

# Market Street

Spring 2013

## RESTYLED

Richelle Parham '91  
Brightens Up eBay



**Drexel's Record Label  
Makes Some Serious Noise | 24**

**VCs Crop Up in Philly | 28**



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### Not long ago I met senior Brad Ericson at the Starbucks on campus. We didn't order coffee because Brad doesn't need it.

The former "College Entrepreneur of the Year" smiles big, laughs loud and talks excitedly about *everything*. We met to discuss his latest project — he's an inaugural member of a new student-run VC called the Dorm Room Fund, one of several VCs that have recently emerged in Philly. Accustomed to pitching — not funding — new businesses, Brad is enjoying sitting on the other side of the table for once. Read more about the new VCs in Philly in "Seeds of Change" on page 28.

Our cover story feature, Richelle Parham '91, was a lot like Brad when she was at LeBow. Ambitious. Hard-working. A star student. eBay's chief marketing officer has always reached high, beginning with three drool-worthy co-ops with designer Valentino in New York City. Richelle's stellar career has included high-profile agency work and a cool stint at Citibank where she traveled the world before winning her plum role rebranding eBay. Success is not a one woman show, Richelle told writer Lisa Litzinger-Drayton, and she credits her "personal board of directors" for giving her perspective and advice throughout her career. Check out how Richelle is "Restyling eBay" on page 20.

The subjects of our stories throughout *Market Street* can all attest to the fact that success never comes easily. Add the music business to that, and it's even harder. MAD Dragon Records, Drexel's own record label, has reached a milestone that deserves applause: its 10th anniversary. Joseph Master hung out with bands from the label and the music program students who have made them successful when writing "Too Cool for School" on page 24. Want to hear a few of the bands live? Check out the label's anniversary concert at Philly's Trocadero on May 17.

Turn the pages for more, and as always, thanks for reading.



Leda Kopach  
Editor

#### MARKET STREET

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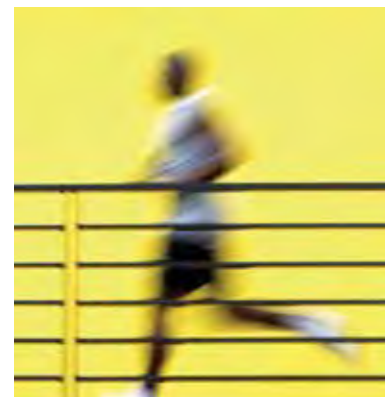


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Richelle Parham brings her fresh ideas and modern style to eBay.



# no complaints

I didn't teach during my year as interim dean, but I wanted to find a way to keep in touch with students. Against the advice of colleagues who predicted I would receive a litany of complaints about, well, anything and everything, I invited students to make an appointment to chat.

Having rehearsed a "We'll look into that for you" answer, I greeted my first student visitor, junior David Hunt from North Carolina. He began the conversation by asking: "Dr. Linnehan, I only have one question. Five years after I graduate, what can I do to help make LeBow a better place?" I stammered briefly before blurting out, "The best thing you can do is be yourself, David. The fact you even asked this question speaks volumes about the type of ambassador you will be for LeBow."

My next visitor was senior Lynne Qing Lan, a business and engineering major born in Taiwan. Lynne suggested adding descriptions of recent B&E graduates' careers to our website in order to increase interest and enrollment in the program.

Michael Cox, a graduating senior majoring in finance and accounting, asked for my opinion: Should he accept a job offer or wait for a better opportunity? In the meantime, Michael set up Cox Accounting LLC to prepare tax returns for low-income individuals and families in his native Camden. He also volunteers at Ronald McDonald House.

Ryan Bertoldi, who transferred to Drexel from Reading Area Community College, asked if I could direct him to someone on campus who could help implement his idea that would eliminate the need for freshmen and transfer students to carry a paper record of their immunizations. He plans to complete LeBow's dual-degree program with Germany's Reutlingen University, where he studied on a scholarship while attending community college.

The first thing you notice about Maria Allison is her smile and infectious personality. A residence hall advisor, Maria is CEO of Limelight Shirts LLC, a T-shirt business that works with nonprofits, printing their causes on the shirts and marketing them to supporters. I introduced Maria to Lucy Kerman, vice provost for partnerships; beginning this spring, Maria will co-op with Lucy at Drexel's Dornsife Center for Neighborhood Partnerships.

Bernadette Ikhenia, a soft-spoken economics student with a minor in finance, came to LeBow from Kano, Nigeria, at the age of 16. Why Drexel? Her favorite author, Chimamanda Ngozi Adichie, began her college education here. Bernadette completed her first co-op in private wealth management with Goldman Sachs in San Francisco and will be starting her second co-op in investment banking with Goldman Sachs in Johannesburg, South Africa.

Students, six; complaints, zero; energy, intelligence and commitment, in abundance.



Frank Linnehan, Ph.D.  
Interim Dean





# it's monumental

What does the new Gerri C. LeBow Hall have in common with the Empire State Building, the Pentagon and Yankee Stadium? Each structure features elegant, Indiana limestone in its facade.

To date, the building has been enclosed in 67,000 square feet of limestone — the same area as the entire White House. Each of the 421 panels includes about 56 limestone pieces and the heaviest section weighs 16.5 tons.

Looking up at our new Philadelphia skyline, it's easy to marvel at the regal masonry. In fact, it's monumental.



## MBA's Will Compete for C-Suite Co-ops

Beginning this fall, new Drexel LeBow full-time MBAs will compete for coveted C-Suite Co-op™ positions with top executives at firms such as Cisco, SAP, eBay, Urban Outfitters and other leading American corporations.

"I'm thrilled Drexel LeBow is offering the C-Suite Co-op," said Richelle Parham, eBay's chief marketing officer for North America and one of the first executives to participate in the co-op program. "It's a fantastic opportunity for top MBA students to work side-by-side with a C-suite executive and gain valuable experience working on real projects while building their professional network."

In a spring "match day" competition, the finalist students will make presentations, extemporaneously propose solutions to problems and answer questions from a panel of judges consisting of representatives from the participating corporations. Each corporation will then select an MBA student for its summer 2014 assignment.

## University Establishes Close School of Entrepreneurship



Drexel University has established the Charles D. Close School of Entrepreneurship — one of a very small number of

freestanding schools of entrepreneurship in the nation and the only one in Philadelphia — thanks to \$12.5 million in recent gifts from the Charles and Barbara Close Foundation.

Donna De Carolis, Ph.D., a former LeBow associate dean, has been appointed the School's inaugural dean. In an interview with the *Philadelphia Business Journal*, Drexel President John Fry said that after learning the school was a go, "it took less than a second" for him and Drexel Provost Mark Greenberg to choose De Carolis.

"The Charles D. Close School will be the gateway through which all Drexel student entrepreneurs will begin their journeys to becoming leaders in the 21st century innovation economy," De Carolis said.

## Raymond G. Perelman Plaza to Complement New Building

Thanks to a \$5 million gift from the Raymond and Ruth Perelman Education Foundation, a newly engineered outdoor space will connect LeBow's new building with Chestnut Square, the new residential and retail center under construction at 31st and Chestnut streets.

The vision for the Plaza is to inspire connection, collaboration and community among students, faculty and professional staff. It will focus the excitement of the University's urban campus in a location where thousands of people can meet, eat, study and socialize on a daily basis, and where the University can hold large outdoor gatherings and events.

Plans for the Plaza, which call for improving the flow of pedestrian traffic and creating optimally useful seating, are still being finalized. Construction will begin this summer.





## Dragon Fund Analysts Visit Goldman Sachs



The winter term Dragon Fund class recently visited Goldman Sachs' new headquarters in New York City following an invitation from Drexel University Trustee Sean Gallagher '93, co-chief investment officer (CIO) of U.S. Value Equity at Goldman Sachs Asset Management.

Gallagher's presentation for the students illustrated his group's valuation approach using recent research reports for GM and Google. In turn, the class presented their new investment ideas for the Dragon Fund.

Two recent alums who are now analysts at Goldman Sachs joined

Gallagher: Chris Cazier '10 and Kent Troutman '10, a Fulbright scholar. Both helped manage the Dragon Fund during their course of study at Drexel and offered the students some insight into their positions and advice on job hunting.

A donation from Paul Wieand, a long-time friend of the Finance Department who runs the Center for Advanced Emotional Intelligence in Bucks County, made this trip possible. Daniel Dorn, associate professor of finance, says the class braved rush-hour subways to make the evening meeting and returned to Philadelphia "with valuable ideas on how to improve their research design and presentation."

The fund, which has been managed by Drexel undergraduates since fall 2008, underperformed slightly when compared to the S&P 400 during 2012. However, its three-year average return of 14 percent still beats the S&P 400's 13.6 percent and the broader market's 11 percent. It's currently worth about \$535,000.

## BUZZWORDS



"Unlike traditional internships, the [C-Suite Co-op] will have students work on projects that may **have the ear of the chief executive officer.**"

— Interim Dean Frank Linnehan, on the C-Suite Co-op for full-time MBA students, *Bloomberg Businessweek*



"The **best ideas percolate to the top**, and we have angel investors inside the company to turn these into revenue-generating ideas."

— Michael Brophy, chief architect for technology strategies with AT&T, during Drexel LeBow's "Open Innovation: Collaborate to Compete" panel discussion



"It seems like a very risky proposition. **You're likely to get a scammer**, somebody who's either out to steal your identity

or take your fee and then not really stand behind you if you can't pay the loan back."

— Prof. Mark Stehr, on people offering compensation in exchange for co-signing a loan on Craigslist, CBS Philly



"This is not nefarious behavior here. These guys are actually **doing right by their shareholders.**"

— Prof. Eliezer Fich, on CEOs who receive bonuses after engineering a merger, Fox Business

# LeBow Passport

Around the world. That's where LeBow students are traveling, embracing cultures and learning about the global economy. Bon voyage!



