

FROM THE DEAN

Making Progress toward a World-Class Campus



Edward A. Snyder

One aspect of my job is setting goals for the school. I've always liked goals and admit that I am sometimes obsessive about record achievements. Another aspect of my job is asking for help from a lot of people to achieve important goals for the GSB.

This year we've gotten across-the-board help in setting two records. First, a record number of people have applied to our M.B.A. programs. While this no doubt reflects renewed interest in the proposition that knowledge, judgment, and insight matter, I am especially grateful to our current students who so effectively engaged prospective students and made clear what the GSB has to offer. Second, a record number of donors have stepped up to support the GSB this year.

No surprise to you, we won't set a job placement record in this tough economy. But if we could measure effort and persistence, we would find them in extraordinarily high levels. I could not be more proud of our students, alumni, and a dedicated staff for remaining positive and staying focused on strengthening our corporate relationships

“Our goal is to have the best set of business school facilities in the world. I believe that the new campus will position the GSB to make that claim.”

and developing internships. Our people are getting jobs, and we will stay focused on supporting students and alumni in their career explorations and job searches.

Despite the flat economy, we look forward with a sense of enhanced capabilities. May 18 marked a special day, the formal groundbreaking for our new campus in Hyde Park, with 415,000 square feet of spectacular space designed around how teachers want to teach and how students want to learn. I'm pleased to report that the project is on time and on budget, thanks to a team effort led by deputy dean John Huizinga.

One truth about communicating is that failures to communicate outweigh successes. Over the last several months, I've realized that many of our alumni don't know about the building, while others believe that we are building a residence, tearing down some Hyde Park icon, or moving the campus south of the Midway. Others who do know about the new campus believe that it is already fully funded.

The two aspects of my job mentioned above—setting goals and asking for help—are particularly relevant to this new campus. Our goal is to have the best set of business school facilities in the world. With Gleacher Center in downtown Chicago, our recently acquired Barcelona facility, and our historic campus in Singapore, I believe that the new campus will position the GSB to make that claim.

As we now proceed to actual construction, I will continue to ask for your help because this new building, in fact, is not fully funded. The new campus will cost \$125 million. As I write, we have \$59 million in commitments toward the new building and we are due \$20 million in credits from the university for giving up our hallowed halls on the original quadrangle. Thus, to fund the new campus fully, we need an additional \$46 million in support from our alumni and friends.

Would it have been better to wait until we had more financial support? Maybe, but I don't think so. Facilities matter a great deal, and the constraints of our current facilities in Hyde Park are too severe. We've made a leap fueled by a combination of faith and confidence. So I ask for your help in making sure that these new facilities don't burden our people and our programs. Whether the gift is modest or large, you'll be part of this effort and feel an extra bit of pride when the campus is completed in September 2004 and we lay claim to the best business school facilities in the world.

A handwritten signature in dark ink that reads "Edward A. Snyder". The signature is fluid and cursive, with a large initial "E" and "S".

Edward A. Snyder
Dean and Professor of Economics

LETTERS

To the Editor



Michael L. Abramson

Attracting Women to Chicago GSB

I found it interesting that Clips (Winter 2002) reported that [deputy dean] Ann McGill, a GSB alumna, had been interviewed by the *Chicago Sun-Times* regarding the problems of attracting women to high-profile business schools. Even more telling was the photo above the article “GSB Rising in Latest B-School Rankings.” The picture (reprinted above) of dean Ted Snyder surrounded by a large group of students included 54 male students and 8 female students. I certainly hope the GSB takes this deficiency to heart and addresses the issues concerning the school’s appeal to women.

Helen McGowan, '86
New York City

Corzine and Defense

Regarding Letters to the Editor (Winter 2002), I strongly support the “Corzine Cons.” But what really disturbs me about [Sen. Jon] Corzine is his lack of a strong national defense position. He

apparently has forgotten World War II and the words of Winston Churchill: “The whole history of the world is summed up in the fact that, when nations are strong, they are not always just, and when they wish to be just, they are no longer strong.”

Alexander Lavish, '62
Lusby, Maryland

Welch on Integrity

I thought “A Conversation with Jack Welch” (Winter 2002) was very informative and good reading. I even cut out the article to remember the excellent points he made. If he reads our magazine, perhaps he will heed the point he made regarding integrity.

