BREAKING NEW GROUND

Catch a glimpse inside Kellogg’s new global hub
Every year, more than 13,000 vessels (like the one picture here) pass through the Panama Canal. They traverse more than 50 miles (80 km) of artificial lakes and concrete locks as they make their way between the Atlantic and Pacific oceans. Servicing more than 144 maritime routes that connect to nearly 1,700 ports in 160 countries, it’s little wonder why the American Society of Civil Engineers deemed the shortcut one of the “Seven Wonders of the Modern World.”

**Antonio Dominguez ’88**, a former Board member of the Panama Canal Authority (Autoridad del Canal de Panamá), was appointed inspector general in October 2012. In his new role, which reports to the Board of Directors, Dominguez oversees all auditors and investigators and reviews all of the Canal’s financial information.

On Dominguez’s agenda: an eight-year, $5.25 billion expansion to double the canal’s capacity, allowing vessels much bigger than this to carry through three times as much cargo. The authority plans to complete the expansion by next year, when the canal reaches its 100th year of operation.
Breaking New Ground
Much like the school’s strategic plan, Kellogg’s new global hub is an audacious undertaking.

Innovation and Entrepreneurship
It’s all about finding that new idea and turning it into something valuable. Whether you’re a new venture or a long-established middle-market company, the question is: Can you discover the next big thing?

Blood Is Thicker Than Recession
Family businesses survive the downturn by sticking together and staying the course.

Breeding New Businesses
Incubator and accelerator programs help alumni bring their business ideas to life.

The Seasoned Startup
Backed by years of industry experience, midcareer professionals leave corporate jobs to re-enter as entrepreneurs.
INSIDE: SAN FRANCISCO

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Strategist-turned-inventor Justin Smith '09 maps a new path for himself

Betting on a Long Shot
Ghia Griarte '93 took a chance when she joined Saints Capital, a once-unknown investment firm that’s since grown to $1.3 billion

Challenging Convention With Invention
Lisa Earnhardt '96 has brought investors, doctors and her team around the table to develop an essential implant for sinus pain sufferers

Entrepreneur Group Opens Alumni Chapter

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OverDog connects athletes with fans through video games
Our new building promises to be an elegant marriage of form and function. Its inspired design will allow faculty and students to continue to define collaborative learning, and its flexibility will allow Kellogg to adapt to rapidly changing technologies. It will be a dynamic meeting place for thought leaders and innovators.

But a great building has to do more than function properly and look beautiful.

A great building amplifies and projects the values of the community that built it and for which it was built. Bricks and mortar and glass are important, but the most important construction materials are purpose and meaning and community.

What we’re building together on the shore of Lake Michigan is a global hub that will embody some of the most important characteristics Kellogg has always developed in its graduates — flexibility, resilience, openness. It will be a place where outstanding people and ideas come together — and from which outstanding people and ideas will be propelled into the broader world.

We think our new home will be the best business school facility in the world because it will have been built by and for a business school community like no other in the world.

Paul Gediman
Senior Director of Alumni & Donor Relations
Despite a slowdown in economic growth, many investors are still bullish on emerging markets. Opportunities abound for venture capitalists in countries like Brazil and Vietnam. Both markets are growing, with Brazil still building its financial infrastructure and communist Vietnam just introducing market-liberalization policies.

Eric Acher ‘95 and partner Fabio Igel founded the São Paulo-based venture capital firm Monashees Capital in 2005 to form close early-stage partnerships with Brazilian entrepreneurs in digital and education spaces. One of Henry Nguyen’s ‘01 first jobs was working at McDonald’s, so it’s fitting that the founder of Good Day Hospitality and managing partner of IDG Ventures Vietnam is bringing the first golden arches to Vietnam, set to open in early 2014.

What is the main barrier to building businesses in your country?

Acher: From the standpoint of venture capital, the main barrier is the lack of a “high-impact entrepreneurship” culture in Brazil. We started with a staged financing approach in 2005, investing in young, high-impact entrepreneurs who are building a new generation of excellent tech companies and inspiring other entrepreneurs to change the local culture.

Nguyen: The main barrier comes down to leadership and human capital. Finding talent, nurturing leadership and retaining good people is difficult when you don’t have a large number of people with extensive experience in your industry. Often, you have to import leadership talent. Recruiting Vietnamese who have lived and worked abroad to return can be a good source of talent. Homegrown talent must be nurtured through better education and a focus on training and development.

What is your strategy for handling different regulatory environments?

A: Have a pragmatic mindset. Instead of complaining about it, we learn how to deal with its different forms and incorporate their effects in our planning, which usually means working with longer takeoffs, larger investments and tighter margins. At the same time, I believe that technology will help Brazil leapfrog in many areas, and regulatory reduction is one of them.

N: Our approach has been to be a strong node connecting the business community with relevant governing authorities. Government in Vietnam is oriented toward assisting businesses within existing and sometimes evolving policy, but often not aware of specific matters that affect a business. Communicating these problems and working on solutions is critical.

What is your outlook on the future of foreign investment in your country?

A: Despite all obstacles, I am very bullish about Brazil in the next 20 years. We have a stable economy, large, growing consumer markets, and an established legal system. To improve productivity, we will need sizable investments in infrastructure, technology and education. Foreign direct investment will play a key role in this process.

N: Long term, the future of Vietnam is bright. The people of Vietnam are literate, hardworking, and oriented toward prosperity and success. Vietnam is a nation abundant in natural resources and business opportunities, with a stable political system and a government oriented toward market reform and economic growth. The confluence of demographics, rapid economic development and technology will allow Vietnam to become one of the fastest-growing economies in the world.

Interviews condensed and edited for clarity.

