionally, Thompson is a board member of American Tower Corporation, which is the world’s largest publicly traded wireless communications tower company, and USA Mobility Inc., a wireless messaging and communications software company.

He serves on Pitt Business’ Board of Visitors and on nonprofit boards, including the Illinois Institute of Technology’s Entrepreneurial Center, Broadband Illinois, LLC, and the Sheriff’s Meadow Conservation Land Trust, LLC on Martha’s Vineyard.

“I always tell students, ‘Pursue your passion. Don’t take no for an answer. Don’t be afraid to step out of your comfort zone. And, always strive to broaden and deepen your skills base,’” Thompson says.

Kenneth R. Woodcock

2013 Distinguished Alumnus Honoree
MBA ’66
Senior Vice President (Retired)
THE AES CORPORATION

Kenneth R. Woodcock is a philanthropist and retired executive with The AES Corporation, an electric power company based in Northern Virginia that generates and distributes electricity on five continents.

Woodcock, who joined AES at the company’s founding, held many senior positions during his 23-year career, before retiring in 2004 as senior vice president. During the 1980s, he traveled all over the world in search of new business opportunities. Prior to earning his Katz MBA, Woodcock earned a BS in mechanical engineering from Lehigh University.

The dual background—combined with Woodcock’s earlier employment in the U.S. Environmental Protection Agency, Department of Energy, and Federal Energy Administration—made him ideally suited for selecting desirable sites for new generating facilities.

“I loved trying to understand the regulatory and political landscape in countries around the world. It was fascinating how we as a U.S. company could fit into the electricity grid of a country,” Woodcock says.

Among his notable philanthropic contributions is an endowment for the Kenneth R. Woodcock Fellows program. Under the program, Katz MBA students join nonprofit boards and provide their business expertise to solve problems.

Woodcock is an emeritus member of the Pitt Business Board of Visitors and is vice chairman of the board of the National Trust for Historic Preservation, and has served on the boards of environmental, academic, and cultural organizations.

“The purpose of business is to serve the needs of society, not just to make money for shareholders,” Woodcock says.

Woodcock and his wife, Dorothy, have two married daughters and one granddaughter.

Jeffry Marzina

2013 Distinguished Service Honoré
MBA ’87
Executive Vice President
BILL FEW ASSOCIATES, INC.

As a Certified Financial Planner and partner at Bill Few Associates in Pittsburgh, Jeffry Marzina helps his clients manage the long-term future of their assets. The investment decisions reach years into the future, providing the capital for everything from college tuition payments to retirement savings.

“My favorite part is helping people achieve their goals, seeing the smile on their faces when they reach retirement age and get to say goodbye to their jobs,” he says.

Since joining Bill Few Associates in 1990, Marzina has held various leadership roles, including chairman of the firm’s investment policy committee. He is in his second term as president of the Business Alumni Association, and his fingerprints are on some of the board’s most successful initiatives.
DICK'S Sporting Goods, Inc. is a full-line sporting goods retailer offering a broad assortment of brand name sporting goods equipment, apparel, and footwear in a specialty store environment. In addition, the company owns and operates the retailer Golf Galaxy and True Runner.

The origins of DICK'S Sporting Goods date back to 1948, when Richard “Dick” Stack, 18, was working at an Army surplus store in Binghamton, N.Y. The store owner approached Stack, who was an avid fisherman, and asked Stack to brainstorm a list of products needed to start a fishing tackle business. But when Stack presented his suggestions, the owner severely criticized him, and Stack was so angry that he quit.

Shortly thereafter, Stack founded his own modest fishing shop in Binghamton, with $300 gifted from his grandmother’s savings. His work ethic was relentless, and by 1958, the store had expanded its product line from fishing to a wide range of athletic equipment and merchandise.

Based in Coraopolis, Pa., DICK’S operates more than 500 DICK’S Sporting Goods stores and more than 80 Golf Galaxy stores nationwide. Additionally, the company operates distribution centers in Arizona, Georgia, Indianapolis, and Pennsylvania.

Marzina was involved in the creation of the Business Alumni Association scholarship, which provides $5,000 to student recipients. He helped rewrite the board’s strategic plan and mission statement. During his tenure, the board evolved from a largely regional composition to a board with international alumni members. Additionally, Marzina serves as the liaison between the business school and Pitt’s University-wide alumni association. Marzina also delivers the alumni welcome speech at Katz’s spring commencement.

“The quality of the people at the school never ceases to amaze me,” he says.

Marzina and his wife, Lora, have four children: Emily, Jacob, Madelyn, and Nathan, some of whom he coaches through the Bethel Park Soccer Association.