John Van Dyke, '69
San Mateo, California

Research Risk

I was very interested to read professor Joseph Piotroski’s research results (“An Accountant Looks at the Market,”

Winter 2002) showing that an investor can achieve mean returns that are “increased by at least 7.5 percent annually” on companies screened by his criteria for high book-to-market. If I interpret the article correctly, an investor using these criteria might achieve 7.5 percent *more* returns per annum than the comparable market returns.

When I was concentrating in finance and accounting in the late '70s, it was commonplace that any such statement must be risk-adjusted to be meaningful. Portfolio theory at that time held that it was possible to exceed (or underperform) the relevant market measure by holding a riskier (or less risky) set of equities than the underlying market. Might Piotroski comment on this?

Michael Casagrande, '79
Tampa, Florida

Piotroski responds: *Past research demonstrates that a portfolio of high book-to-market (BM) “value” firms outperforms a portfolio of low BM “glamour” firms. This positive relationship between BM ratios and realized returns is consistent with a traditional risk-return argument. Specifically, “value” firms tend to be riskier, on average, than “glamour” firms, as measured by traditional financial performance metrics such as leverage and return on equity.*

My study focuses on one subset of traded firms: high BM firms. Despite the strong positive returns earned by the entire “value” portfolio, I document that most of the gains to the traditional “value” investment strategy are concentrated in less than half of the underlying

firms. My paper examines whether investors can utilize past financial data to differentiate those firms that ultimately succeed from those that do not within the high BM portfolio.

I find that historical measures of financial performance, such as trends in earnings, cash flows, leverage, and liquidity, can differentiate firms with strong subsequent price performance from those with future negative returns. Specifically, I find that the healthiest firms within the value portfolio have the strongest future returns. This relationship is inconsistent with the traditional risk-return notion given that firms with the best (relative) financial performance should be the least risky firms in the value portfolio. Instead, the data is consistent with a financial market that, due to the investor neglect and pessimism surrounding the average value stock, initially underreacts to changes in firm performance.



Department of Special Collections, University of Chicago Library

An XP Graduate Remembers

I enjoyed seeing myself on the inside cover of *Chicago GSB* (Summer 2001). I’m in the center, foreground; my friend William Jenkins, XP-11 ('55), is to my right. We both did the extra studying we needed for an M.B.A. and

pleased our families doing so. Being a “poster boy” for the program was unexpected, but the worth of the program to me was very great.

I was born in 1913 on a small farm in north Georgia, about 25 miles southeast of Chattanooga, Tennessee. I remember many events from the early 20th century, including World War I. I recall German prisoners at Fort Oglethorpe, Georgia, along with the 4th U.S. Cavalry; the flu epidemic and the scary black horse-drawn hearses; and the Armistice parade downtown with men shooting guns. I also remember automobiles with kerosene lamps for lights; the early days of radio broadcasting; the Scopes “Monkey Trial” in Dayton, Tennessee; and the actions of the Ku Klux Klan in the 1920s. I remember [Charles] Lindbergh’s [transatlantic] flight and was part of a Boy Scout honor guard when he visited Chattanooga. I remember talking about the Civil War with my grandfather, Berry Wallace, who was born in 1849.

After moving to Chicago in 1935, I was an assistant instructor and a student at Coyne Technical School, earned a first-class radio license, and worked part time at area radio stations. Around this time, I attended the Chicago World’s Fair. In 1936, I went to work for National Dobro Corporation researching and designing electric guitars and audio equipment. I obtained several patents for my inventions.

During World War II, I was a contract engineer at Sound, Inc., in Chicago doing armed forces work on radar, audio, photographic, and other detection devices. At the war’s

end, several of us who had worked together formed a small corporation called EDL (Engineer Development Laboratory) in Miller, Indiana. I was general manager until 1955.

The Executive M.B.A. Program at the GSB plus some night studies at Indiana University helped me attain my next job. I became project control manager for the world’s largest (at the time) wind tunnels at Arnold Air Force Base in Tennessee. I retired in 1972.