Dublin ●  
London ●  
Montpellier ●  
Comillas ●

.....  
LAWRENCE MAHONEY-JONES '13  
B.S. in Business Administration  
Marketing

DUBLIN, IRELAND AND  
LONDON, ENGLAND

.....  
KATHY WU '14  
B.S. in Business  
Administration, Finance  
and Marketing  
MONTPELLIER,  
FRANCE

.....  
CRAIG ROSENBAUM '15  
B.S. in Business  
Administration, Finance and  
International Business  
COMILLAS, SPAIN

FRANSISCA HASIANI MANISCOLA '13  
B.S. in Business and Engineering  
Operations and Supply Chain  
Management  
SINGAPORE

"I presented a defense paper representing Boeing with teammates from Sweden, France and Germany. We had to disregard our personal views and ideologies, but we managed to learn from each other and sort out our differences."

AMY ASCIUTTO '14  
B.S. in Business Administration  
International Business, Finance  
PRAGUE, CZECH  
REPUBLIC

"I was interested in living in a market where I could absorb the diverse economy and unique advertising. It was surprising to learn about Prague's direct impact from communism and to see the impact on Czech's present day."





Prague  
Rome  
Istanbul

Shanghai

Hong Kong

Singapore

AUSTIN GROVES '14  
B.S. in Business Administration  
Finance, MIS

HONG KONG

TED EVGENIADIS '13  
B.S. in Business Administration  
International Business

SHANGHAI, CHINA

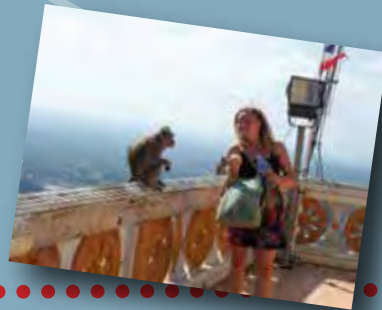
"In China I learned how to bargain for merchandise and how a 'Chinese business dinner' is handled (all in Mandarin of course!)."



JEFFREY URBANO '14  
B.S. in Business Administration  
Marketing and International Business

LONDON, ENGLAND

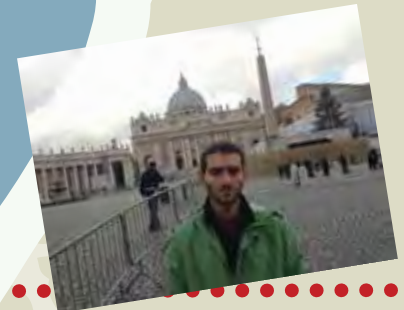
"As students we were able to join societies (student organizations) at Imperial College and attend their meetings and events in our free time."



LEXIE MILLER '13  
B.S. in Business Administration  
International Business, Marketing

ISTANBUL, TURKEY  
AND SINGAPORE

"In Singapore, I took a 'Singapore Government and Politics' class, which was interesting in itself, but also because it was election season, and they were trying to remove the PAP [People's Action Party] from power."



LORENZO ERRICO '14  
B.S. in Business Administration,  
Entrepreneurship and Marketing

LONDON, ENGLAND;  
ROME, ITALY

"London taught me global diversity even in an English-speaking country."

# Win One for the Tax Man

Joseph Master



**Philadelphia sports fans love championships. We cherish those glimpses of greatness. Tug McGraw's leap in '80. Mo Cheeks' dunk in '83.**

**Bernie Parent nailing the coffin in '75. But Philadelphia hasn't won a championship in five years.**

Winning teams don't just make cities money, they *make* cities. No one knows this better than Stephen P. Mullin, an adjunct economics professor at LeBow who has served as the budget director for the city of St. Louis and as Philadelphia's director of finance. Mullin saw firsthand what happened when the football Cardinals left for Phoenix in 1988 ("they *made* Phoenix"), and he watched the spoils roll in when the baseball Cardinals secured three World Series berths in a six-year span.

"When I walk into any venue for a sports event, the first thing I do is make a rough estimate of the city's take in terms of license fees, taxes and ticket prices," he says. "Then I root for the home team."

In 2012, each of Philadelphia's Big Four home teams underperformed or got locked out — and there have been consequences.

When attendance is down, or a season cut in half, the city's amusement tax plunges. Typically, Philadelphia collects between \$60 and \$70 million a year in amusement tax, Mullin says. However, it might be down \$10 to \$15 million this year because of the NHL lockout.

So, when the Phillies' sellout streak ended, Philadelphia took a hit. Paid attendance peaked at almost 5,000 seats below average. The economic impact, Mullin says, can be calculated with a simple head count.

"Five thousand fewer seats sold times \$3 in tax per ticket is \$15,000 less in the coffers. The spending and sales taxes on the food and vendors, as well as the vendors' income, is big: 3.1 million tickets versus 2.7 million per year is a lot of lost revenue."

In 2010, Philadelphia's Department of Commerce and the Philadelphia Sports Congress postulated that a Phillies World Series victory could generate more than \$23 million for the local economy, including \$19 million spurred directly from fans, media, sponsors and MLB affiliates.

However, hidden in these numbers is a psychological factor: We don't pay for losers.

"Psychologically, towns with winning teams get people more active," Mullin says. "Because of our tax structure and our venues being inside the city, our city collects a lot both directly and indirectly."

"When any city has a championship parade, there is not a more bonding event. There is an afterglow. There is a jersey on William Penn. A huge economic impact."

On paper, Philadelphia sports have all they need to succeed: four teams housed within city limits; each venue beholden to city-direct taxes; each stadium capable of shaking Pattison Ave. from South 11th Street to Darien. But teams lose, and fans head home.

A victory parade is a different story. A championship can shake Philadelphia from the sports complex to City Hall. Imagine one million fans marching past restaurants and shops, spending money to commemorate that last drive that brought the title home.

"I want Philly sports teams to win because I want the parades," Mullin says. "I want the direct and indirect economic effects to happen. The TV crews and the *hoi polloi*. That is a vibrancy that can't be replicated."

Broad Street is waiting for a championship, boys. Our hearts and wallets will thank you. **M**





## PHILADELPHIA: SMART CITY. SMART CHOICE.



Award-winning colleges and research universities like Drexel University anchor Philadelphia's diverse regional economy. From the City's leading life sciences and healthcare industries, to a vibrant hospitality sector and advanced manufacturing, we offer an ideal environment for the CEO and the entrepreneur.

Explore the exciting opportunities awaiting your company here. Philadelphia is the smart choice for your future.

Learn more at [www.phila.gov/smartchoice](http://www.phila.gov/smartchoice).



# Should We Keep

## Yes.

Marco Airaud, Ph.D.

As a coffee-lover, I often wish we didn't have the penny. After getting my *doppio* espresso at Starbucks, my wallet is usually heavier since it costs \$2.11, and I rarely have the exact change to give. A few more pennies how annoying! Moreover, I am well aware of the fact that producing a penny costs more (about 2.4 cents) than its face value.

As a monetary economist, however, I think the benefits of keeping the penny outweigh the costs.

First of all, eliminating the penny would probably increase the demand for nickels, whose production is also costly at 11.2 cents per nickel. With this logic, perhaps we should also think about getting rid of the nickel. This is not optimal, however. Modern monetary systems are based on *fiat money*, that is, an intrinsically useless object used as a medium of exchange (in our case, the U.S. Dollar) which government regulation declares as the legal tender. One of the main advantages of fiat money versus commodity money — an object with an intrinsic value or use (such as cigarettes in POW camps during WWII) — is its divisibility; it can be divided in arbitrarily small uniform increments to be exchanged for goods of varying values. Numerous works in monetary theory and behavioral experiments have demonstrated that the more divisible a currency is, the more efficient trade, as buyers and sellers are more likely to agree on the final price. By getting rid of the penny (and eventually the nickel), the dollar would become *de facto* a less divisible currency, and as a consequence a less efficient medium of exchange.

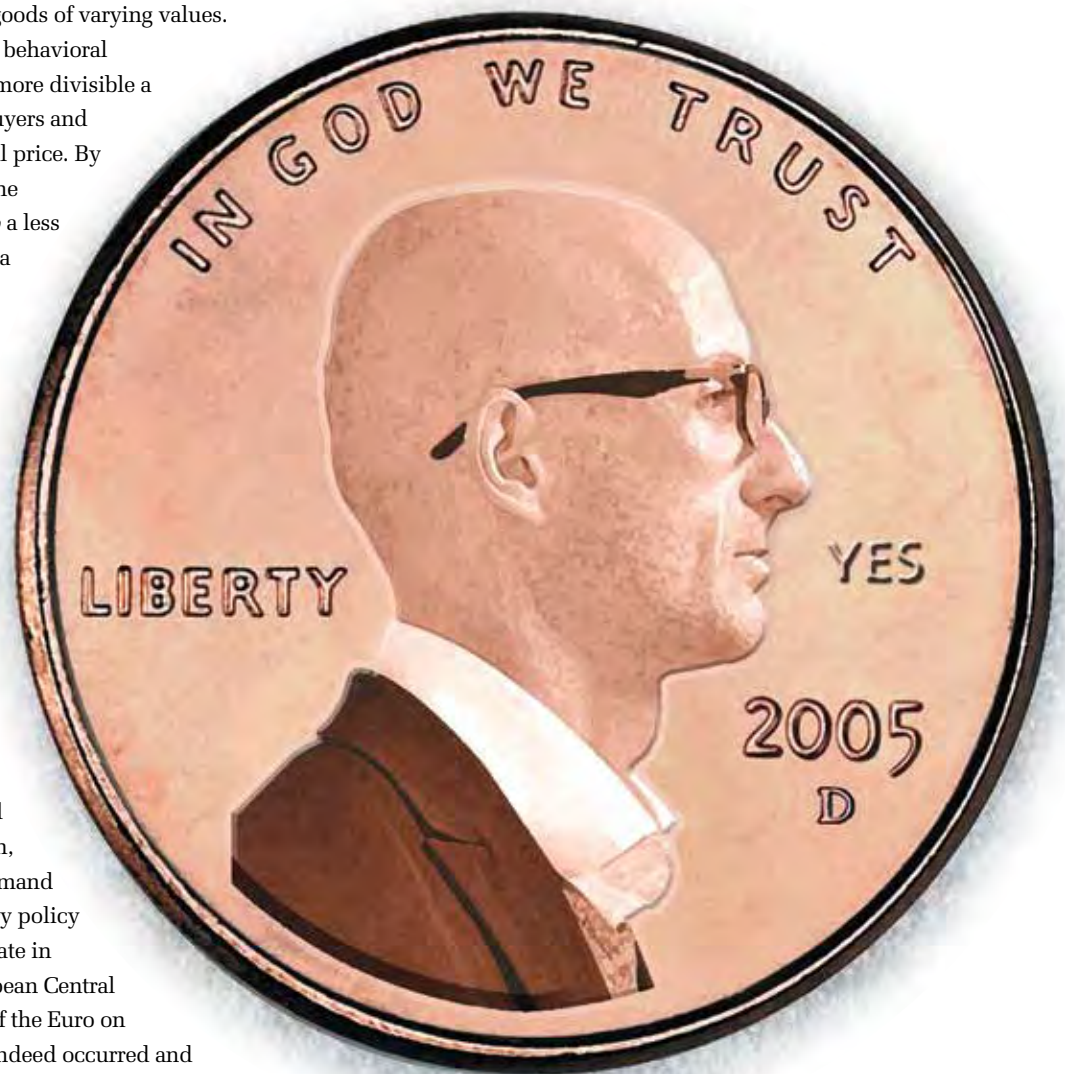
Second, getting rid of the penny could harm aggregate demand. Most prices in retail stores end in \$.99. If the penny were abandoned, these prices would be most likely rounded up to the nearest dollar, say from \$14.99 to \$15. Although the price change would be minimal (0.07 percent), the negative impact on aggregate demand could be quite large. Research shows that consumers perceive prices without decimals ("psychological pricing"); in their minds the price increase would be \$1 or 7 percent!