Josephine E. Olson
2013 H.J. Zoffler Medal for Meritorious Service Honoree
Professor of Business Administration, Director, International Business Center, University of Pittsburgh

Since joining Pitt Business in 1971, Josephine “Jo” E. Olson has championed the expansion of the school's global footprint, which today gives students business experiences in Asia, Europe, North America, and South America.

As director of the International Business Center, Olson helped to create Pitt Business programs including Plus 3, the Global Management major, and the International Internship Program for undergraduates and the Global Management Certificate for MBAs. She has led students on many academic trips abroad, and in the classroom teaches international economics as well as business economics.

“International business is always changing,” she says. “Teaching it 25 years ago, everything was about Japan. Now it’s about China. The way companies behave, how they expand operations, has also changed.”

Olson was director of MBA programs from 1979–83 and associate dean from 1996–2001. From 1994–95, Olson was academic dean and interim chief executive officer of the school’s Czech Management Center, a joint project of the University of Pittsburgh and the Czech Republic’s Ministry of Industry.

Another research interest of Olson’s is the workforce gender gap. Based upon more than two decades of data, Olson has compared the career outcomes of male and female Pitt graduates in the fields of business (a predominately male occupation) and library science (mostly female).

Olson earned her PhD in economics from Brown University and her bachelor’s degree from Wellesley College. Previously, she taught at Baruch College of the City University of New York.

Kenneth M. Shamus
2013 CBA Outstanding Alumni Award
BSBA ’01
Global Inventory Finance Supervisor, Ford Motor Company

Kenneth M. Shamus, a global inventory finance supervisor for Ford Motor Company, oversees the automaker’s North American inventory costs, which at any given time represent billions of dollars, with materials arriving from locations all over the world.

Shamus and his team look to optimize the company’s supply chain, for quick inventory turnover optimizes cash utilization and lowers costs. That is easier said than done when a storm in the Atlantic or a mine strike in South Africa can impact the bottom line.

“I'm the finance lead for North American inventory, all the parts and materials that go into the plants and into vehicles. We track, forecast, and plan the inventory levels needed to support our vehicle production,” he says.

A Florida native, Shamus attended the University of Pittsburgh on an Honors College scholarship and served as president of the professional business fraternity Alpha Kappa Psi. He secured a summer finance internship with Ford, which led to a job offer when he graduated in 2001. Shamus has been with Ford ever since—working in manufacturing and product development.

Based at Ford’s headquarters in Dearborn, Mich., Shamus supervises analysts who monitor more than 30 Ford plants across the United States, Canada, and Mexico. In addition to his Pitt degree, Shamus earned his MBA from the University of Michigan. He and his wife, Dianna, have two children, Allison and Max.

“At Ford, I've met many interesting and talented people. It’s a great environment—everybody is moving forward together,” he says.
In the late 1920s, teenager Joseph M. Katz labored long hours in his family’s garage in the Hill District neighborhood of Pittsburgh, working alongside brothers whom he enlisted to his fledgling print shop. Harry was the pressman, Manny was the typesetter, and Hy, the youngest of the quartet, had the unenviable task of cleaning ink from the hand press.

The amateur operation churned out small batches of menus, invitations, high school graduation cards, and whatever else Katz could solicit door to door. Also drawn to journalism, Katz found time to print his own magazine, *Boys Ideal*, which gained a circulation of 2,500. In time, this early success would be replicated on a Horatio Alger scale.

In 1945, Katz founded Papercraft Corporation, which from an initial $10,000 investment grew into the world’s largest maker of giftwrap and owned a diversified portfolio of more than 4,400 products, including artificial Christmas trees, adhesive tapes and glues, table settings, and toilet bowl cleaner. Eventually the company was listed on the New York Stock Exchange and managed plants around the country.

Distinguished by his penchant for bootstrapping and salesmanship, his mountain climber’s drive to always strain for the higher peak, and his hands-on style that took him out onto the factory floor, Katz was the quintessential red-blooded entrepreneur. His bond to family, faith, and Pittsburgh was cemented through many philanthropic gifts. In 1987, he gave $10 million to the University of Pittsburgh Graduate School of Business, then the largest gift in the University’s 200-year history.

“He was tough. Demanding. Just as you would expect. Hard work pays off: that’s a lesson I learned from him,” recalls his son Marshall Katz, who led Papercraft after his father’s retirement.

Always opportunistic, Katz capitalized on the 1936 Pittsburgh Flood by being the first to sell photos of the aftermath. He used the profits to start a wholesale paper business. During World War II, Katz thought up “Rite-Kit” stationary. The all-in-one kit, a rigid box which contained writing paper, envelopes, and a pencil, was a hit among American servicemen. With the war over, Katz targeted another paper enterprise of national scope. In those days wrapping paper was unadorned. What if designs were made elaborate and specific to occasions? Papercraft Corporation was born. In the decades that followed, his giftwrap empire was renewed every Christmas morning when the nation’s exuberant children tore into their presents.