Some of my favorite activities have been golfing, fishing, and hunting. In addition, I enjoyed flying small planes, camping, and traveling. I’ve been to 42 countries on all the continents except Antarctica. Not all of my leisure time was spent in travel; some civic activities included being on the Manchester (Tennessee) Water and Sewer Commission, the County Park Commission, the Library Board, the Boy Scouts, the Tennessee Conservation League, and the Episcopal church. Now I’m still enjoying family activities and seeing the beautiful seasons come and go in east Tennessee.

Ernest L. Teasley, XP-11 ('55)
Seymour, Tennessee

What do you think about *Chicago GSB* magazine? Send your letters and story suggestions to editor@gsb.uchicago.edu or Editor, *Chicago GSB*, 6030 South Ellis Avenue, Room 251, Chicago, Illinois 60637.

FROM THE CHAIRS

Setting Our Sights on a New Campaign Goal



Matthew Gibson

Campaign co-chairs Dennis Keller, '68, (left) and Andrew Alper, A.B. '80, M.B.A. '81

Thanks to the generosity of our donors, we're thrilled to report that the GSB campaign has made outstanding progress. With gifts like \$7 million from **Michael Polsky, '87**, and \$4.25 million from **Phil Purcell, '67**, we've raised more than \$136 million so far.

Building on our success, we look forward to meeting our new campaign goal of \$250 million. As dean **Ted Snyder** noted when we broke ground in May, the additional \$75 million will enable us to fund the new building fully, which is consistent with our quest to build the best possible facility. We'll also be able to make a few additional strategic investments that will strengthen our support for students and faculty. And now GSB fundraising is synchronized with the \$2 billion university-wide campaign, the Chicago Initiative, which will run until December 31, 2006.

Events Strengthen Ties with Alumni

Several Chicago-area receptions brought together dozens of alumni in support of the campaign.

In February, Jacquie and **David Doerge, '76**, hosted a reception for Ted at their home in Chicago's Lincoln Park neighborhood. Alumni and friends mingled with Jayne Carr Thompson, wife of former Illinois governor James Thompson, as well as Nobel laureate **Robert Fogel**, Charles R. Walgreen Distinguished Service Professor of American Institutions, and Neubauer Family Professor of Entrepreneurship and Finance **Steve Kaplan** and his wife, Carol Rubin. Attendees included **Jonathan Arnold, '86**; **Kinda and Jeff Catuara, '97**; **Thomas Tyler Daniels, '87**; **John Otto Doerge, '88**; **Patti and Gary J. Feracota, XP-64 ('95)**; **Mary Lou Gorno, '76**; **Brent J. Hill, '98**; **Sheri Franklyn**

Hill and James Hill Jr., '67; **Anne and Lee R. Keenan, '77**; **Dennis J. Keller, '68**; **Merrilyn J. Kosier and James Fusaichi Kinoshita, '88**; **Peggy and Michael R. Mizen, '81**; **David Alexander Nicholson, '97**; **John W. Rutledge, XP-63 ('94)**; **Joan Elizabeth Steel, '77**; **Diane Swonk, '89**; and **Cheryl Thomas, '83**.

In October, Connie and **Dennis Keller, '68**, hosted a dinner at their home in west suburban Oak Brook. Attendees included **Frank J. Baker II, XP-52 ('84)**, and **Mary Juric-Baker, XP-55 ('87)**; **Beth and James Frederick Brace, '72**; **Barbara H. and Philip R. Clarke Jr., A.B. '37**; **William D. Corrigan Jr., XP-57 ('88)**; **Aphrodite (Dee Dee) D. Hegel, '80**, and **Peter Wolfgang Hegel, '79**; **Bharati and Rattan Lal Khosa, '79**; **Charles W. Lake Jr., XP-5 ('49)**; **Carolyn and Larry Moats, XP-55 ('86)**; **Shirley (S.B. '42) and George G. Rinder, '41**; **Cynthia and Daniel Michael Romano, '81**; **Marilyn and Lee E. Tenzer, '77**; **Nancy and Robert K. Unglaub, '75**; **Anne and William H. Wentz, XP-57 ('88)**; along with Marilyn Kelly and **Michael J. Winter, A.B. '63, M.B.A. '65**.