As a consequence, consumers would end up overestimating actual CPI inflation, with an additional negative impact on demand and with some consequences for monetary policy given that the Fed sets the federal funds rate in response to expected inflation. The European Central Bank faced this issue with the adoption of the Euro on January 1, 2002. While the rounding-up indeed occurred and

accounted for only 0.2 percent inflation, European citizens perceived the Euro-driven increase in inflation to be 3 to 5 percent. Moreover, because most prices in the United States are posted "pre-tax," a considerable share of "post-tax" prices would have to be rounded up as well. The impact on CPI inflation would then be more significant and persistent.

For these reasons, together with the fact that the production costs of a penny (and the nickel) can be reduced by using a cheaper metal, and considering the growing number of new instruments used for electronic payments (making the penny mostly a unit of account), I think the penny should not be suppressed.

*Marco Airaud is an assistant professor of economics at Drexel LeBow. Born and raised in Italy, he recalls several coin shortages during his childhood. Instead of small change, candy and public phone tokens were used as currency, much to the delight of those with a sweet tooth or those in need of making a call. For now, Airaud says he prefers carrying the copper currency; he says candy is much too expensive these days.*





# the PENNY?

COUNTERPOINT

INTERSECTION

## No.

Mark Stehr, Ph.D.

A penny for your thoughts?

How about this one: let's get rid of the penny. Yes, folks. The time has come to rid ourselves of this jangling pestilence once and for all. Why, you ask, would we want to eliminate this icon of American heritage? For starters, the penny is eating a hole in our pockets. Each year, the U.S. Mint, the institution responsible for making pennies, spends around \$100 million producing roughly \$40 million in pennies. That's right, we're actually losing money by making money, so rather than "a penny saved, a penny earned," each penny actually represents a net loss of around 1.5 cents. Furthermore, due to inflation, the penny has lost so much of its real value that this "medium of exchange" no longer serves any real economic purpose. Toll booths (outside Illinois, Land of Lincoln), public transit and vending machines don't accept them, and many people simply leave their pennies behind or drop them in a donation box after paying in cash.

Might getting rid of the penny harm the economy? Unlikely. Finland, the Netherlands, Australia, New Zealand and Sweden all

have gotten rid of their equivalent of the penny with no apparent ill effects, and Canada has just announced plans to follow suit.

Not convinced that the experience of these mostly small, cold and quasi-socialist countries translates to the United States? Well, the U.S. economy experienced no apparent ill effects when it got rid of the half penny back in 1857, and the real value of a half penny back then exceeds the value of a whole penny today by more than tenfold.

Some argue that elimination of the penny would hurt consumers. Since many prices end in 99 cents, the argument goes, wouldn't they be rounded up? Not necessarily. Remember that retailers end prices with 99 cents to make them seem cheaper to consumers. With this rationale, it seems more likely that they would lower a price of \$9.99 to \$9.95, than raise it to \$10 even. And even if prices did go up, it would be for a tiny amount and only once.

Having said all that, for me the biggest reason to get rid of pennies is that they're just a nuisance. I spend time counting them out to cashiers, and they spend time counting them back to me. If I stop spending them, they pile up in jars at home until I trudge down to the bank to exchange them. All this might seem like small change, but Robert Whaples of Wake Forest University estimates that if the use of pennies adds one second to the average transaction, the value of time wasted is nearly \$300 million per year. I

guess the best argument in favor of the penny might be that people simply like them. But, I say you'll miss them about as much as you miss other things you thought were neat like photographic film, manual typewriters, or the DC-10. In fact, I bet you'll find not having two pennies to rub together to be a very good thing!

*Mark Stehr is an associate professor of economics at LeBow College of Business who finds support for his economic arguments in everyday life. He was recently charged \$3.01 at a convenience store and, unsurprisingly, had no pennies to give. The shop-keeper said, "It's only a penny. Forget it," further supporting Stehr's argument that the penny isn't worth a dime.*



# Wringing Out

Leda Kopach



**W**hen the federal government approved Whirlpool's \$1.79 billion purchase of Maytag in 2006, consumers were hung out to dry.

So says Matthew Weinberg, Ph.D., an assistant professor of economics, whose research found that "the merger created monopoly power and increased the prices of dishwashers and clothes dryers."

The Department of Justice (DOJ) and Federal Trade Commission (FTC) attempt to block mergers that would harm consumers while not interfering with those that would not, but forecasting how mergers would impact pricing is tricky, he says. Most proposed mergers pass through the DOJ and FTC easily, because they combine disparate industries in which no direct competition exists. For those that might increase prices, the government has only 30 days to decide if there are antitrust implications that should block the merger. Issues such as ease-of-

products more efficiently," Weinberg says. "We acquired data before and after the merger to see how the pricing of the merger firms evolved over time."

Studies of the pricing impact from mergers that were almost blocked but eventually approved can help regulators become more effective, Weinberg says. The Whirlpool-Maytag merger was one of those close calls. Weinberg and his colleagues — Orley Ashenfelter, an economics professor at Princeton University, and Daniel Hosken, a researcher at the FTC — examined appliance pricing and units sold for products common to both companies (washers and dryers, for example) as compared to appliances (freezers and ovens) in which both companies were not dominant players.

The result: Consumer cost increases were higher for appliances in which Whirlpool and Maytag had large market shares, compared to other products.

The researchers minimized those effects by measuring the price changes relative to other products that experienced no increase in concentration but were similarly tied to housing markets and the price of steel.

"The idea for the research was developed when I was working as an economist at the Federal Trade Commission in Washington, D.C.," Weinberg says. "I like this kind of work in economics because it is a good mix of theory and data work, and it's relevant to public policy. When I start a research project I want it to be useful."

Weinberg admits that it's still difficult to predict if prices will increase with mergers, but these studies can help, and more need to be conducted to help evaluate whether the law is being enforced at the right level.

"Our research allows us to learn if the merger policy is being enforced at the right level, meaning, what we call the 'close


# CONSUMERS

entry into the marketplace, consumer demand and merger-induced efficiencies all factor into the determination.

"All three of these things make sense theoretically and forecasting has likely improved, but empirically it can be difficult to forecast whether the merged firm could profitably increase its prices and whether the merger would allow it to produce its

Complicating the findings were two developments during the same five-year period: an increase in the price of steel, possibly driving up the cost of washers and dryers, and a significant decline in the housing market, which would put downward pressure on prices because people tend to buy appliances when they remodel their homes or move.

calls.' If the mergers were leading to lower prices, then we could suggest that the policy is too strict and that more mergers should be let through. But in the case of Whirlpool and Maytag, the agencies should have investigated the merger more closely."

In other words, it needed a second rinse. 

# Creative Instruction: Innovation by Design

Lisa Litzinger-Drayton

Modeling clay. Scissors. Poster board. Wire.

No, this isn't a supply list your grade-schooler needs for an art project — it's what Drexel LeBow Executive MBA students utilize in a new product design course called Innovation by Design. The brainchild of Donna De Carolis, Ph.D., who was recently appointed dean of Drexel's new Close School of Entrepreneurship, the class challenges EMBA students to imagine technologies that don't exist — and then design them.

A collaborative effort with the Westphal School of Media Arts and Design, the course “allows EMBA students to think more about what people need,” De Carolis says. “Strategic managers need to focus on incremental changes in order to stay competitive, but

they also need to think about disruptive technologies so they don't become obsolete. Disruptive innovations of the future will change the face of industry.”

The class also introduces EMBA students to professional design tools and how to plan and implement the creative design process.

De Carolis says that when she first pitched the idea to the EMBA committee, “They looked at me like I was crazy. They were resistant. Their initial response was, ‘this is not relevant.’ But as I talked more about the benefits, they warmed to it. And in the end, everyone agreed it had value.”

For EMBA student Dennis Paris, president of Tangerine Strategies, LLC, which specializes in market and new product





development, and his EMBA cohort teammate Tate Rice, a physical therapist and the COO of his multi-location practice, the class may be the start of something big. They formalized an agreement to partner on the research, design, manufacturing and marketing of a new product line based on an idea they came up with during class.