BY SARA LANGEN ILLUSTRATION BY NICOLE LEGAULT
A TOUGH CHOICE FOR A ‘CLEAR VISION’

GREG HANIFEE LEAVES HIS ALMA MATER AND JOINS KELLOGG AS ASSOCIATE DEAN OF EMBA PROGRAMS

Greg Hanifee didn’t have to leave. The former manager and consultant was four years into his job at the University of Maryland’s Smith School of Business, serving as assistant dean of executive programs. Then Kellogg came along.

“Leaving my alma mater was a difficult choice, but certainly made easier once I visited Evanston,” Hanifee said. “The culture of Kellogg, embodied by the spirit to innovate, willingness to partner and collaborate, and the importance placed on people, made it clear to me this was the right place, and the right time, for me to take the leap and join a world-class organization.”

In the newly created senior-leadership role, Hanifee will run both the Evanston and Miami EMBA programs and take over the relationships with the International EMBA partner programs in Toronto, Düsseldorf/Vallendar, Hong Kong, and Tel Aviv within a year. Here, Hanifee talks about leaving Smith, coming to Kellogg and his plans for EMBA.

K: Why leave your alma mater for Kellogg?

GH: Kellogg has something that many business schools, and organizations of any type, struggle to define: a clear vision. Much like we tell our students when they are considering career options, people have to feel the organization will be the right fit. And, for me, I could see where I would be able to bring my global experiences to the EMBA network at Kellogg.

K: You’re taking over both the Evanston and Miami EMBA programs immediately. Any specific plans for them?

GH: I do see opportunities to continue to integrate the Miami and Evanston cohorts to improve the student experiences. We’ll also work closely with teams from admissions, CMC, corporate relations, alumni engagement and Executive Education to leverage our collective efforts to benefit not just our programs, but for the benefit of the entire school.

K: What is it about Kellogg’s EMBA programs that students value so much?

GH: It’s a very exciting time to be a Kellogg EMBA student. Based on my conversations with alums and students, it’s clear that both place a high value on the global “live-in” experience of the Kellogg program — a key differentiator for us.

K: What are some of your early plans for the Kellogg EMBA global network?

GH: The work that [Associate Dean and Executive Director, Global Programs] Paul Christensen and his team have done over the past 24 months to deepen the chemistry among the network partners continues to deliver amazing learning experiences. Based on my early conversations with Paul, the partner deans and current students, our efforts will focus on delivering a balanced combination of relevant elective and global destination choices. Our students also would like to see other global locations as part of the network, so I’ll be working with Paul and senior leadership to evaluate other opportunities for us to partner and enrich the EMBA experience.
MMM 2.0
DIALING UP DESIGN INNOVATION, TECHNOLOGY
ON A BUSINESS FOUNDATION

Kellogg and McCormick School of Engineering will launch enhancements to the MMM program, slated to begin with the class of 2016.

The revised dual-degree program will retain its rigorous focus on management training, but add a stronger complement to design innovation and technology. New courses will concentrate on areas like organizing for innovation, programming design and the design of networks. The courses have been developed through the Segal Design Institute at Northwestern and are specific to the MMM program.

The added content within design innovation and technology is important, says Greg Holderfield, director of the Segal Design Institute and co-director of the MMM program. “We believe that business, design and technology are at the center of innovation. True innovation is not just about making a choice, it’s about creating choice. And when you’re creating choice, you’re creating new value.”

MMM students graduate with the knowledge of how to manage and design end-to-end solutions, Holderfield says. Graduates will be able not only to problem solve, but also identify new opportunities. These enhancements will allow more of them to move directly into product management roles upon graduation.

Under this enhanced curriculum, the program will require another four credits for graduation, extend to seven quarters from six and begin in June rather than September.

To provide extra career support, new MMM-specific recruiting opportunities will be available to full-time students through the Kellogg Career Management Center. A dedicated MMM career coach will also be available.

A LOOK INTO THE NEW CLASS

The Class of 2015 arrived in Evanston with varied backgrounds — education, energy, technology, healthcare, non-profits and more. And at the start of CIM Week, Dean Sally Blount challenged students to become the next wave of business leaders.

Here’s a quick look at Kellogg’s brave new leaders.

COUNTRIES REPRESENTED 46

AVERAGE GMAT SCORE 715

106 STUDENTS
LARGEST 1Y CLASS EVER

“We so believe in what Kellogg can do for you, and we want you to find out what kind of leader you will be.”

DEAN SALLY BLOUNT ’92, to the incoming class

“True innovation is not just about making a choice, it’s about creating choice.”

GREG HOLDERFIELD
Director of the Segal Design Institute,
Co-Director of MMM program
Kellogg Executive Education unveiled eight new courses aimed at giving business leaders the knowledge, insight and skills they need to thrive in today’s economy.

Scheduled to begin this November, the new courses will provide an intense focus on markets and customers; deepen understanding of collaboration across functions, industries and geographies; and emphasize real-time agility in innovation and decision-making, says Will Garrett ’90, associate dean of Executive Education. A combination of faculty and award-winning practitioners will teach each multiday program.

“The goal is to make people much more effective leaders in an enterprise-wide environment versus just teaching them the skills to run a business unit,” Garrett says of the new programs. “You need to understand consumers and markets in a much deeper way than you have historically.”

Here’s a sample of courses available next year:

### ADVANCED MANAGEMENT PROGRAM
The flagship of Executive Education’s new offerings, this class blends intense periods of study with interim breaks, giving executives a chance to test their new knowledge at their companies. A weeklong session dubbed “Global Markets: China” will send participants to Shanghai and Hong Kong for an in-depth look at cross-cultural, geopolitical and strategic issues.

### CRISIS MANAGEMENT
This four-day program uses case studies and crisis simulations to show participants how to anticipate, avoid and address the potential pitfalls many businesses face.