Catharine Orr Edwardson and John A. Edwardson, '72, hosted a gathering on the North Shore at the Glenview Club in October. Guests included **Judy and Robert D. Appelbaum, '50**; **Charles H. Barrow, '56**; **Charles K. Bobrinskoy, '83**; **E. David Coolidge III and Constance B. Coolidge, '71**; **Janet A. and Robert J. Daniels, '60**; **James J. Drury III, '66**; **Linda Willard Ender and Jon T. Ender, '70**; **Randy and Steven D. Fifield, '72**; **Judith A. Griffin, '71**; **Lee S. Hillman, '79**; **William C. Jackson, '79**; **Patricia C. and James R. Lancaster, XP-20 ('64)**; **Robert C. McCormack, '68**; **Suzanne and Grant Gibson McCullagh, '79**; **Nancy W. and Robert B. Nagel, '63**; **Jacklyn Dee and Henry Rak, '70**; **Richard M. Ross Jr., '77**; **Melanie Stahl and Tempel Jean Smith Jr., '79**; **Roselyn D. and**

Denis E. Springer, '69; **Joanne and Geoffrey L. Stringer, '70**; **Deborah B. and Robert Taylor Jr., '90**; and **Amy Kennelly Viellieu and Kenneth Viellieu, '84**.

After the Business Forecast Luncheon in New York last December, Ted outlined the relationship he envisions between alumni and the GSB at a reception at Goldman Sachs. Speaking with more than a dozen recent graduates, Ted told them his goals included improving their relationship with the university and urged alumni to support the marketing of the GSB. "We're all marketers of the school. A person's last impression of the GSB is his last encounter with the GSB," he said.

Andrew Alper, A.B. '80, M.B.A. '81, hosted the reception. Alper, who formerly served as a managing director at Goldman Sachs, was named president of New York City's Economic Development Corporation by Mayor Michael Bloomberg in January. (To read more, see "Alper Tapped to Revitalize NYC Economy," page 21.)

Log On for Updates

One easy way to watch the campaign build momentum is to click on the Web site. From the Chicago GSB home page, gsb.uchicago.edu, click on the "Chicago GSB Campaign" link. Or go directly to the campaign page at gsbwww.uchicago.edu/campaign/home.htm. It covers everything from campaign initiatives to major gifts and is updated regularly.

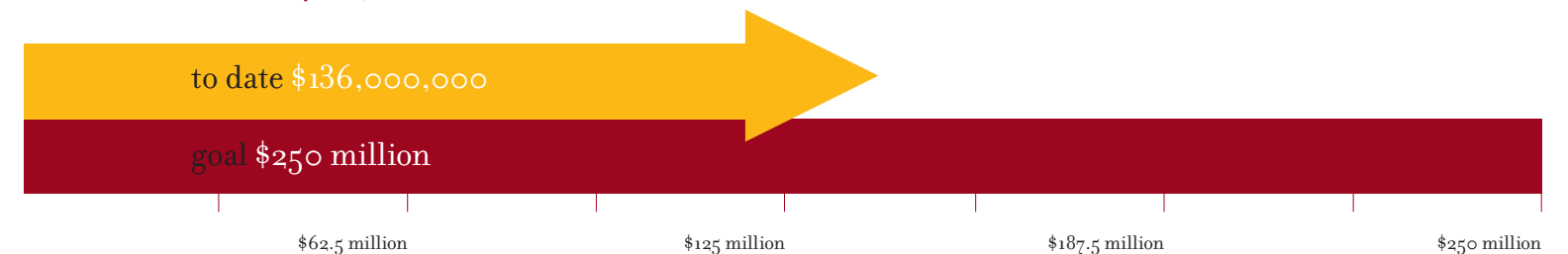


Related campaign stories in this issue:

- Page 8** University Launches Capital Campaign
- Page 9** GSB Campaign Grows, Supports University-Wide Fundraising Efforts
- Page 12** College and GSB Offer Undergraduates the Chance to Apply Now, Attend Later

\$136,000,000* and counting

Gifts as of April 15, 2002



* This new campaign total reflects confirmed gifts and pledges only.