"In just minutes, using the guidelines that we were taught, Tate and I had a conceptual idea," Paris says. "We followed the process, mapped it out, created several drawings, constructed a model, and presented it to the class. The reaction was very favorable. We knew that we had a product concept worth pursuing." The specific details of their product are under wraps while the concept is still in the development phase, but the innovation is physical therapy-related.

Instructor Carla Diana says that after teaching the first section of this course, she was surprised by the students' interest in pursuing their ideas beyond the limited time frame and expectations of the class. "I think it takes an experienced business professional to be able to go on to imagine and construct a business plan so quickly. It's really exciting."

A product designer who bridges the gap between the physical and the digital, Diana commutes to Drexel from Brooklyn to teach design. She recently wrote about social robots for *The New York Times*.

There is a big difference between teaching design to business executives versus the design students who typically frequent her classroom, she says.

"First of all, EMBA students are quite mature and bring with them a whole career of experience. This is great because it means they really appreciated the potential that their ideas could have as business solutions. But it was often quite challenging as well, because in the design process you have to let go of what you know and be open to the unexpected. In some ways the business students knew too much about the way things are done today, particularly within their own business sectors. They are used to thinking about things in a practical way. Design is really about using your imagination to come up with new solutions, and sometimes that may feel absurd or uncomfortable."

Diana gave the students some basic guidelines, but found herself surprised by the variety of topics that students dug into. "They explored everything from weight loss to bridge inspections to the idea of a virtual wallet. The depth of knowledge that the students brought to the table as experienced professionals meant that their exploration of the topics went deeper than I expected." M

"Design is really about using your imagination to come up with new solutions, and sometimes that may feel absurd or uncomfortable."



“Jon and Laura are a great example of how this mentor program should work.”

# Paired

Leda Kopach

**M**ister Miyagi and the Karate Kid. Dumbledore and Harry Potter. Obi-wan Kenobi and Luke Skywalker. And someday, Jon Liss and Laura Nelling?

For the past two years, Drexel LeBow has been pairing graduating seniors with alumni interested in making a difference in students' lives. Jon Liss '79, a director at Grant Thornton, is in his second year of the mentoring program. “I'm passionate about the school,” Liss says. “I really enjoyed my time at Drexel as a student. Since then I've been involved in a number of programs and sit on some boards, but I get the most satisfaction from talking to students, listening to their issues and offering advice when I can. I like being a sounding board.”

Currently, he's mentoring Laura Nelling, a senior accounting major whom he met last year at a mixer held for the Drexel Student Advisory Board. Members are the first wave of participants in the program.

“We started talking, and we realized we had a lot in common,” Nelling says. “I'm an accounting major and Jon's an accountant. Our personalities meshed, and immediately he was very helpful.”

After several co-ops, Nelling still wasn't clear where she should specialize in accounting. “Should I go into taxation? Audit? Advisory services? I didn't know, and I wanted to be better prepared as I started to interview for jobs. Since Jon was in taxation, he could speak to that, but couldn't provide that much insight into the other fields. He put me in touch with a Grant Thornton recruiter who immediately gave me a better understanding about the other service lines. It was enormously helpful.”

“Jon and Laura are a great example of how this mentor program should work,” says Rita Di Carlo, who administers the program and is the assistant director of LeBow's Office of Undergraduate Career Services. “Sometimes the relationship revolves around career advice; other times it's about networking and

# Up





creating opportunities that wouldn't otherwise be there. Sometimes they become great friends. The relationships are all different. It's been very positive.

"The mentor program is also a great opportunity for alumni to get involved with the university and see what's new on campus," Di Carlo adds. "For some, it's their first time back in years. They've started attending alumni networking events, and they invite their mentees to join them."

After a lot of self reflection, a strenuous interview process and several job offers, Nelling ultimately accepted a position at PricewaterhouseCoopers, a Grant Thornton competitor. She starts this fall.

"Laura thought that I'd be upset that she went to a competitor," Liss says. "But it's not about that. I'm happy for her. It has to be the right fit." Ironically, the pair will work in the same building.

Lately, there has been somewhat of a role reversal. Because of Liss' interest and success in working with students, he was tagged to teach University 101 Part 2, a LeBow capstone course that prepares students to graduate and enter the job market.

"Now Laura helps me as I prepare for class," Liss laughs. "I run things by her and get her reaction to a lesson plan or activity. She's been very helpful to me."

Although her position is solidified and her future firmly in place, Liss and Nelling continue to meet and attend professional networking events together. "I think it's important for Laura to be exposed to as many people in as many parts of the industry as possible," Liss says.

Nelling agrees. "It's great to see the other side of industry that I would never see as a student."

And that's precisely the point. 

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College of Business





# Restyling eBay

Lisa Litzinger-Drayton

**True story:** A man sitting in a plane on the tarmac at JFK was bored. He grabbed his iPhone and started perusing eBay for Hummers. Moments later, he hit the “Buy It Now” button and purchased a rare H1 Hummer for \$130,000. From his phone. Sitting on an airplane.

There’s no doubt eBay, the world’s largest online marketplace, has changed the way we buy and sell things. But in the 17 years since its launch, eBay has changed drastically, too.

Richelle Parham ’91, eBay’s vice president and chief marketing officer, is responsible for making sure people understand what today’s eBay is all about. Some people associate the company with offbeat auctions that have made headlines and are now cemented into the eBay’s place in pop culture, such as the cornflake shaped like Illinois that sold for \$1,350. Jay Leno has an occasional segment called “Stuff We Found on eBay,” where he jokes about wacky listings like “Friendship for a Year,” featuring a picture of a smiling, bearded man who promises to send you weekly emails, birthday greetings, and to become your Facebook friend. That listing sold for \$1.25.

Parham says these novel listings will always be “part of eBay’s culture ... but that’s not all we are today. The new eBay is really about getting to the items that you need and love — not only collectible items but also brand new items, with tags.”

If you haven’t visited eBay in a while, perhaps the most obvious change you’d notice is that it’s no longer primarily an auction website. Auction-style listings are still plentiful, but fixed-price items now account for more than 70 percent of listings, and that number is quickly rising.

But eBay’s transformation during the past 17 years goes way beyond the items sold there. Through innovation and acquisitions, the company has transformed itself from an online auction site to a comprehensive provider of e-commerce services, including online payments and money transfers (PayPal), shopping via bar codes (Half.com) and event ticket trading (StubHub), to name a few.

By the time Parham joined the company in 2010, eBay had come a long way from its original form, but its brand was still in need of a facelift.



Parham grew up in Baltimore and despite her current proximity to San Francisco, she sided with her hometown in the recent Super Bowl. “I wore purple for four days” after the Ravens won, she says.

As a young girl, she attended a small, private K-12 girls school, where her dream to become a fashion designer eventually gave way to the more practical idea of working in marketing and advertising. She chose Drexel because she was excited about the co-op program. During freshman year, she landed an enviable co-op placement at the design powerhouse Valentino in New York City. It was such a great fit for her that she added a double major in design and returned to Valentino for her second and third co-ops.

Her years at Drexel were all about school. “I was doing something very hard that required both left- and right-brain thinking,” she says of taking design classes alongside business classes. “I would do my economics homework, and then stay up all night doing my design projects.”

After graduation she worked at Citicorp for a few years, and then went into agency work. She eventually worked her way up to general manager of Digitas’ Chicago office. After 13 years with the company, a client came knocking with an offer she couldn’t refuse: Visa was seeking someone to lead its global marketing services.

“Ten years ago, if you had asked me what I thought I’d be doing for the majority of my career, I would have said I’d be an executive at an agency, like my role at Digitas. Landing on the client side at Visa wasn’t really part of the plan, but it felt like the next right opportunity for me because of the global platform. It stretched me in ways I hadn’t been stretched before.”

The Visa job came with some great perks. In addition to overseeing the company’s marketing performance management, she was also tasked with managing sponsorships — which took her to some pretty cool places. “I was in South Africa for the World Cup. I was in Beijing and Vancouver for the Olympics. I went to three Super Bowls and sat at the 50 yard line, and I met a bunch of athletes,” she says.

Parham had found a great fit at Visa, but a few years into that position, opportunity came knocking again. This time it was eBay looking for a CMO. Would she be interested?

The big question Parham had to answer was whether she wanted to devote herself to becoming part of a turnaround team. Her current employer, Visa, was on solid ground. On the other hand, eBay was just beginning to make its way back after several years of decline. Stock prices were still far off previous peaks, and sellers were unhappy about a recent rise in fees. John Donahoe, who had been promoted to CEO in 2008, was making solid progress in reviving the company, but there was a lot of work left to do.

Meetings with eBay’s executives — especially Donahoe — made the decision easy for her. “They had a vision. They knew they could turn this business around, and they had a plan for how to do it ... I came to eBay because it gave me the chance to become part of something big, and to help to grow this amazing company.”

With the job came more responsibility. On top of shareholders and eBay’s 27,700-plus employees, there are millions of people around the world who depend on eBay. For many sellers, eBay is their sole source of income. These sellers rely on eBay (read: Parham) to attract new customers and evolve the platform to optimize success.

“People depend on us, our platform and our ability to help surface their inventory,” she says. “They rely on us for their car payments, their mortgage payments, taking care of their children.”

With the gravity of her new responsibilities, Parham quickly got to work trying to understand the identity of eBay’s customers. “We did a lot of research to better understand our shopping enthusiasts and their paths to purchase, from the moment they become inspired to get something to the point where they buy it, and even past that, to the point where they actually advocate for us. I wanted to understand the journey and the things that influence people along the way.”

Specifically, she investigated how they interact with mobile devices, social media, email, telemarketing and other channels, and what influenced their purchases. After gathering a wealth of information on eBay’s users, she set out to create a better homepage. “We spent a lot of time getting the look and feel right — getting it to a more contemporary place. We had an amazing whimsical logo for 17 years, but we needed to do more to show that we are all about simplified experiences. We streamlined the logo, but kept those really strong equity colors,” that people associate with eBay.

eBay users’ new homepages feed them the inventory they say they like. “The new eBay is all about personalization. Now, your homepage is actually *your* homepage,” she says. “So if you tell us you like Tory Burch dresses and vintage watches, that’s what will surface on your homepage. The new eBay is all about how to get the things you need and love.”