### THE NEW SCIENCE OF LEADERSHIP
With companies eschewing hierarchy for contracts, this class teaches executives how to navigate around these reporting- and communication-based relationships.

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### AWARDS TOUR
THREE MORE AWARDS FOR 2013 SCHAFFNER WINNER

Phil Kotler had a good year.

The marketing guru’s Schaffner Award win is now one of four major honors the S.C. Johnson & Son Distinguished Professor of International Marketing racked up in 2013. Kotler received the Schaffner Award in May for “exemplifying the cornerstones of Kellogg’s dynamic culture — intellectual energy, passion for collaboration and a belief in the transformative power of markets.”

In April, Kotler received the Wharton School’s Wroe Alderson Distinguished Lecturer of the Year award.

Also in May, Kotler became the first recipient of the American Marketing Association Foundation’s inaugural “Marketing for a Better World” Award. The award highlights significant contributions to marketing’s theory and practice, with admirable sensitivity toward marketing’s impacts on the world.

In August, Kotler was awarded the Sheth Foundation Medal for Exceptional Contribution to Marketing Scholarship and Practice. The first award of its kind from the Pittsburgh-based nonprofit, the Sheth Medal includes a gold medal and a $5,000 gift to a foundation of Kotler’s choosing.
Doug Conant has been tapped to lead the school’s newly formed Kellogg Executive Leadership Institute (KELI).

Conant, chairman of Avon Products and former president and CEO of the Campbell Soup Co., will chair the initiative, aimed at strengthening Kellogg’s existing senior-level Executive Education programming and creating new approaches for C-suite leadership development.

“Kellogg has always been a premier management education institution for every stage of business leadership,” says Dean Sally Blount. “With Doug on board at Kellogg, we have a tremendous opportunity to build on our tradition of excellence in preparing executives to succeed and lead at the highest level of their enterprise, in the C-suite and on boards.”

Training leaders isn’t new to Conant. After leaving Campbell’s in 2011, Conant founded ConantLeadership, a firm dedicated to improving the quality of leadership in the 21st century, and wrote The New York Times best-seller Touch Points: Creating Powerful Leadership Connections in the Smallest of Moments.

Conant plans to work with Kellogg’s Executive Education team and faculty to develop and introduce the first new programs, slated for 2014.

“I cannot imagine a better environment in which to build this institute than Kellogg to foster personal and professional development,” Conant says. “Kellogg leverages the best thinking of a world-class business school with the best practices of the private sector.”

‘C’ TO ‘C’
CHAIRMAN OF AVON PRODUCTS AND FORMER CAMPBELL’S CEO DOUG CONANT ’76 LEADS NEW C-LEVEL TRAINING INSTITUTE

The good news was since things were difficult, people were looking for something to believe in in our industry... We used all that instability to be decisive, and that’s most important.

BRIAN FRANCE, chairman and CEO of NASCAR, on changing the sanctioning body’s culture for an upcoming case study with Kellogg.

THE STUDENT’S CHOICE
TIM CALKINS NAMED L.G. LAVENGOOD PROFESSOR OF THE YEAR

Before heading off to new careers, the Class of 2013 voted Tim Calkins the L.G. Lavengood Professor of the Year.

It’s the second time Calkins, a clinical professor of marketing, has won Kellogg’s top teaching award; he picked up his first back in 2006. The win makes Calkins one of only three professors to win the award twice.

A noted author and consultant, Calkins is known as the driving force behind two of Kellogg’s more popular events: the Super Bowl Ad Review and the annual Biotech and Healthcare Case Competition.

Calkins has won several teaching awards since joining Kellogg as an adjunct in 1998, including four top professor awards from the EMBA Program.

Students have voted on the award since 1975. The award was renamed in the mid-1990s after Professor Lawrence Lavengood, a 40-year veteran of the school and a perennial favorite among students.
Increasingly today, business people understand that in order to make it in the marketplace, you’ve got to deliver value in the long term, and that’s value on a holistic level.
It started with a simple proposition: How do you turn buying a bottle of water into an act of philanthropy?

The result was Ethos Brands, a company Jonathan Greenblatt co-founded with fellow alum Peter Thum ‘99 back in 2002 and sold five years later to Starbucks.

To date, Ethos has generated more than $7.3 million in grants for clean-water projects in Africa, Asia and Latin America, benefiting more than 430,000 people.

Greenblatt has turned his penchant for doing public good into a distinguished career in social entrepreneurship and public service. He served as CEO of the media company GOOD Worldwide and founded the high-tech venture All for Good. Today, he leads President Obama’s efforts to boost service and volunteerism and foster an ethic of social entrepreneurship within the country’s business community and nonprofit sector.

“The office that I head up in the White House is very focused on ... how we can create change and find new ways to solve old problems in the public interest,” says Greenblatt, who runs the Office of Social Innovation and Civic Participation.

Greenblatt knows something about taking an age-old issue and finding a nontraditional solution. When they started the company back in 2002, Greenblatt and Thum leveraged their marketing acumen to build a brand designed to improve access to clean water in overseas communities.

“I think it’s fair to say that Ethos helped to contribute to the broader understanding and awareness across the United States of the world water crisis,” Greenblatt says. “It was less understood when we launched, but today I think it’s a much higher-profile issue. I’d like to think that we had some role in increasing awareness.”

While statistics on the prevalence of social entrepreneurship are hard to come by, Greenblatt asserts that the sector is growing. “Increasingly today, business people understand that in order to make it in the marketplace, you’ve got to deliver value in the long term, and that’s value on a holistic level,” he said.

In his role at the White House, Greenblatt leads the administration’s efforts to use financial innovation to increase capital flows to businesses, nonprofits and social enterprises through new models such as innovation funds and “social impact bonds.” One such effort, the $300 million “Pay For Success” fund Obama announced earlier this year, incentivizes private investors to fund preventive programs that tackle some of the country’s most vexing social problems, such as reducing recidivism.