“Some people just have a formula for success. Others don’t. He would have been good at whatever he did,” Marshall Katz says.

Adapted from *The Papercraft Story: A Biographical Saga of a Pittsburgh-based Enterprise* by The Pittsburgh History and Landmarks Foundation

Joseph Katz and wife Agnes give $10 million to the University of Pittsburgh Graduate School of Business. The school is renamed in his honor.

Papercraft makes its first acquisition: the glue and adhesive maker LePage. The purchase is the first of many profitable acquisitions during Joseph Katz’s more than 40 years with Papercraft.

1960
Papercraft makes its first acquisition: the glue and adhesive maker LePage. The purchase is the first of many profitable acquisitions during Joseph Katz’s more than 40 years with Papercraft.

1987
Joseph Katz and wife Agnes give $10 million to the University of Pittsburgh Graduate School of Business. The school is renamed in his honor.

1991
Joseph Katz dies in Pittsburgh on May 4 at the age of 77.
his past January, some of Pitt Business’ leading minds in entrepreneurship met for lunch at the University Club. Their guest that day was Gregg Roman of the Jewish Federation of Greater Pittsburgh. No one was more excited to pick his brain than Paul Harper, clinical assistant professor of business administration.

Months earlier, Harper traveled to Israel on an academic expedition that introduced him and other professors from U.S. schools, including Dartmouth, Columbia, and Pennsylvania, to the country’s booming tech scene. In a whirlwind seven days, he toured Intel’s Fab 28 chip-manufacturing plant and Better Place’s electric vehicle facility, met with leading venture capitalists, pharmaceutical executives, and government officials, and talked shop with professors from Hebrew University of Jerusalem. Thoroughly impressed, Harper came home with an ambitious goal—to ignite new partnerships between Israeli businesses, the University of Pittsburgh, and the City of Pittsburgh.

At that January lunch, over sandwiches and soda, Harper found a kindred spirit in Roman. Recalled Harper, “Gregg comes in and explains what the federation is looking for. Everything he’s saying, I’m like, wow, it’s almost every word that I wrote in my proposal.” Building a pipeline between Israel’s tech firms and Pittsburgh is part of Roman’s mission as the Jewish Federation’s community relations council director. “If you witnessed this lunch, it was like we were finishing each other’s sentences,” Harper says. “When it was over, I said to Gregg that we should meet ASAP. It was a Friday. He said, ‘How about 9 a.m. Monday?’”

That lunch was the moment Harper knew he had something. The following week, three Katz MBA students began his newly created project course on Israeli entrepreneurship. Trading textbooks for hands-on experiences, the students wrote a case study, interviewed stakeholders, and ultimately traveled to Tel Aviv for a week of business immersions. The course is step one in what Harper envisions as a broader undertaking to position the Katz Graduate School of Business and College of Business Administration as a leader in teaching entrepreneurship that is, in Harper’s words, “global in its perspective and technological in its implementation.” Already, Harper has forged new connections with individuals from Pitt’s law, medicine, and engineering schools. His focus begins with Israel, but can later expand to Ireland, Korea, and other countries that fit the venturing profile.

“There is a Pittsburgh-Tel Aviv nexus to unearth, cultivate, and grow. We’re at time zero for the establishment of a global economic network on entrepreneurship and venturing,” Harper says.

Dennis P. Slevin, the Tom W. Olofson Chair in Entrepreneurial Studies and professor of business administration, sees the potential. “The high tech and medical devices coming from Israel are a hand-in-glove fit with Pittsburgh,” he says. Like Harper, Slevin exudes passion for entrepreneurial endeavors, which dates back to the 1960s when he founded two equipment repair companies in West Virginia coal country. Today, Slevin’s research focuses on entrepreneurial orientation and project implementation.
ISRAEL RISING
LESSONS OF A STARTUP NATION

But why study Israel? In most b-schools, emerging economies of BRICS nations (Brazil, Russia, India, China, and South Africa) lionize global strategy discussions. In comparison, Israel’s population of 8 million is miniscule. Israel possesses scant natural resources. Worse, Israel’s strongest enemies are close neighbors. But the challenges, contrary to holding Israel back, sow the seeds of innovation.