Speaking of loves, though she never became a fashion designer, Parham still loves fashion. “Here at eBay, people are pretty casual. I’m one of a handful of people who actually dresses up for work. And I come dressed based on mood ... I don’t have a problem wearing four-inch heels to work when everyone else is wearing flats or sneakers. I really dress based on who I feel like being that day.”

For a fashionista, eBay offers some pretty decent perks. “Since being here I’ve met a lot of folks in the fashion industry. We have a \$12 billion fashion business. We have a collection with Derek Lam called Derek Lam + eBay. We showed it at Fashion Week, which was unbelievable.”

She says she often takes trips to Los Angeles and enjoys riding with the only family member who followed her to the West Coast — “Skylar,” her blue 1997 BMW z3 two-seater convertible. “Skylar and I put the top down and hang out,” she says.

Parham credits a number of mentors or sponsors — her “personal board of directors” — for helping her reach her goals, and explains that a sponsor is someone who advocates for you “even when you aren’t in the room.”

At eBay, Parham calls CEO Donahoe both a mentor and a sponsor. “He has been very instrumental across the board, and wants to ensure that women have lasting and enduring careers, and that we’re building the next generation of women executives. We sometimes talk about what’s next for Richelle. About a year ago, he mentioned that I should consider joining a corporate board. So we put that out in the universe.”

The universe responded. Shortly thereafter, an invitation came from Scripps Network Interactive to join its corporate board. Scripps owns HGTV, the Travel Channel, Food Network, the Cooking Channel and DIY Network.

Parham says the best piece of advice she’s gotten along the way came from a member of her personal board — a former boss. “He said: ‘Richelle, we can always rely on you. We know if we give it to you, it’s going to get done, and it’s going to get done right.’

**“The new eBay is really about getting to the items that you need and love — not only collectible items but also brand new items with tags.”**




“The problem is that you juggle. You have all these balls in the air, and you keep them all at the same height, which is a significant amount of work. You need to know that it’s OK to have them at different heights. You also need to know that it’s OK to drop one.’

“It took me some time to even feel comfortable with the notion that he was sharing with me, but over time I’ve really embraced it,” Parham says. “I’ve even talked about it to my direct reports, because I see them doing the same things that I was doing: trying to juggle so many things but not thinking about that ruthless prioritization that you need. Sometimes you need to focus on the most important thing versus spreading yourself too thin and focusing on everything.”



Donahoe and his turnaround team have received wide praise for their success in reinvigorating eBay. A June 2012 *New York Times* headline proclaimed “eBay’s Turnaround Defies Convention for Internet Companies.”

in technology. She’s worked with nonprofits Dare to Be Digital, which encourages middle school girls to get involved in STEM, and Girls Who Code, which teaches coding to 17-year-old girls who live in New York City. eBay will host 25 Girls Who Code at its campus this summer.

“This is the stuff that really gets me excited and helps me to know that I’m making a difference.” 

## Logo Evolution

Original, circa 1997



New, launched  
September 2012



In fact, as of the day this story went to press, the company’s stock has more than doubled since the day eBay announced it had hired Parham in the fall of 2010.

Still, Parham says her proudest accomplishment at eBay has been establishing a global Women’s Initiative Network (WIN), which focuses on helping eBay’s female professionals build lasting and enduring careers. “It’s all about helping women make a connection here. We are in a male-dominated field. We have women who want to know, ‘How did you get to where you are? Who helped you along the way?’”

Parham says her personal and work passions come together in her volunteer efforts to encourage young women to consider careers

## Fast Facts

- eBay Inc. enabled 2 percent of world retail sales and 19 percent of total online sales in 2012
- eBay Marketplaces record charity auction: Lunch with Warren Buffet: \$3.46 million in 2012
- Most searched brand on eBay Marketplaces: Coach



Go to:  
[lebow.me/MadDragon](http://lebow.me/MadDragon)  
to download a free mp3  
of "Home in a Boxcar"  
from Hoots and Hellmouth's  
eponymous 2007 debut.

# 100 COOL

Joseph Master

Photo by Alicia Brown





**Sean Hoots, front man for Hoots and Hellmouth, looks cool.** He's got a backwoods beard and paint-specked hiking boots that make you wonder where he's been. In a few minutes he'll take a stool in the corner of Drexel's MAD Dragon Records office to play a set for students in Westphal's Music Industry program. Students prepare the makeshift concert venue with the precision of veteran roadies. They rig an overhead light and sound check the mics.

"Is my hair and makeup OK?" Hoots quips. The laughter from the group isn't so much the sort you get from strangers as the familiar nods you get from old friends. Hoots begins to sing. Video rolls. Cameras click. A student uploads a pic to Instagram.

"*Dry bones need your attention,*" he sings. "*Dry bones need your love and affection.*"

Hoots has the kind of voice your ears follow up and down. He's hitting his falsetto; digging deep like John Lee Hooker. Goose bump material. But there is no time for wonder here. These students are working. They have already given Sean Hoots their attention, love and affection. They've done it on record, on tour and today on video for the world to see. It's all part of the biz, they say. Because this music industry thing, well, they're living it.

Over the past decade, MAD Dragon Records has managed to incorporate all of the music industry's revenue streams — touring, merchandising, publishing and recording — into the program's plan of study. It didn't hurt that *CMJ* magazine, a bible for indie audiophiles, put them on its cover or that *The New York Times* took notice early on. Some might call it luck. But it was more like splendid toil.

MAD Dragon began as a DIY operation. Compilations were recorded in the basement, and students solicited consignment deals from record shops. Eventually, they ditched the supply closet for a real workspace. Soon, there was a phone line and a website.

Everything changed in 2005 when the label secured a national distribution agreement with Ryko Distribution Inc. (later acquired by the Warner Music Group and called ADA), the world's largest independent music distributor. The deal lent the fledgling label the street cred to sign and develop original acts. That same year, MAD Dragon established its DraKo Booking Agency, as well as MADko concert promotions. MAD Dragon Publishing and MADFire Music Video Productions followed in 2006. By then, MAD Dragon had already released its first artist-centric record, *XYX*. Students booked and promoted an East Coast tour. There was press. Radio spins. Artist submissions started rolling in.

In 2005 Matt Duke, a singer-songwriter with coffeehouse charm, became MAD Dragon's first exclusive recording artist. Eventually, the label signed a joint venture with Ryko's record label, Rykodisc, to fund and distribute Duke's next record. The industry calls this

# FOR SCHOOL.



MAD Dragon Records, Drexel's student-run label, began in a MacAlister Hall storage closet with a \$250,000 investment in a recording studio and a conviction that if you're not doing what you love, you're wasting your time.

In just a decade, the label has evolved into a world-class incubator for developing artists and launching business-minded students into a seismically shifting music industry. From CDs to mp3s, streaming media and now back to vinyl — MAD Dragon has more than hung on; they have pushed every boundary.

The label was formed in 2003 with the release of *Unleashed*, a compilation record. At the time, compilations were customary for college labels. But MAD Dragon had a trump card: a Music Industry program (launched in 2000) founded on Drexel's principles of co-operative education and real-world experience. Other colleges offered similar programs, but they weren't churning out artist-centric releases or incorporating the management of their labels into curricula.

"upstreaming." It worked. Rykodisc released two of Duke's records and guided him to acclaim. For MAD Dragon, the partnership proved that the label could not only sign and promote artists; it could push them to the next level.

*continued*

**"OUR BIG QUALIFICATION FOR SIGNING AN ARTIST IS: DOES THE ARTIST WANT TO WORK WITH STUDENTS? DO THEY FEEL LIKE THEY'RE TOO COOL FOR SCHOOL? BECAUSE IF THEY DO, IT'S NOT GOING TO WORK."**

**— TERRY TOMPKINS**

Terry Tompkins, who joined Westphal's faculty and began overseeing the label in 2005, remembers the Ryko deal as a sea change for the label.

"After that, we could be everywhere. We weren't just a student-run record label. We could compete with any independent label in the marketplace and sign established artists."

Hoots and Hellmouth signed in 2006. Their self-titled 2007 debut won the Independent Music Award for best college record label album. At the time, the band didn't even know they were nominated. Students handled the submission.

Typically, an indie label will promote an emerging artist's record for up to 18 months if you're lucky — more like two or three in most cases. MAD Dragon promoted the first Hoots and Hellmouth record for 2.5 years — their second for another two. Students booked their tours, got them press, radio spins and footing on the charts. The band headlined the Philadelphia Folk Festival and sold out the TLA. Most importantly, they were able to quit their day jobs.

"To see an artist grow is wonderful," Tompkins says. "To see Hoots, who was a supporting act, sell out 1,000 tickets in their hometown is a beautiful thing."

As Sean Hoots recalls, there was some anxiety when he signed on the dotted line.

"For me, going into a school situation, we were a little apprehensive," he says. "I remember what I was like in college, staying up late. But the thing is, these kids are staying up late *working on their actual degree*. That's the beauty of combining your education with something you're passionate about. They mold their lives with respect to their careers."

"I hesitate to call them kids," Hoots says. "They're young professionals. We came to the table ready to go on the road and make records. They made it so we could live that life."

In 2007, MAD Dragon signed its first world-renowned artist, The Redwalls, an American band with Britpop appeal who had already charted with Capital Records and toured with Oasis. The band had recorded a self-titled follow-up, but was dropped from its label. MAD Dragon got word, arranged a meeting and leveraged its distribution clout to release the record. In 2008, The Redwalls performed on Letterman and Leno. The next year, they took home the Independent Music Award for best college record label album of the year. The students bled for that record. It was, as Tompkins recalls, a "real love fest."

Last year, MAD Dragon Records pulled in 15 Independent Music Awards nominations. They are no longer the DIY-label-that-could; they're the artist incubator that emerged from a basement to make some serious noise.