When targets are met, investors can earn a return on their money and government enjoys the savings created by successful programs.

In the end, Greenblatt says, “We’re using capital to create stronger communities.”
The Kellogg Innovation and Entrepreneurship Initiative kicked off in 2012 with the vision to help businesses find new ways to create value.

The game plan called for three tracks: “New Venture Creation,” “Middle-Market Growth” and “Corporate Innovation.” The first track debuted last fall with 10 new courses, 10 new adjunct faculty members, 22 new internship opportunities, and 11 new student and alumni events around the Chicago area.

**Next up:** middle markets. This segment, which includes privately held companies and family business, makes up one-third of all private sector GDP, according to the National Center for the Middle Market. Here, Kellogg spotlights alumni who have brought growth and scale to their midsize family businesses.

**ROOTED IN GENERATIONAL KNOWLEDGE, ACCESS TO CAPITAL AND NO SHAREHOLDERS TO IMPRESS, MANY FAMILY BUSINESSES WAITED OUT THE RECENT ECONOMIC DOWNTURN. NOW, THEY’RE POISED FOR REAL GROWTH**
When times are tough, it’s hard to resist a quick fix. For public companies, that can mean layoffs, leadership shakeups or a sale. But for private family businesses — where employees and managers are relatives and selling out gambles with shared wealth — it’s not that simple. Many privately held family businesses take the longer view, and as these businesses emerge from the recent recession, they’re finding that it’s paying off.

Private North American businesses controlled by ultra-high net worth families — those with more than $30 million in investable assets — represent $860 billion of the $3 trillion controlled by similar businesses worldwide, according to the Singapore-based research firm Wealth-X. And the value of those family businesses increased 5.5 percent from 2011 to 2012 — growth that outpaced global GDP by more than 3 percentage points.

“Our experience with family businesses has confirmed that in down times, family businesses will take advantage of the negative economic conditions to make some seemingly unconventional and courageous decisions,” says John L. Ward, co-director of Kellogg’s Center for Family Enterprises.

Because family businesses of all sizes tend to plan for the long term, they often have more ready access to capital, Ward says. They may be more likely to make acquisitions, add capacity or invest when their competitors are constrained by economic circumstances. They’re also more likely to avoid layoffs. And when the economy improves, these businesses often benefit as a result.

Investment over dividends

Diana Nelson ’89 says the recent recession was “a tough one” for Carlson, her family’s $36 billion hospitality and travel company headquartered in Minnesota. Though the privately held company operates nearly 1,300 hotels and 920 restaurants — including such brands as Radisson and TGI Fridays — Carlson suffered losses between 2008 and 2009 as businesses stopped traveling and frequenting Carlson locations.

Still, the company was able to continue investing in projects while it recovered, launching Radisson Blu, an upscale spinoff of the Radisson brand. Carlson also opened hotels in Chicago in 2011 and near Minneapolis earlier this year. “We are long-term investors in our business and plan for the long-term horizon,” says Nelson, who chairs the company’s board of directors, on which her mother, sister and five other family members also have seats.

Dustin Marshall ’07, CEO of Hazel’s Hot Shot, one of Texas’ largest courier, delivery and long-haul trucking firms, oversaw his company’s purchase of a Houston-based trucking company last year. Marshall’s grandmother founded Hazel’s Hot Shot in 1977, and the 2012 acquisition was largely made with family assets.

“One of the biggest struggles that businesses of our size have had after the downturn is lack of access to capital,” says Marshall, who worked as a consultant for Bain & Co. before returning to the fold. “We’re less impacted by the willingness of banks to lend because we can give personal loans to the company whenever it needs it,” Marshall says, adding that avoiding hurdles with the bank or outside investors also has saved his managers time.

Families can wait out economic downturn

According to a report from The Conference Board, a New York-based not-for-profit that researches businesses and the economy, the average tenure of a CEO at a publicly held Fortune 500 company has been around eight years since 2010. What that has led to, says Lloyd Shefsky, co-director of Kellogg’s Center for Family Enterprises, is a focus on the shortest term possible.

“If you went to the CEO of a nonfamily business and said to
him or her, 'I've got this great idea. It's going to cost you $500 million now, but you'll make $2 billion or $3 billion a year for the next 20 years' — even if that CEO were convinced you’re right, the odds are that he or she wouldn’t do it,” says Shefsky. “The benefits would come a few years down the road, when that person won’t be there. But in a family business, the CEO would go with the idea, knowing the benefits would likely accrue to their descendants.”

CEOs like Avi Steinlauf ’98, whose father turned an automotive pricing guide into the first online car shopping resource, Edmunds.com, did stick around. In the decade prior to the downturn, the site experienced exponential growth as the automotive industry boasted 16 million new car sales a year. That number dropped to 10.4 million between 2007 and 2009, when the site employed 400 people. Even then, the company avoided any layoffs. “We just sweated it out,” says Steinlauf.

To offset costs, bonuses were suspended, select benefits were temporarily rolled back, and executives took salary cuts, which were repaid when sales started to climb again. Now, as car sales return to pre-2007 levels, Edmunds.com’s workforce has grown to more than 500. “If we had downsized from a people perspective, it would have taken us that much longer and have been that much more costly to hire people back or hire new people,” says Steinlauf. “We were able to make a decision to keep people, and it paid off.”

For Meek’s Lumber and Hardware, a building supply company based in California, the wait was much more painful. When new construction — particularly in California and Nevada — came to a near-halt in 2006, and sales plummeted by 70 percent in the years following, the company was forced to close three of its lumber yards and lay off two-thirds of the 900 employees in its Western division (Meek’s also operates stores in the Midwest).