This is the premise of the book *Startup Nation: The Story of Israel’s Economic Miracle* (2009) by Dan Senor and Saul Singer, an inspiration for Harper’s class. The book asks the question of how Israel produces more startups than larger nations like Japan, Canada, and the United Kingdom. How does Israel, per person, attract twice the venture capital investment as the United States? The answer is an amalgamation of factors: innovation clusters, compulsory military service, a liberal immigration policy, and the inherent chutzpah of Israeli people. “What makes the current Israeli blend so powerful is that it is a mashup of the founders’ patriotism, drive, and constant consciousness of scarcity and adversity and the curiosity and restlessness that have deep roots in Israeli and Jewish history,” the authors write in *Startup Nation*. Multinationals with significant Israel operations include IBM, Intel Corporation, Google, Microsoft, Motorola Inc., Hewlett-Packard, Siemens AG, General Electric, and Johnson & Johnson.

President Barack Obama, in a March 2013 visit to Israel, spoke glowingly of “Israel’s shining future in your scientists and your entrepreneurs,” adding that, “Only in Israel could you see the Dead Sea Scrolls and the place where the technology onboard the Mars Rover originated at the same time.”

This abiding entrepreneurial ethos is what intrigues Harper. In his first spring term Israel course, his group of three students wrote a case study involving innovation in the therapeutics and pharmacy industry, touching upon challenges facing generic drug manufacturers. One of the companies that figured prominently was based upon connections Harper made during his initial visit to Israel.

“Before this class, I had no idea about the pharmaceutical industry,” says Stefan Katz, a German student in Harper’s course, enrolled in Katz through the exchange program with the European Business School. “I learned a lot about the industry dynamics, the perils facing it, and the opportunities that exist because of these perils. I find myself now drawn to that industry.”

Katz was also among the students enrolled in Harper’s second spring course. The class, this time composed of more students, focused on Israel’s leap toward energy independence. A natural gas supply discovered under the Mediterranean Sea is believed to be abundant enough to position Israel as an energy exporter, but geopolitics complicates matters.

Harper’s spring courses culminated with a six-day trip to Israel in April. While there, his core group of three students met with executives from Teva Pharmaceutical Industries Ltd., Clal Industries’ biotechnology division, and Delek Group’s energy and natural gas division; senior government officials in the areas of technology, fuel choice, and land usage; and members of IDC Herzliya, which is considered to have one of Israel’s top entrepreneurship programs. Travel expenses were covered by the International Business Center and Slevin’s Olofson Chair.

“I was impressed by the enthusiasm of young Israelis, their business ideas, their energy, and their drive in building a strong economy despite their difficult geopolitical situation,” says Thy-Diep Ta, a German student from the University of Augsburg.

PITTSBURGH POISED FOR BREAKTHROUGH

In addition to being a lunch guest at the University Club, Roman, of the Jewish Federation of Greater Pittsburgh, guest lectured a College of Business Administration spring course taught by Visiting Clinical Professor Bud Smith. Roman provided expertise in geopolitics, culture, and the strengths, weaknesses, opportunities, and threats to the Israeli economy. “There is a significant Israeli business presence in Pennsylvania. The state has a trade office in Jerusalem. Philadelphia is a little more developed than us, but we’re trying to build new connections,” Roman says.
Roman’s optimism has company. Elliot Dater, a partner with Schnader Harrison Segal & Lewis LLP in Pittsburgh, sees parallels between Israel’s innovation ecosystem and technology-based economic developments taking root in Pittsburgh. “I think Pittsburgh makes a lot of sense for Israeli companies. Our research institutions provide outstanding human capital. There is a lower cost structure for operations. The local community is supportive and energetic. And with Pittsburgh Technology Council, Innovation Works, the Pittsburgh Life Sciences Greenhouse, and others, there is a similar environment for similar industries,” Dater says.

Dater, an adjunct law professor in Pitt’s School of Law, represents Israeli clients in the United States. He previously spent seven years practicing law in Tel Aviv, representing emerging growth companies in the technology, medical device, and life sciences industries. Spencer A. Brown, executive director of the UPMC Center for Innovation in Restorative Medicine is also collaborating with Harper. “Israel is generating new and innovative technology, especially in the area of imaging and energy-based technologies. The UPMC Center for Innovation in Restorative Medicine is positioned and structured to accelerate new biotechnology platforms of Israeli companies for U.S. market entry,” Brown says.

Harper, who joined the Katz faculty in 2012, credits his colleagues in the organizations and entrepreneurship area for offering abundant support. “A certain amount of interest in entrepreneurship has always existed among our students but that interest has grown,” says Sue Cohen, associate professor of business administration. “This may reflect shifts in the economy, but I think it also reflects the fact that entrepreneurship at Katz means much more than starting a company. Many courses immerse students in challenges that are central to technology-led new business venturing.”

She points to Katz’s Certificate in Technology, Innovation, and Entrepreneurship, which features coursework in commercialization, product development, and new venture initiation. Additionally, each year, the business school hosts the Randall Family Big Idea Competition, a University-wide showcase that brings together students, faculty, alumni, entrepreneurs, and investors. MBA students also have the opportunity to work in summer internships through the Institute for Entrepreneurial Excellence and with the Swanson School of Engineering.