Each year, the label works with two or three emerging artists, while focusing on established acts. Like every business, there are budgets and bottom lines, but the target has always been to get artists from point A to point B. Musicians want to work with MAD Dragon because they know that the sweat equity they get from the students is currency that won't depreciate.



**Terry Tompkins wears jeans to class.** He uses words like fiduciary and dude in the same sentence. He's cool. You'd never know that he was a talent buyer for a major venue; that he co-founded a music conference; worked as a manager and as an artist and repertoire (A&R) man for Columbia Records; or that he discovered John Legend long before Kanye. His stacked resume provides him a platform to teach all areas of the music business with authority.

"We're in the trenches, dealing with artists, managers, agents and attorneys, because their careers are in our hands," he says. "So, critical thinking is the most important component. We spend a lot of time in the classroom strategically planning our next move and then looking back and seeing what we could have done differently."

While Tompkins is the resident sage — the broker of the deal that delivered The Redwalls, Hoots and others — he's not just developing artists for the label; he's developing artists in the classroom.

"Our big qualification for signing an artist is: does the artist want to work with students? Do they feel like they're too cool for school? Because if they do, it's not going to work," Tompkins says.

The highly selective, 189-credit music industry program, which was designed with input from LeBow faculty, features a built-in general business minor, with the opportunity for students to concentrate on either the business or technological aspects of





the music industry. During their freshman year, students take accounting and copyright law in lockstep with music theory courses. There is also an accelerated option for students to earn their B.S./MBA in five years. Of 167 admitted students last year, 37 pre-applied as freshmen to earn their MBA.

Michael Rodino, a junior who acts as the outfit's current label manager, is another cool guy. He's a connoisseur of recorded music and digs the business side too, so it's no wonder he's currently enrolled in the accelerated B.S./MBA program. After school, he runs a music review website, books shows, consults and manages bands. He has helped records chart on radio. He is 20.

"If you ever talk to any of our parents, none of them will ever go 'oh, my son or daughter is doing *music*,'" Rodino says. They don't even go there.

"We're not just creating music. We're creating culture. If you make a hit song, you're going to hear it on the radio today and the next day. That's a really intense thing to be involved with. It's not just our job. We're always looking to improve the *program*. We're looking for the best way to help ourselves and the artists we work with."

The label's latest release, *Making Moves*, a curated series of five, seven-inch polychrome vinyl singles, is perhaps the definitive example of MAD Dragon's ability take on inventive projects that serve both the bands and students. Each single features an emerging artist, produced by a member of power-pop five-piece Motion City Soundtrack. Five bands were selected specifically for the series through the cooperation of members of Motion City Soundtrack, their management and a student-run A&R committee. Each band recorded three songs with a member of Motion City Soundtrack at the helm, while Drexel students worked the boards — a rare example of musical mentorship that coupled a band that has sold over 500,000 records with a gifted pool of relative newcomers.

The entire series is now available as a box set, including a USB drive with a documentary of the making of the project. An old friend named Rob Berliner designed the artwork. He plays guitar for Hoots and Hellmouth.

Next up for MAD Dragon is a 10th anniversary showcase on May 17 at the Trocadero featuring 10 acts — including Hoots and Hellmouth — who cut their teeth with the label. To commemorate the milestone, MAD Dragon invited all 10 artists back into the studio to record a track for a compilation record. It's fitting that the label will only go full-circle to celebrate a decade of going vertical. Students are working nights and weekends to complete the record in time for the concert. It's going to be cool.

Sean Hoots will be there, handing out goose bumps. Terry Tompkins will be there, too. So will Mike Rodino and his colleagues. You'll know them when you see them. They'll be the ones running the show. **M**

## HERE'S THE SPIN

A television commercial for LeBow's new C-Suite Co-op features "Doin' It, Right," a stellar track by Philadelphia-based rockers Cheers Elephant. The band recorded their last album, *Like Wind Blows Fire*, at MAD Dragon studios with a music industry program graduate working the boards. Access to the track was made possible through MAD Music Publishing, which allowed LeBow to license the song for commercial use.

Mike Rodino (far left) oversees a recording session with Goldrush, a band featured on the *Making Moves* series.





# SEEDS OF





# CHANGE

Leda Kopach

Brad Ericson's homepage lists "Manchester United Obsessed" under "About Me." That's about right. Life stops for *Entrepreneur* magazine's 2009 "College Entrepreneur of the Year" when *football* is on. And it's been this way for-ev-er, he'll tell you. So imagine his excitement when he learned that he snagged his third co-op placement working with his beloved Manchester United ... and how bummed he felt when the co-op was over.

"I loved traveling back and forth to England from my co-op's home base in Chicago, and I didn't want it to end. But I had to come back to Drexel to finish a bunch of credits," says Ericson, a LeBow marketing and entrepreneurship senior who started the company 3SecondReceipts his freshman year. "Truthfully, I just wasn't looking forward to school." Until he received a call from one of his favorite LeBow professors, Chris Fennin. He told Ericson about the Dorm Room Fund.

Initiated by First Round Capital founder Josh Kopelman, the Penn alum who founded and sold Half.com to eBay for \$350 million, the Dorm Room Fund was created to give students experience managing an actual Venture Capital fund while funding student-owned businesses. The interview process was grueling, but in the end, Ericson and sophomore Christopher Gray landed two of the fund's 11 enviable positions.

"I was thrilled to be chosen," Ericson says. "As an entrepreneur you never know

how VCs actually work and how their funding decisions are made. This is an amazing opportunity to sit on the other side."

Since this is a startup fund, there are few rules for the group other than all investments have to fund student-run businesses; the entire \$500,000 fund has to be invested within two years; and each business usually receives around \$20–30k.

"It took us from November to January to establish the guidelines and how we wanted to proceed," Ericson says. "Some of the others wanted to fund students in the tri-state area, but I was adamant that we should keep it in Philly."

The group has a weekly two-hour meeting that usually runs four. "We are supposed to do our homework and study the industries and businesses of those coming in to pitch to us."

Ericson compares the pitch experience to the ABC show, "Shark Tank," in which entrepreneurs deliver a short sell to a panel

of funders, who quickly decide whether or not they will invest in the business.

"Like the show, it's very intense. Students pitch for 15 minutes; we ask questions for 15; and then we discuss among ourselves for 15. In 45 minutes, we decide if they'll be funded."

Since March, the group has deliberated more than 15 pitches, funded several and announced one. They plan to fund about 25 startups within two years.



The Dorm Room Fund is one of several VCs that have emerged recently in Philadelphia. That's better news than January's end-of-year MoneyTree Report\* that described VC funding in the region at its lowest levels since 1996.

The report came as no surprise to Bob McGrath, Ph.D., executive director and vice provost of Drexel's Office of Entrepreneurship & Tech Commercialization, who struggles every day to find funding for the many business ideas and innovations that come through his office.

"Historically, it's just been difficult to find seed money in Philadelphia," he says. "There are some funds that have been around a long time like Ben Franklin Technology Partners. But there is so much more money available in the Bay Area and in Boston where there is a deep culture for startups, and where there are great resources for obtaining seed funding. Philadelphia has always been a town of big banks and big pharma."

McGrath is optimistic, however.

**"There's a sea change in the region,"** he says. **"More and more investors have started to come to Philadelphia**

over the last 18 months. You are starting to see a snowball effect instead of a lot of static groups. Efforts are starting to bear fruit. Philly is in the position to be a part of the next wave of entrepreneurial culture in this country."



As head of Drexel's commercialization office McGrath keeps close tabs on innovation in the region, and on Drexel, in particular, which receives \$120 million in federally sponsored research annually and produces yearly about 120 to 130 inventions — *more than double* the industry standard.

"Inventions seem to come more easily at Drexel because of the use-inspired research we conduct and the entrepreneurial culture at the University," McGrath says. "Developing technologies with an endpoint in mind makes it easier to identify new inventions along the way, and the desire of the faculty to see those inventions commercialized is a powerful combination that leads to more inventions being disclosed and intellectual property being pursued."

But at the end of the day, research is only successful if its application can reach



the consumer and there is a return on investment. That's where McGrath gets to work. He takes innovations and helps turn them into viable businesses.

About 350 patents are available to entrepreneurs or businesses for licensing, running the gamut from an anthrax detector to a joint replacement bone cement system. Businesses buy in and then pay royalties to Drexel when the business takes off.

In 2010, Emunamedica, a healthcare startup, learned about an available patent for a near-infrared wound monitor device that measures the progress of wound healing. The device had been developed by two Drexel biomedical engineers, the late Elisabeth Papazoglou, Ph.D. and Leonid Zubkov, Ph.D., with Michael S. Weingarten, M.D. of Drexel Medicine. Realizing the device's great application, Emunamedica ran with it.

McGrath explains. "This monitor is life-changing for a diabetic patient who constantly deals with wounds because the device allows a physician to see under the skin to monitor healing. Previously, wounds were measured with a ruler. We were thrilled it was going to get application."

Financially, the company is thriving and currently undergoing a capital raise. McGrath anticipates that the device will quickly come to market once the financials are complete.

McGrath also works with faculty and students interested in bringing their own ideas to commercialization by providing mentoring and educational programs. There are different steps for faculty and graduate students than for undergrads, because the former's research is federally funded and therefore owned by the university. In

either case, McGrath's role is to develop relationships with early-stage venture capital organizations and industry to help fund these new opportunities.

"We invent things at Drexel, but we don't make things, and we certainly don't sell things," McGrath says. "We have to figure out who will."

There are a lot of great ideas. The problem is getting someone to fund them. What happened to the money?



"We are still recovering from the dot-com boom and bust," explains Mark Loschiavo, clinical professor of management and executive director of the Drexel Baiaida Institute for Entrepreneurship, which offers numerous educational programs and competitions for entrepreneurs and coveted incubator space for new businesses.