“I’m not sure there was an industry hit harder in this downturn than the building industry,” says Carrie Meek ’04. “We were absolutely decimated.”

Meek, a fourth-generation member of the family’s 94-year-old business, became manager of its Western division in 2006, right as the hard times started to hit. Fortunately, she says, the company took planning and risk management “very seriously” and, with the cash on hand, has stayed in business while competitors have shuttered. Meek also financed a reinvention.

Rather than continuing to view general contractors as its primary customer, the company now aggressively caters to remodelers, tradesmen and repairmen through an incentive program that has grown by 30 percent each year since 2010, says Meek.

Despite an exhaustive restructuring process, Meek had little doubt about the company’s survival. After all, she is part of a family business that survived the Great Depression.

“There’s no way we’re going down with the ship,” she says. “That sense of legacy and the desire to be successful and carry on the tradition only made us more passionate about making it.”

k
Many small and middle-market companies strive to identify avenues for growth, but the best path is often far from clear.

The right strategy, according to Mike Mazzeo, associate professor of management and strategy, enables companies to retain the unique attributes — such as proprietary knowledge, proven processes or the flexibility to respond to changing markets — that constitute their competitive advantage.

This insight was developed during Mazzeo’s “Roadside MBA” research project. Along with colleagues Scott Schaefer from the University of Utah and Paul Oyer from Stanford, Mazzeo visited 24 states to study more than 120 small and midsize businesses. The team’s in-depth interviews with executives across a range of industries revealed both best practices and common mistakes.

“We talked with executives with business models that were not particularly scalable about how their desire was to franchise this business,” Mazzeo said. “On the other hand, we saw companies that were expanding internationally and trying to learn more about how to sell their products overseas.”

Mazzeo shared four guidelines that middle-market executives should consider when seeking to grow:

1. **Increase quantity without incurring additional fixed costs.** The best starting point for growth is to identify areas of the business where a product can be designed or produced just once to serve an expanding customer base — essentially achieving economies of scale with limited additional investment.

2. **Verify that sufficient demand exists before investing the fixed costs.** By conducting rigorous analysis of information on specific markets, companies can have greater confidence that demand exists to support large-scale investments in production or new product development. “The use of market research and analysis is an indicator of a company’s maturity,” Mazzeo said.

3. **Ensure that growth is built on superior resources and capabilities.** Executives should look beyond their original industries and geographies by thinking creatively about the applications of their expertise. “I think it’s helpful for middle-market companies to think about nontraditional ways of getting their ideas, products and services out there without building an international sales force,” Mazzeo said.

4. **Recognize the areas of the business that are not scalable.** Business leaders must resist the temptation to grow at any cost because doing so may cause the company to lose the distinctive characteristics — such as unified vision or flexible infrastructure — that made it successful in the first place.
SCALING UP YOUR SKILL SET

ERIC LEININGER explains how Kellogg’s new CMO program helps executives respond to the changing world of marketing.

Photo by Jimmy Chin/CORBIS

Learn more about the Kellogg Markets and Customers initiative at: kellogg.northwestern.edu/customers
Today’s CMOs face challenges more daunting than those tackled by their forebears. In addition to leadership and decision-making skills, the position requires deep knowledge of fast-moving analytics and an understanding of how to reach an increasingly sophisticated and vocal customer.

The school recently launched the Kellogg Chief Marketing Officer Program to smooth the transition for those new to or approaching the rank of CMO. Clinical Associate Professor of Marketing Eric Leininger, who serves as co-director of the invitation-only program, discusses the challenges today’s CMOs face and how Kellogg addresses them.

K: What do you see as the main professional development needs for CMOs?

EL: CMOs need to play two significant roles in their quickly changing organizations. First, they must lead the marketing organization when globalization and changes in technology are rapidly transforming our conception of what marketing is all about. Second, CMOs need to be on point to lead the entire organization in embracing an external view of the world through customer focus. Understanding and reaching the customer has moved beyond the marketing department, and the CMO has to drive the customer perspective throughout the company.

K: What are the challenges CMOs face when using analytics?

EL: The main challenge for many CMOs is that they are responsible for work that they have not necessarily done themselves. They need to look at analytics as a leadership challenge with enterprise wide impact, rather than as a specialty function to keep on track.

K: How is professional development best handled, given the relatively short tenure of the average CMO?

EL: Actually, it looks like CMO tenure is on the rise, though it is still a short tenure relative to those of CEOs and CFOs. The best career development is on-the-job experience, but an intensive four-day program, such as the Kellogg CMO Program, provides our participants with perspective and frameworks to process that experience more quickly and strategically. The program brings together our most senior faculty, experienced CMOs and CEOs who lead discussions with the class, and former CMOs who provide the perspective of people in the “wisdom stage” of their careers. Additionally, the program is restricted to 24 people who are jointly chosen by their company and Kellogg, which allows our class to build a very strong network of peers to broaden their industry perspective.

K: How does the Kellogg CMO Program deal with those development issues?

EL: The Kellogg CMO Program addresses these needs by focusing on four topics: leadership, market orientation, innovation and self-development. The program focuses on newly appointed CMOs and people who will be ready for the position within two years. This enables us to help them increase the odds of success in a new role, which usually represents a step-change increase in responsibility and visibility.

“The understanding and reaching the customer has moved beyond the marketing department, and the CMO has to drive the customer perspective throughout the company.”

ERIC LEININGER
Associate Director of the Kellogg Markets & Customers Initiative
FORCING THE HAND OF PRIVATE POLITICS

PUBLIC PRESSURE IS DRIVING RETAIL COMPANIES AND OTHER PRIVATE FIRMS TO SELF-REGULATE, SAYS DANIEL DIERMEIER

Learn more about the Kellogg Public-Private Initiative at: kellogg.northwestern.edu/public-private

What to know more about private politics? Visit kelloggmagazine.com for an exclusive video.
Workers saw the warning signs. They even pointed them out — cracks running along the walls and pillars of Rana Plaza, an eight-story garment factory near Dhaka, Bangladesh. And yet, factory owners closed the building only briefly before ordering workers to return to their posts.