Harper is only getting started. He envisions the creation of a MBA-level capstone course on global venturing in which students travel to Israel, the creation of student Consulting Field Projects and internships in Israel, the publication of a series of Katz-authored case studies on Israeli entrepreneurship, and the start of an exchange program between Pitt and Israeli schools. And that’s not everything. Later he sees Katz hosting an international conference that brings Israeli tech companies to Pittsburgh. For his part, Harper intends to research what is innate to Israeli venturing. What personality characteristics, social and professional networks, and federal policy decisions create the right petri dish of opportunity?

In a way, Harper embodies the daring spirit of his courses. “We’re taking entrepreneurship from a local concept to one where it is part of a global movement,” Harper says. “Katz already has campuses on various continents through its Executive MBA program. So why not do more?”
The Conscience of Business
“WE LOOKED AT WAYS AND METHODS TO REDUCE THE CARBON FOOTPRINT, WHICH IN TURN WILL REDUCE COSTS.”

LUCIANA ARBACH
“RIGHT NOW, CSR IS NOT MANDATED, BUT IT IS SOMETHING THAT COMPANIES ARE GRADUALLY WARMING UP TO.”

“IT’S BEEN AN OUTSTANDING OPPORTUNITY FOR TWO GRADUATE STUDENTS TO IMPACT THE ENVIRONMENT OF A CORPORATION THAT CALLS PITTSBURGH HOME.”

“OUR REPORT ESTABLISHES A CONCRETE FRAMEWORK FOR CSR REPORTING SO THAT MAGEE HAS THE INFORMATION AND PROCESS NEEDED TO TELL ITS STORY TO ITS SHAREHOLDERS AND THE COMMUNITY AT LARGE.”
A MBA student would confuse a women’s hospital, a municipal vehicle fleet, and a sustainability nonprofit for having much in common—not in mission, not in deeds, and not in challenges. After all, how do hydraulic lifts and socket wrenches relate to anesthesia and O.R. scrubs?

Sharp distinctions aside, these organizations share a universal truth: they each serve stakeholders who, however different, demand that their organizations act in an ethical, principled manner; in other words, that they practice corporate social responsibility (CSR). In the spring term, five Katz MBA students were selected as fellows to complete CSR consulting projects for Magee-Womens Hospital of UPMC, Allegheny County, and Sustainable Pittsburgh. The students reviewed the CSR initiatives of the organizations, an undertaking in which they straddled the murky line between the abstract and quantifiable.

Putting in long hours that made the fellowships feel more like an internship than a class, the students developed sustainability frameworks, interviewed stakeholders, benchmarked similar organizations, and pored over reams of data. The work required identifying strategic priorities and measuring how well clients lived up to goals; it meant thinking big picture and providing the numbers to back it. After months on the job, the students presented boardroom recommendations to their clients.

“It’s been an outstanding opportunity for two graduate students to impact the environment of a corporation that calls Pittsburgh home. It’s not a term paper; it’s real,” says Katie McLay, who along with Brian Burley, worked on the project for Magee hospital. McLay is a dual-degree student also pursuing a law degree and intends to work in energy litigation upon graduation.

The sustainability projects were funded by BNY Mellon and administered by the David Berg Center for Ethics and Leadership, under the tutelage of Audrey J. Murrell, director of the center and an associate professor of business administration, psychology, and public and international affairs. This spring was the second year that student fellows undertook the projects, and the Magee and Allegheny County projects were a continuation of the jobs done by students the previous year. The students, who are known as BNY Mellon CSR Fellows, were selected following a competitive application process and received a stipend for their rigorous assignments.

“This is only the beginning,” Murrell says. “Companies are paying stricter attention to issues like sustainability because these efforts have a clear and positive impact on a company’s reputation and effectiveness. At a time when many companies expect employees to be involved in CSR-related activities, especially for employees approaching management levels in a firm, our students are at the forefront of these efforts.”

BNY Mellon provided $1 million to Pitt Business in 2011 to support CSR initiatives. In addition to student fellowships, BNY Mellon’s funding supports the research of faculty fellows on three research projects with a CSR perspective. The funds also support additional faculty research and have been used by the Berg Center to host the Great Case® Business Ethics Competition. The annual case competition, a spin on the TV show The Amazing Race, is open to graduate students in law, public policy, and business.

IN THE DRIVER’S SEAT

BNY Mellon, Murrell says, publishes the gold standard in CSR reporting. Even still, the company’s CSR standards continue to adapt, with a focus today on core business issues such as operational reliability, ethics, responsible investments, and supply chain responsibility. “We think of it as a journey. You’re always evolving and reacting to what stakeholders expect across the marketplace and with the company. It’s not static. You must evolve over time,” says Anna Kearney, BNY Mellon’s vice president of corporate social responsibility.
Kearney personally meets with the Katz student fellows as they begin their projects. “It’s incredibly valuable to listen to what the next generation of business leaders care about and want to see in future employers,” Kearney says.