At the turn of the century, there was a lot of Venture Capital activity at the startup stage which stemmed from the dot-com boom, Loschiavo explains. "Private equity from VCs and angels [initial investors like First Round Capital] flooded the market, and they were encouraged by rapid increases in valuation. And at the same time, pre-revenue companies were experiencing IPOs [Initial Public Offerings]. After the bust, angel investors were getting hurt as their portfolio companies entered the next round of funding before they built equity. Because of the slowdown in company value creation, VCs started investing further downstream. This is why seed money has largely dried up."

It's also why entrepreneurs are struggling to get their businesses off the ground.





In October, the City of Philadelphia announced the creation of its own VC, called StartUp PHL, as an initiative between the Department of Commerce and the Philadelphia Industrial Development Corporation (PIDC) that aims to boost the economy and build confidence in the region.

After searching for a partner for six months, Mayor Nutter announced in March that the PIDC will partner with First Round Capital to invest \$3 million each in the fund that will support seed-stage investments in Philadelphia-based tech startups. First Round will manage the fund and make early-stage investments on behalf of the Startup PHL Seed Fund.

The second aspect of the Startup PHL is a \$500,000 fund to support innovative proposals that support business creation and entrepreneurs in Philadelphia. Six organizations won grants for programs or services that support the entrepreneurial community in Philadelphia, including Ben Franklin Technology partners, the Greater Philadelphia Chamber of Commerce, Philly Core Leaders and others.

West of City Hall, Drexel President John Fry has plans of his own. Earlier this year, Fry announced the formation of Drexel Ventures, a new VC intended to commercialize university technology and serve as a resource for supporting the region's entrepreneurs, including students and alumni. Fry is working closely with Loschiavo and McGrath to streamline plans and evaluate funds that will match Drexel's \$3 million commitment. McGrath stresses that Drexel Ventures' funding decisions will be made by the fund managers, not by Drexel administrators or faculty, and that decisions will be based on two criteria: Does the invention or innovation address an unmet need in society? Does it have a reasonable chance of business success?


**"We want practical innovation that will impact the city,"** McGrath adds.

Additionally, the Drexel Fund will serve to establish contacts for young companies looking for investors in the region. "We may make a seed investment in those companies, but there may be a next group of investors that they'll need. We want the process to be

supportive and to give companies as much feedback as possible. Investors will give us their views, so if the company is not selected for funding, the entrepreneur can modify his plans and have a better chance to get it to market."



With just a few credits left to complete at Drexel, Ericson has plenty of time for early morning wakeup calls to cheer on Manchester United and ponder his future. Will he pursue another startup? A repeat stint with the Red Devils? Probably both, he says. For now, he's enjoying his final days as a Dragon making the most out of his opportunity with the Dorm Room Fund.

"I know that when I was starting my business, \$20–30K would have meant the world to me. One of them may make it big someday, and we are giving them that chance." 

*\* The MoneyTree Report by PricewaterhouseCoopers and the National Venture Capital Association (NVCA) is based on data from Thomson Reuters.*

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# Here's to **health** and a

Leda Kopach

**A**noo Sukhia finally had enough. Drexel's executive director of printing and mailing was frustrated that she wasn't exercising. Every day she told herself that today was the day she was going to start taking care of herself, and "by the end of the day, I was exactly where I was, at my desk, having hardly moved," she says. That's when the email arrived. It was an invitation from the University to join a walking club. "It immediately clicked for me. I said, 'I'm going to do this.' I joined the club."

Twice a week during her lunch hour, Sukhia laces up her tennis shoes and joins the dozens of Drexel employees who participate in the walking club, one of the many programs in Drexel's "A Healthier U" wellness program. They walk briskly throughout University City with a leader choosing the path and setting the pace. Courses change daily to challenge participants and keep monotony at bay. Bad weather? No problem. They head to Drexel's Rec Center indoor track for a few laps.

Is this an employee benefit? Not technically, says Chris Brutsche, director of benefits at Drexel. But "we want the wellness program to become a part of our culture. Healthier employees are more productive employees. There's less absenteeism."

Brutsche is not the only one who thinks this way. Throughout the country employers have implemented comprehensive wellness

programs designed to improve employee health while improving the bottom line. And much of this has to do with mitigating the soaring cost of health insurance.

"Because of healthcare reform and the rising costs of insurance, many employers have moved to self-insuring, which means they're paying the claims themselves," says Mike Howley, Ph.D., a clinical associate professor of marketing and Corporate and Executive Education faculty member who also serves as a physician's assistant. "Employers have a tremendous incentive to try to keep their workforce healthy. Healthier employees have fewer claims, so a healthier workforce makes financial sense for companies."

Companies like Independence Blue Cross (IBC), a current partner of Drexel LeBow's Corporate and Executive Education program, which is currently offering a business analytics certificate program, work with self-insured employers to help them collect and analyze data so that programs can be created to improve the health of their employees and reduce the number of claims.

The fifth largest private-sector employer in Philadelphia, Drexel made the leap to self-insurance three years ago for its 4,500 benefits-eligible employees. Rising costs were the trigger.

"We hired a consultant who basically told us that we'd be better off insuring ourselves," Brutsche says. "Like in any organization, there were a few high claims within our community which could





# better bottom line!

have been devastating. Since we are large, we could absorb the costs, and we were also able to purchase stop-loss insurance so there were no worries. When claims exceed a certain amount, we are no longer liable. We decided to move forward with the change.”

Moving forward also meant creating a full-fledged wellness program for Drexel with a dedicated administrator. Vic Tringali, an entrepreneur and fitness expert, was hired to develop “A Healthier U.”

“We know that doing nothing does not work when trying to get healthy,” says Tringali, executive director of university wellness. “Basically, there are three things that people have to do. They have to exercise, eat right and avoid using tobacco. My role is to create an environment and programming that are supportive of those three specific behaviors in order to target risk factors.”

Before a program could be completely developed, however, the health of the university population had to be determined. Through email communication and special events, employees were encouraged to fill in the health risk assessment (HRA) that asked questions about their current health and lifestyle, and for their efforts, they received a \$150 health insurance premium reduction.

Onlife Health was contracted as an external vendor to implement the HRA and helps Drexel analyze this data. IBC, which was still managing Drexel’s medical claims, was tapped to collect and analyze the information collected from employees.

“Analysis of claims data can not only provide tremendous insights about health and wellness of employees but also guide the strategy for improving care and reducing cost,” says Somesh Nigam, Ph.D., chief informatics officer at IBC. “We use data to provide our clients with the statistics and analytics they need to create their wellness and care management programs. Complex algorithms are used to analyze information. We convert it to actionable form for our members and their providers to help identify and fill care gaps, create tailored

**The fifth largest private-sector employer in Philadelphia, Drexel made the leap to self-insurance three years ago for its 4,500 benefits-eligible employees.**

wellness programs and manage chronic diseases such as diabetes or asthma. Employees receive personalized instruction and engagement to follow based on their health status and biometric information.”

Monthly and quarterly reports are generated by IBC to customers about the employees' general health and areas of concern based on the claims processed. This is not information about any one individual, but the population as a whole.

Tringali takes the information from there. After learning what challenges the employee population is facing, programs are created.

"We have a relatively small population of tobacco users compared to national trends — which is great," Tringali says. "For those who need it, there are a variety of tobacco cessation programs available. Unfortunately, we do have a fair amount of employees who are at risk for chronic diseases which can be linked to a lack of exercise and poor nutritional habits, so offering classes in nutrition and exercise incentives, such as a reduced gym membership fee and personal training sessions, address some of those concerns."

Like anything, participation is key. "Engagement is essential, and marketing is everything," Tringali adds. "We send emails, postcards and newsletters about new programs and reminders to sign up for classes. You want to get people to buy into it." In certain cases, Drexel employees receive incentives such as gift certificates or gift cards for participation in events, monetary rewards, reduced insurance costs and even free gym memberships. About 700 employees are members of the gym.



A robust website was also developed with information about programs, exercise classes, free massage offerings and testimonials encouraging employees to participate. There are healthy eating habits mentioned in *Drexel Now*, the weekly newsletter sent to employees, and links on the university's homepage to the "A Healthier U" website underscore the importance of the program. Tringali is in the process of working with Sodexo, the university's dining provider, to highlight healthy menu choices and nutritional information in dining halls and campus restaurants. Social activities also contribute to employees' overall health and happiness. Tringali has teamed up with Drexel's Rec Center to create an employee olympics and intramural sports leagues in volleyball and softball.

But for employees with health issues such as diabetes or

cardiovascular and cardiopulmonary diseases, IBC can better support their needs with analyses that delve deeper into disease management to create even more tailored programming for Drexel.

"Based on what we learn through data collection, we can provide things like reminders for medication, which is so important when treating disease," Nigam says. "We also look at making sure appropriate tests are taken at the right time, and seeing the right specialists at the right time. We use claims data, analyze them and use algorithms to not only understand their risk scores, but the severity of their disease and figuring out if there are any care gaps.

**Drexel has had 5 percent increases in healthcare costs for the last two years compared to 11 and 12 percent nationally. Something is working, and definitely the self-insurance is helping. Claims are down.**

If they are diabetic, are they getting the right test or if they are diabetic with hypertension, are they getting the right medication? This is what we do on the back end at IBC."

So far, the bottom line is looking healthier.


Drexel has had 5 percent increases in healthcare costs for the last two years compared to 11 and 12 percent nationally. Something is working, and definitely the self-insurance is helping. Claims are down. People appear to more focused on improving their health.

"We are still in the need of a larger cross-section of the population participating, and we want to make sure that we get a good foundation so our benchmarks are accurate,"

Tringali continues. "We want to be able to see a trend and a return on our investment. There is relatively low turnover at Drexel, so we think we really have a great opportunity to track the overall health of our employees, as long as we continue to collect accurate data.

"We don't force people to do anything," he continues. "You can't make someone join the gym and eat healthy. We try and encourage. We are trying to create a culture to make people active."

As for Sukhia, she has added trips to the gym as part of her personal wellness initiatives and participated in an eight-part class on weight management to improve her nutritional goals.

"I used to think I ate well," Sukhia says. "But after listening to the nutrition professor, I realized I didn't. I set new goals. I'm eating healthier and exercising more now, and I'm feeling better." 