Then, on April 24, 2013, the factory collapsed, killing more than 1,100 people. It was the deadliest disaster in the history of the garment industry.

In the days following the factory collapse, labor activists erupted, blaming the building’s owners and retailers for failing to regulate safety conditions. And that sparked “private politics,” says Daniel Diermeier, IBM professor of regulation and competitive practice, a phenomenon in which private entities — as opposed to governmental entities — take steps to impose regulation.

Retailers whose supply chain were connected to Rana Plaza responded to public pressure and agreed to new rules to protect worker safety. Nearly 20 North American companies, including Wal-Mart Stores Inc. and Gap Inc., announced a five-year safety plan for garment factories in Bangladesh. Several well-known European retailers, such as H&M, signed on to a separate safety accord with legally binding rules.

Private politics is on the rise, says Diermeier. It can affect entire industries or individual companies.

Earlier this year, Apple adopted measures to improve labor practices in China after facing harsh criticism over the conditions at its main manufacturing contractor, Foxconn Technology Group. Previously, controversies over Wal-Mart’s environmental standards drove the company to invest in sustainable supply chains.

A number of factors — including the globalization of companies, the advent of the Internet and increased activity among advocacy groups — have contributed to this shift.

“What the Internet has done is made it easier for news to spread and for advocacy groups to get organized,” says Diermeier. “What that means is the risk for globally operating companies has increased, which is one reason why we’ve seen more examples of this — and why senior executives are more concerned about it.”

In these scenarios, high-profile companies are the most at risk, he says. Activists understand that protesting big-name businesses generates the most public attention, greatest media coverage and fastest response to issues — even though these companies aren’t the only ones at fault.

“The more high-profile you are, the bigger your brand is, the more visibility you have, and the higher the risk to be negatively affected by these activities or be targeted by an advocacy group,” Diermeier explains.

But that doesn’t mean that lesser-known brands can necessarily ignore new regulations adopted by larger companies. Once a company like Wal-Mart complies with new regulations, Diermeier says, it has an incentive to work on industrywide solutions to limit competitive disadvantages.

These solutions can also have broader implications. “Sometimes, private solutions become public and are codified into law,” he explains. “That affects everyone in the industry.”
EAT NOW, PAY MAYBE

AS A PRICING SYSTEM, ‘PAY-WHAT-YOU-CAN’ HAS BEEN AROUND FOR DECADES. NOW, IT’S TURNING INTO A BUSINESS MODEL, SAYS LIZ LIVINGSTON HOWARD

The definition of Corporate Social Responsibility (CSR) varies, depending on whom you ask. At its heart, though, is the theory that investing in positive behaviors will produce positive outcomes.

Recently, Panera Bread put that theory to the test.

In 2010, Panera’s nonprofit foundation opened the first of five “Panera Cares” cafes, offering a “hand up” to those in need by operating on a pay-what-you-can (PWYC) system. The cafes didn’t have prices listed or cash registers present — just suggested donation amounts.

These cafes generate about 70-80 percent of the income generated by a traditional Panera store. But it’s still enough to turn a profit.

We spoke with Liz Livingston Howard, director of nonprofit Executive Education, about the program, its potential benefits and why the future of PWYC in the corporate realm may or may not catch on.

K: Why is Panera one of the first corporate examples of the PWYC system?
LLH: I’m not sure I would say Panera is one of the first corporate examples; I would say it is one of the first for-profit entities to consider this as a business model. I think that part of the motivation — and I’m certainly not speaking for Panera executives — is branding and marketing. I think there are a lot of companies that have looked to differentiate their brand in some sort of charitable fashion before Panera. This happens to be a different twist on how to do that.

K: Do you see this as a socially responsible move?
LLH: I think that companies today — and this is what we teach at Kellogg — are looking at a broader range of stakeholders. [They’re thinking beyond] the traditional, transactional nature of, “I sell a good, so I really care about the person who buys the good. I answer to shareholders, so I really care about maximizing profit.” Those are still very important constituents, but as we teach in the nonmarket environment classes we now have to be far more concerned with other stakeholders involved: society as a whole, our employees, those on the margins of society and those in the communities in which our businesses are housed.

I think companies are taking a broader view of their role in society, and Panera’s PWYC concept is a tool that can be used to impact a greater number of stakeholders.

K: Is this going to benefit Panera in the public eye?
LLH: If you ask this very broadly, “Is this a good thing for Panera to do?” I’m going to answer from my perspective, as someone interested in the intersection of private corporations, public policy and public issues. And I’m going to say yes. Panera is bringing discussion … around the issue of hunger in America to a constituency who might not normally witness, see or understand the immediacy of the issue.

BY AUTUMN MCREYNOLDS  ILLUSTRATION BY REBEKKA TAKAMIZU
San Francisco has always been an agent of change — a city ripe with innovation where startups can find their footing. These three San Francisco-based alumni exude the same spirit and passion for doing things differently.

Lisa Earnhardt ’96 is CEO of Intersect ENT, a company that’s changing the way doctors treat sinus problems. At Saints Capital, Managing Director Ghia Griarte ’93 is driving the direct secondary-investment space, a field that once wasn’t so attractive. And Justin Smith ’09, owner and founder of J-Storm Urban Maps, melds technology with art by creating 3D city maps.

Ann Hand sums up a mutual feeling: “I like industries where no one has cracked the code yet on brand equity,” she says.

Bring on the challenge. Bring on the innovation.