Murrell says that CSR reporting, when done well, improves operational efficiency. It integrates a company’s social, environmental, and economic concerns into its culture, strategy, and operations in a transparent manner. In effect, CSR efforts are a materiality analysis—a close look at issues that, one, matter most to stakeholders and, two, significantly impact an organization’s business operations.

In the project with Allegheny County, students Luciana Arbach and Sanjay Singh, both of whom will graduate in April, assisted county sustainability Manager Jeaneen A. Zappa (MBA ’97) and Acting Fleet Manager Gene Pieszak. The county’s vehicle fleet is 700-strong, an eclectic mix of police squad cars, dump trucks, and asphalt pavers, not to mention another 500 pieces of motorized equipment. For Zappa, fleet sustainability isn’t a vague objective—an executive order has set the goal of increasing the county’s conversion to technologies with higher efficiency and lower emissions by 5 percent annually.

“The value of the MBA program is the ability to look at things in a broader perspective and to set the metrics to get there,” Zappa says. “It is important for us to be data-driven, and that goes well with what b-schools cultivate.”

Diving deeper into the student fellows’ work from last year, Arbach and Singh targeted three areas: fleet operations management, fuel consumption, and emissions standards. The project’s primary purpose was to help the county fleet optimize resources and increase transparency. The students benchmarked Allegheny County against counties in the metropolitan areas of New York, Phoenix, Portland, Seattle, San Mateo, Calif., and Washington, D.C. “Efficiency and emissions are interrelated. If you are conscious of fuel consumption, then you are also conscious of emissions,” says Singh, who is pursuing a position in corporate strategy.

Arbach and Singh analyzed the county fleet’s management during the past three years. They compared it to how other public entities budget for fleets, monitor fuel efficiency, allocate funding, manage vehicle replacement schedules, and incentivize sustainability targets. Ultimately, the students developed dashboard metrics of what is most important to Allegheny County’s fleet management.

“We looked at ways and methods to reduce the carbon footprint, which in turn will reduce costs,” says Arbach, who when she graduates will join GE’s Human Resources Leadership Program.

In a separate project, student Vinay Deshpande assisted his client, Sustainable Pittsburgh, in a review of the certification platform that the nonprofit offers for Western Pennsylvania businesses, called the Southwestern Pennsylvania Sustainable Business Compact. Deshpande reviewed the current version of the compact’s “Sustainability Essentials” and suggested which elements should be updated, revised, or removed in the next version. Additionally, to measure corporate sector progress regionally, Deshpande designed a process for strengthening tracking and reporting.

“Right now, CSR is not mandated, but it is something that companies are gradually warming up to. My project is laying the groundwork so that if a client approaches Sustainable Pittsburgh and asks for help with CSR, they could help tailor a system to that client. Also, the project is a way for Sustainable Pittsburgh to stay up to date with the
latest industry standards,” Deshpande says. When Deshpande graduates, he is joining Crane Co. in Los Angeles as an internal consultant in the management and manufacturing process.

**PROGNOSIS IS POSITIVE**

In their project with Magee hospital, students McLay and Burley encountered a problem endemic to organizations new to CSR programs: they rate well in execution, but poor in reporting results. So McLay and Burley, in continuing the work of last year’s fellows, determined four priorities for Magee to report: community health, health education, operational reliability, and operational effectiveness.

“Magee does a lot of good not only within its hospital walls but all throughout the region. But too often that good goes unnoticed,” Burley says. “Our report establishes a concrete framework for CSR reporting so that Magee has the information and process needed to tell its story to its shareholders and the community at large,” Burley says. Active in a variety of community roles, including 100 Black Men of America and Kappa Alpha Psi Fraternity, Inc., Burley will pursue a position in corporate diversity when he graduates from the One-year MBA program in July.

Registered Nurse Judith Focareta, the coordinator of Magee’s environmental health initiatives, says that CSR complements the basic humanitarian purpose of hospitals. “Hospitals exist to serve the public. We are here to offer information about public health, preventive health, so that people don’t have to be in the hospital and so we can help prevent re-admissions,” Focareta says.

Magee tracks significant data for grants and awards. “They were excited when we said, ‘Just give us the numbers.’ We asked them to give us everything so that we could interpret it,” McLay says. The students analyzed Magee against key benchmarks: the Cleveland Clinic, University of Maryland Medical Center, Fletcher Allen Hospital of Vermont, and the University of California San Francisco Medical Center. Focareta says the students’ work could potentially be extended as a template for the entire UPMC hospital system.