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# Pursuing My Dream

Brian Antolin

As I write this, I'm fighting a cold.

I'm also studying for a midterm, preparing for a presentation and working on a new business concept.


Schoolwork comes first — I didn't spend five years here to come up short (I want that diploma!) — but Drexel makes it possible for me to do so much more.

For example, I devote most of my free time to my startup idea: a business that helps simplify the process of visiting colleges in major cities by assisting with transportation and logistics. I'm working with a group of entrepreneurship majors in Management 363 (Directed Study in Entrepreneurship) who are supporting me with market research. Thanks to Chuck Sacco MBA '06, the instructor for the course (and an accomplished entrepreneur in his own right), we are gaining valuable insights and experiences. Through co-op, I turned my childhood love of buses into consulting assignments with a transportation company and became the only undergraduate in an MBA class that analyzed the company's economic impact on Philadelphia.

Looking back on my experiences here at LeBow, there have been several people and moments that have helped shape me into who I am and who I hope to become. Those moments

began during freshman year when my General Business teacher Chris Finnin told us to "Be the purple cow." The recollection still makes me laugh, but the life lesson will never be forgotten. Becoming who I want to be is a deliberate act that only I can accomplish.

I keep everything in perspective by reflecting on my actions and the impact I had on other people every day. I take time each evening to update my "to-do list." By prioritizing my tasks for the next day I can focus on accomplishing my goals while creating capacity to deal with the unexpected. Making that list has been essential at Drexel but it's a practice I learned well before college. Thanks, Mom!

By the time you read this I will be close to graduation and focused on launching CoTo Travel. But for now, I'm taking my cold medicine and going to bed. 

*Brian Antolin is a marketing and legal studies student with a certificate in social responsibility. He will graduate in June 2013 and plans to launch CoTo Travel, his transportation business, in July. Read his blog at <http://travelingonalayover.blogspot.com>*





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# Weathering the Storm

Leda Kopach

**When Hurricane Sandy hit Ocean City, New Jersey, in October, Dave Cates '84 was at home waiting out the storm and hoping for the best. Unfortunately, his popular restaurant, Piccini Pizza, lay in the path of the storm.**

Relatively speaking, he got lucky. Piccini was left standing, but not without Sandy leaving her mark. Several feet of water flooded the gourmet pizza shop, causing widespread damage. Cates assessed the situation. Instead of waiting for insurance adjusters to estimate damages and claims to get processed, he would focus on getting Piccini open for business and worry about the finances later. It turns out that was a good move. He only received his insurance estimate in February, four months after the storm. Had he waited, it would have devastated the business.

An accounting and finance major, Cates never intended on starting his own business. When he graduated from LeBow in 1984, he was offered a position in cost accounting which quickly lost its appeal. He tried stints as a car salesman, financial advisor and commercial insurance broker, but wanted a career in which he could make the decisions that impacted his life. Opening a business proved to be the answer and doing it in a beach town was a real plus. The 50-year-old frequent runner thought that the town where he spent most of his childhood vacations could use a better pizza place. He was right. Piccini grossed \$1 million in sales last year.

From the very beginning, Cates recognized his talents and filled in the gaps where necessary. Restaurant consultants



"I knew I couldn't wait," Cates says. "I needed to keep as many of my employees working as possible, so they helped with clean-up and anything else that was needed. After 20 years in this town, I know a lot of great contractors, plumbers and electricians, who were all willing to help. They came before and after their other jobs. They were incredible."

Eight weeks after Sandy, Piccini was ready — a remarkable feat given there are businesses still boarded up on the island and residents who haven't moved back home. This quick turnaround was the result of Cates' tireless work and same can-do attitude that prompted him to open a pizzeria in the first place — when he had never even worked in one — in a town where most residents (read: customers) leave as soon as the weather cools.

created the original menu, designed the interior and taught him the basics of running the restaurant. He took it from there. Cates hired the right people most of the time, he says, and he stuck to his strengths. "You have to know what you're good at. I understand numbers. I learned that at Drexel. I know what I did this day last year, what I will do today, and every other day this week."

"Over the last 20 years I have figured out this business — we have weathered the storm," Cates says. "But I wouldn't want to repeat my first five years in business when I was fine-tuning and figuring out staff issues. I now have great, loyal employees and a wonderful menu. If June broke out tomorrow, we'd be ready." **M**



# A Case for Moving Forward

Joseph Master

Four years ago, Sandra Anglin-Caldwell, EMBA '08, walked barefoot over hot coals at a Tony Robbins event and became an official "Firewalker." She had just resigned as assistant vice president of finance of a large local insurer, and would soon begin her current role as controller for Wilmington-based electric utility and energy company insurer Nuclear Electric Insurance Limited (NEIL). Sure, the motivational talk was inspiring; but to Anglin-Caldwell, it's the walk that counts. And she has a knack for moving forward.

After the firewalk her feet felt nothing, but something stirred inside her. And Sandra has always been uncannily aware of her defining moments.

"I realized that I could be successful at whatever I choose if I have the right motivation," Anglin-Caldwell says. "There was no more doubt about the question 'can I do it?' Now the question is 'should I,' and more importantly, 'do I want to?'"

Here's another moment: Sandra's in middle school. It's dinnertime. Her father, an accountant, walks in the door, holding his briefcase. It's black leather with a piano hinge and a pigskin interior. She remembers these details precisely, like you remember a first kiss.

Dad would carry different briefcases through the years, but this one sticks in her mind. It's not so much the look of the leather as the hand holding it.

Years later, while attending the University of Waterloo in Ontario, Canada, Anglin-Caldwell accepted a co-op position at a local "Big 4" accounting firm. Becoming an accountant was never a question; it was inevitable. To commemorate the occasion, she bought a black leather briefcase with a pigskin interior and a piano hinge.

"I had watched my dad in that space for my whole life," Anglin-Caldwell says. "I've never second-guessed or regretted it since."

One more moment: Sandra is about to attend her college graduation. She's sitting on her bed next to her grandmother, who had been a schoolteacher and principal back in Jamaica, where the Anglin family originated from before immigrating north to Canada.

*What are you going to do next?* Her grandmother asks.

Sandra says something about falling in love. Getting married.

*Why would you do that?* Her grandmother says. *You have your whole life ahead of you. Get your Master's. Spread your wings.*



Today, Anglin-Caldwell has her MBA, and she sure did spread her wings. As controller for NEIL, Anglin-Caldwell makes big decisions

— the kind that demand compassion and humility. She takes calculated risks; she welcomes change.

"There is a way to maintain your values while making tough business decisions," she says. "And it's all about how you execute. The best thing you can do is lead by example and remain well-grounded in your values."

Sandra Anglin-Caldwell is judicious with her words. Her posture is perfect. She makes instant eye contact. But there is so much more. She has an irresistible laugh. She digs James Bond movies. She scrapbooks. She's private, but not enough that she won't tell you that she and her husband, Cleveland, have a thing for going zip-lining together. She's happy.

Anglin-Caldwell stopped carrying her briefcase a decade ago. Now, she straps on a black Tumi backpack. It's made of ballistic nylon with leather trim. It's more functional than fashionable, and it's built to last.

"I don't know if I would go back to a briefcase now," she says.

Of course she wouldn't. **M**



# THEY CALLED ME JAMAL

Wesley R. Gray, Ph.D.

We pushed south through the palm groves. As we approached the location where I had been sniped at the other day, my heart rate spiked. I suggested we move toward the Euphrates edge and push past the position ... Ayad, a *jundi* (Arabic word for soldier) from the battalion, scouts, the Iraqi squad leader and I pushed forward of the patrol to determine which home we wanted to occupy. I told Ayad, "Pick your favorite."

"Clear." A *jundi* gave me the green light ... I darted across the intersection, jumped over a gate and landed in a sheep pen where everyone else in the patrol had congregated. After a quick accountability check, we knocked on the back door of the home. A young boy came to the door. Ayad explained the situation, and he let us in. Once inside, the boy introduced us to his father and four brothers. In accordance with the high standards of Arab hospitality,

the father ordered his younger sons to bring us cold water and tea. Ayad ordered two *jundi* to the roof to establish overwatch on the road.

Mesmerized by the sight of an Arabic-speaking Marine, the boys attacked me with a barrage of questions. The eldest son greeted me, "Please, Jamal, come outside to the patio and we must talk. I want to learn." The four brothers escorted me to the front porch for a chat. I signaled to PFC Lynch to act as my bodyguard in case something happened.

One of the youngest boys was confused, "Jamal, are you Iraqi?" I laughed and told him I was from America, but that I would have been proud to be from Iraq. After bouncing between serious discussions of politics and local area security, the boys asked me about famous American cities, the Rocky Mountains, and Michael Jackson — their favorite performer. I spared them the details on Michael Jackson and told them we had to be on our way. Before we left, Ayad asked one of the young boys, "Brother, can you run across the street and buy me a pack of cigarettes in the market?" The boy took the *dinar* bill

from Ayad's hand and sprinted through the front gate.

The boy returned dripping with sweat, obviously distraught. He sprinted to his eldest brother and whispered something into his ear. The eldest brother clutched my arm and pointed to Ayad to come closer. He whispered, "Jamal, my little brother says the insurgents have an ambush awaiting you on the other side of the market. They are planning to ambush you when you cross the street!" Ayad veered towards me. He hoped I would say there was no need to confront the ambush. I pointed towards the palm groves and said, "*Ayad, La. Rah Nrooh hinak.*" (Ayad, no. We will go there.) Ayad was relieved. As my comrade, he was ready and willing to follow me into combat if I thought it was a good idea, but he did not want to die today. I agreed, today was not a good day to die. **M**

*Wesley R. Gray (below right) is an assistant professor of finance at LeBow College of Business. He was deployed as a U.S. Marine Corps military adviser to an Iraqi Army battalion in 2006. This piece is excerpted from his book, Embedded: A Marine Corps Adviser Inside the Iraqi Army.*





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