By Patricia Riedman Yeager and Paul Dailing
Call it destiny. In August, when Justin Smith ’09 quit his strategy and marketing consultant post at 3D software vendor Autodesk to focus on his 3D map business, he became the fourth generation in his family to file a patent, become an inventor and follow his entrepreneurial dreams.

“[Autodesk] was my dream job and I left it; it was very counter-intuitive,” Smith says. “At the same time, it was to do something very cool. It was a long time coming.”

Blame the maps, the inspiration behind Smith’s 3D printing business, J-Storm Urban Maps. He came up with the idea last year after discovering TechShop San Francisco, a communal workshop space that provides access to 3D printers, laser scanners and other tools. Soon, Smith found himself spending three or four nights a week there after working at Autodesk all day.

One day, Smith decided to try and make a map of San Francisco. Using data from several maps, some design programming and a laser cutter, Smith produced a 3D map. He used the map to craft key chains, coasters and wooden square artwork. At the coaxing of his TechShop friends, Smith founded J-Storm Urban Maps and raised more than $20,000 through Kickstarter to buy a laser.

Today, while creating commissioned “cubicle art” is still Smith’s favorite use for the maps, he is also exploring ways to turn them into tracking codes. Scanning those codes using a mobile app called Layar can reveal images, video and other digital content — a technique known as augmented reality.

“Augmented reality is part of this whole digital transformation we’re going through right now,” Smith says, adding that the trackers could be embedded with information about local destinations, among other things. “There are 105 trillion ways to design this two-by-two grid of four maps.”

Recently, Smith returned to his hometown of Grand Rapids, Mich., to compete in Art Prize, a social-media art competition, as well as a competition to come up with an idea for how to use a local gallery.

Though his projects keep him traveling, Smith says he remains firmly planted in the Bay Area, where his wife Clara Lee ’09 works on Apple’s iPad team. He’s also applied for a patent in the tech sporting-goods market.

Looking back, he has no regrets about going solo. “I had so many ideas and inventions that I was working on and didn’t have time to finish,” he says. “I didn’t want that to happen again.”
Entrepreneur group opens alumni chapter

The Kellogg Entrepreneurs Organization will launch a new alumni chapter in San Francisco this year.

Leading the new group will be Greg Kapust ’99, founder and CEO of SilverBow Development, an investor and developer of medical technology companies. Kapust says he’s working with Scott Whitaker ’97, associate director of the Levy Institute for Entrepreneurial Practice, to plan a networking event this winter.

“KEO presents a unique opportunity to bring entrepreneurs from Kellogg together who share similar values and missions,” Kapust says.

KEO was created in 2006 as an on-campus group, then later re-formed as an alumni group in 2008 for graduates who wanted to keep the camaraderie going past graduation. Whitaker describes the chapters as a “qualified peer-learning group.”

A longtime entrepreneur, Kapust says he looks forward to the mix of ideas and support that the group will bring.

“We can come together in a spirit of trust and share some of the things that we’re working through,” he says. “And it’s fun, too. Why not do that and strengthen the Kellogg community and brand?”

Editor’s note: For more information on the Bay Area KEO, contact Greg Kapust (greg@silverbow.com); for information on other chapters nationwide, contact Scott Whitaker (scottwhitaker@kellogg.northwestern.edu).

“There are 105 trillion ways to design this two-by-two grid of four maps.

JUSTIN SMITH ’09
Creator and maker, J-Storm Urban Maps

3,200

KELLOGG ALUMNI IN
SAN FRANCISCO
When Ghia Griarte joined Saints Capital, a San Francisco-based direct secondary firm, as a managing director in 2002, few thought the move was a sound investment.

“Nobody knew or understood what ‘direct secondary’ was,” she says. “Back then, people were saying, ‘What the hell are you doing?’”

Saints Capital’s bet paid off. Saints Capital, which buys ownership stakes in privately held and often private equity-backed companies, has grown from $20 million to more than $1.3 billion in 10 years. And because the firm’s assets are often purchased late stage at a discount, they tend to become liquid faster and achieve higher returns.

Now the oldest and largest direct secondary investment firm in the nation, Saints Capital is very attractive to investors, Griarte says. “Our investors don’t pay us to invest in somebody selling their A, B or C shares,” she says. “They’re investing in us to buy somebody else’s assets.”

Griarte transitioned into the venture capital field back in the late ’90s, when “this thing called the Internet was taking off on the West Coast,” she says. She spent a few years at Centennial Venture before her husband was transferred to San Francisco. She landed a job at Saints Capital as one of its earliest staff.

At first, Griarte’s plan was to diversify her experience into software, semiconductor, mobile and storage, building on an already loaded resume that included dual master’s degrees from the MMM Program and a decade in telecommunications consulting.

But then the direct secondary market took off, and Saints Capital bought up every cash-strapped venture fund it could find. When the recession hit, Saints gorged on startups looking for liquidity, with Griarte having a hand in nearly all of the firm’s portfolios and investments to date.

“It’s really unprecedented,” Griarte says. “It’s hard to scale that fast in this business.”

As the company grew, Griarte focused on scaling. She shored up the firm’s people processes, which include developing training procedures, incentive systems and criteria for promotions. And while she enjoys the networking, it’s the training that’s proved the most challenging. She has two, maybe three weeks to bring new hires up to speed, and there are startups in need of cash. “We can’t afford any downtime,” she says.

With those balances in place, Griarte says she could get back to what she loves: investing in technology companies.
The San Francisco Bay Area may be “epicenter of the venture capital community,” Lisa Earnhardt says, but try getting investors excited about medical devices when they’re looking for the next Twitter.

“Probably anywhere in the world it would be incredibly hard to ignore the innovation coming out of social media, especially in the Bay Area where it’s happening right in our backyard,” Earnhardt says. “Facebook is half a mile from my office.”