But is CSR fundamentally at odds with the business bottom-line mentality? And if CSR works for some organizations, will it work for all of them? Assistant Professor of Business Administration Andrew Koch is researching the tension between socially responsible choices and shareholder wealth. He was awarded a BNY Mellon CSR Faculty Fellowship, to fund his work. Additional faculty fellows receiving support are Chris F. Kemerer, the David M. Roderick Professor of Information Systems, whom with PhD student Brian Kimball Dunn is studying consumer welfare in digital two-sided markets, and Assistant Professor of Accounting Kwang J. Lee and Professor of Accounting Nandu J. Nagarajan, who are studying board independence in the context of political ties.

Koch says his finance research addresses unanswered questions. “When we see companies take socially responsible actions, is that in the interest of shareholders or of CEO’s themselves? The CEO is spending other people’s money. If he is spending it on a technology to reduce pollution, is that good financially to the shareholders? Or is it to his benefit, for example, his image?”

Koch’s work demonstrates a positive relationship between firm value and CSR. “The problem,” he says, “is that causality might go either way. The firm could have a high valuation because it is socially responsible or the CEO might have more leeway to focus on pet projects because the firm has high valuation.” To break it down, Koch organized conditional empirical tests. “One way that CSR might drive high value is if consumers are willing to pay more for goods produced by socially responsible firms. In this case, the effect of CSR on firm value should be strong among firms that sell directly to consumers and weak among firms that sell to other firms. If causality is reversed, then the relationship should not depend on whether the firm sells to businesses or end consumers,” he says.

Koch finds that, among business-to-consumer industries, socially responsible firms have a return on assets five percentage points higher than irresponsible firms. The difference is insignificant among business-to-business industries. “We want there to be an alignment between the two. From the finance perspective, it’s best if the CEO is acting in the interests of the shareholders,” Koch says.

Whether through faculty research or student fellowships, CSR issues are a fertile area of study, according to Murrell, because they are by definition multidisciplinary. “Leadership and ethics must be practiced in tandem. For leadership without ethics is hollow and ethics without leadership lacks impact,” Murrell says.

So the next time someone asks the riddle of what does a hospital, vehicle fleet, and nonprofit have in common, the answer should be clear: why CSR, of course. ☛
Buckle up. Hold on. Innovation is not for the faint of heart. Ahead are jarring bumps, hairpin turns, daring risks, and thrilling rewards. From the engineer who invented his own collapsible bicycle to the CEO and president behind the bright lights of future TVs, Pitt Business alumni embrace the trials and tribulations of innovation. For two decades, the school’s Institute for Entrepreneurial Excellence has offered startups the support to thrive—like the client, Optimus Technologies, which transforms old diesel engines. Impact takes on many forms, few stronger, though, than innovation.
Paul Pinigis

On workday commutes, urban bicyclists face no shortage of uphill battles, especially if traveling part of the way by subway car. "Most subway systems don't allow nonfolding bikes during rush hour," says Paul Pinigis (MBA '02, ENGR '96), the proprietor of Origami Bicycle Co. Thus he engineered a solution to the problem: a foldable bicycle exempt from ridership restrictions. The bike is large enough for a six-footer, but folds small enough to be carried onto mass transit and can fit in the office under one's desk. Since the company's founding in 2011, Origami's bicycles have sold well in Boston, New York, San Francisco, and Washington, D.C. Origami bicycles are made of durable aluminum alloy frames and have gears for easy shifting. But in about 15 seconds, the bikes, like the Cricket model pictured, can be folded down to the size of a suitcase. "I can fit four bikes in a Ford Focus with room for passengers up front. That means roof mounts aren't necessary," Pinigis says. Folding bicycles aren't a new idea. Allied paratroopers used them in World War II. Pinigis, for his part, got the idea as a University of Pittsburgh engineering student in the mid-1990s. "It was a disaster. I drove from the office, parked near the school for the deaf, and ran to the Cathedral. I thought it would be great if I had a bike I could take from my trunk, ride to class, and place under a desk," he says. In addition to running Origami Bicycle, Pinigis works as a department head in life safety consulting for H&A Architects and Engineers in Richmond, Va. Origami Bicycle's strong 2013 sales suggest that Pinigis has a second skill as an entrepreneur.
When a package arrives on your doorstep, the packing materials that kept everything safe are usually an afterthought. But manufacturers of these anonymous legions of crumple paper, bubble wrap, inflated plastic pockets, and foam blocks comprise an industry worth tens of billions of dollars in today's e-commerce age. Simon Chan (MBA '87), owner of Nuevopak in Hong Kong, has a foot in the global market of the crumple paper systems and materials.

“The whole industry is going to be revolutionized by mid-2014,” Chan says. His prediction is predicated on a technology that he developed. Paper's feed-style packaging machines are slow, big, and heavy, making them expensive and difficult to handle. But Chan's patent-pending design significantly downsizes the machine and makes it faster, all without sacrificing output. “I solved a major headache of the industry. If all goes right, we can be extremely competitive in the market for many years to come,” Chan says. Nuveopak uses 100 percent recyclable paper in cushioning and void-filling systems. Its packing materials have stuffed the boxes of Caterpillar Inc. in Australia, DHL in Singapore, and Transamerican Auto Parts in the United States. Improved machinery is key in the protective packing industry, a market dominated by only a handful of companies. “It's similar to the [business] model of printers. Companies make money on the ink, not the printer sales,” Chan says. The paper enterprise is the latest entrepreneurial endeavor for Chan, who also holds an engineering degree from the University of California, Berkeley, and previously made motorcycle engines and plastic roadway dividers in China.
Andrew Hannah (MBA ’92), Plextronics CEO and president. Samsung Electronics Co., Ltd. and LG Electronics are introducing first products in a market that, according to Display Search, is expected to grow to more than seven million units by 2016. The OLED market is just one area in which Plextronics is involved, and the company, founded in 2002, is coming of age at the same time as the printed electronics industry. Plextronics also makes conductive polymers that enhance battery and capacitor performance, a market the company expects will grow to $155 billion by 2016. Additionally, Plextronics is developing next generation polymers for the photodetector and photovoltaic marketplace. “Our materials are carbon-based. It’s sustainable material from everyday life,” Hannah says. And what does the TV of the future look like? It is not outside the realm of possibility to have a TV’s electronics printed directly onto a solid surface, such as the family room wall or your kitchen refrigerator. “Printed electronics have the potential to work on everyday objects. If you can print on it, you can make a device,” Hannah says.
Optimus Technologies is retrofitting the diesel engines of dump trucks, eighteen wheelers, and other fleet vehicles to run on biofuels, while staying fully petro-enabled. The Pittsburgh startup says the modifications lower fuel costs, increase engine efficiency, and add vehicle monitoring features, all while helping the environment. “We’re breathing new life into an old engine,” cofounder and CEO Colin Huwyler says. Founded in 2010, Optimus Technologies has equipped 25 systems in pilot projects with the City of Pittsburgh, Giant Eagle, Inc., and the region’s operating engineers union. Within months, Optimus expects to add 20 more engine systems. Compared with competitors that replace engines wholesale, Optimus modifies the existing engine with a bolt-on, modular kit. When finished, engines can run on diesel and an assortment of biofuels. “Let’s say you’re running on vegetable oil and decide you want to run on animal fats or algae oil, well, we can remotely upload a software change. You don’t even have to take the vehicle into the shop,” Huwyler says. Optimus works on all diesel engines but focuses primarily on commercial fleets as these vehicles deliver the best return on investment. Huwyler, a native of western New York, chose to locate in Pittsburgh partly because of entrepreneurial support systems such as the University of Pittsburgh’s Institute for Entrepreneurial Excellence. He also cofounded Fossil Free Fuel in Braddock. Huwyler says the Institute’s PantherlabWorks is providing Optimus with expertise as the company prepares for the next big step: finding an investor(s) to bankroll a large-scale commercialization. “It’s the perspective the Institute offers, from having been there and done this before with so many other companies, that gives us so many valuable insights,” Huwyler says.
Institute for Entrepreneurial Excellence: 20 years of impact, innovation, and insight

Since its founding 20 years ago, the Institute for Entrepreneurial Excellence has been a powerful ally to Western Pennsylvania businesses. The Institute runs numerous workshops and seminars and provides customized consulting services.

Provided advocacy networks, custom consulting, and educational programs services to more than 15,000 closely held businesses.

Supported the creation of more than 800 start-up companies.

Obtained $300 million in new funding for client company growth.

The Institute’s client companies have reported $2.45 million in increased revenue and created or retained 7,000 jobs in the region.

More than 40,000 business leaders have attended educational programs put on by the Institute.

$2,450,000,000

15,000

800

40,000
Facebook does what?

New Message

To: Pitt Business Alumni

Beware of Facebook: It inflates egos and lowers self-control. Users are more inclined to indulge in fads and purchases, research shows. A recent study co-authored by Pitt Business Assistant Professor and Katz Fellow in Marketing Andrew T. Stephen, titled “Are Close Friends the Enemies? Online Social Networks and Self-Control,” was a media sensation, featured in The Wall Street Journal, Forbes, and The Huffington Post.

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*Thankfully, Pitt Business social media outlets are an exception :) Alumni who connect with the school show no side effects.