As president and CEO of Intersect ENT, Earnhardt has made a career of getting people to question conventional thinking. And with Intersect’s sinus implants, Earnhardt has challenged a medical device industry geared toward hearts and bones to focus on ears, noses and throats.

Early efforts have paid off. In addition to receiving FDA approval of their first product two years ago, the company was awarded the American Rhinologic Society’s Cottle Award for Best Clinical Science Research after publishing a study detailing a new implant’s effectiveness. Intersect’s products work by delivering a time-released anti-inflammatory drug into the sinuses.

But perhaps the greatest challenge ahead comes from convincing surgeons to think about non-surgical options for chronically inflamed sinuses.

“They are surgeons by training. That is their mindset, taking people to the operating room,” Earnhardt says. “In the future, a patient could come in to the office with symptoms normally warranting surgery and the physician could say, ‘Hey, I can treat you right now.’”

The conceptual shift also inspired her team, a group whose expertise revolved mostly around cardiology, she said. Earnhardt herself led Boston Scientific’s Cardiac Surgery division before taking the reins at Intersect in 2008.

Then a 12-person startup, Intersect’s initial focus was creating a product to improve surgical outcomes. But after reviewing the product portfolio, Earnhardt and her team realized that a small stent placed by doctors in the office would be not only less invasive but also a more cost-effective solution for sinus sufferers.

Today, this 140-person company is dedicated not only to improving sinus surgery but also to keeping sinusitis sufferers out of the operating room in the first place.

“Building and managing a company from a small R&D project to a commercial organization requires the ability to understand complex problems in order to make good decisions, quickly,” she said. “Recruiting the right folks with the right expertise has been critical to our success and then it was just a matter of applying our collective experiences to a different part of the body.”
“We’ve cut our prices 40 percent over the past few years. Each model year, we make the system achieve more.”
It was 2009, and Ann Hand had just walked away from a nearly 20-year career in energy to join Project Frog, a San Francisco construction startup. First order of business: Change the name.

The name proved stickier than flies on a you-know-what’s tongue.

“We went out and asked customers, and they said, ‘You can’t change the name — you guys are Froggers,’” says the former senior vice president of global brand marketing and innovation at BP.

The name leapt out. It was shorthand for “Flexible Response for Ongoing Growth,” and it fit the company’s mission to create component buildings that were affordable, stylish, energy-efficient and easy to assemble. Imagine if IKEA had a buildings section and you get the idea.

It also piqued the interest of clients such as Kaiser Permanente and General Electric, which led a $22 million investment round in 2011. So, the name stayed, Hand says. “We’re taking an unconventional approach to construction, so we need an unconventional name.”

Creating smart buildings at low cost isn’t easy. It’s even harder for a company like Project Frog, which recently expanded its product line to include health care facilities, retail stores and other mid-size office buildings in addition to schools. But it’s a challenge that Hand, recently named one of Fortune’s Most Powerful Women Entrepreneurs of 2013, gladly embraces.

“I’ve always liked a good brand puzzle,” she says. “We’ve cut our prices 40 percent over the past few years. Each model year, we make the system achieve more.”

Project Frog increases quality and drives down cost by using digital fabrication and efficient production processes. The result is the “kit” — a package that includes about 60 percent of the completed building along with systems such as LED lighting, controls and smart technology to regulate airflow and water and energy consumption. These kits are then flat-shipped to a site where they can be assembled in days.

Hand says the company modeled its advanced manufacturing approach after automotive and aerospace companies such as Boeing Corp., one of its advisers. “Construction is one of the last industries to do one-off craft production and resists embracing technology and innovation,” she explains.

Next up for Project Frog: a building for a large tech company. And while Hand says the company will certainly take “iconic one-off” projects, she knows the true economies of scale can only be realized through volume. “We need to look for ways to continually drive down costs,” she says.
BREEDING NEW BUSINESS

INCUBATOR AND ACCELERATOR PROGRAMS HELP ALUMNI BRING THEIR BUSINESS IDEAS TO LIFE

BY MELANIE COFFEE
Many dream of starting a new business, hitting it big and making a name for themselves. But the reality is that over the last four years, only 50.5 percent of new companies have survived, according to the U.S. Bureau of Labor Statistics.

However, with the burgeoning of incubators and accelerators, startups now have an immense amount of support they lacked in years past — support that improves their chances for success. “Incubators and accelerators give a business space to test and find the right business model in an environment where they can get additional collaboration, mentorship and discounted services,” says Linda Darragh, executive director of Kellogg’s Levy Institute for Entrepreneurial Practice and the Kellogg Innovation and Entrepreneurship Initiative.

Incubators are a bit like that elementary school science project where kids watch eggs turn into peeping tufts of yellow. They give startups a physical home under one roof where businesses can find their footing as well as take advantage of the resources and networks available for growth.

Accelerators, on the other hand, have a specific duration. Participants work with mentors to quickly test their business ideas and figure out how to pivot and find investors. The participants are usually given some seed money and agree to give the accelerator a percentage of equity in the company.

And where a startup ends up — be it an incubator or accelerator — depends on that business’ needs.

Right place, right time

For Erik Severinghaus ’12, 1871 was the perfect spot for his company, SimpleRelevance, which helps online merchants have personal interactions with customers.

He was already working on his startup in Chicago’s Merchandise Mart building, holed up in a grotty space on the 19th floor as part of a self-organized, informal incubator called Fail Cube. Then, word spread about an innovative new space that was coming to the 12th floor, an incubator called 1871 that not only would provide space but also educational and mentoring resources to Chicago’s blossoming technology scene.

Severinghaus, 31, thought it made sense to move. “It was clear from the beginning that this was going to be the hottest digital technical community between the coasts,” he says.

Now, 225 startups call 1871 home. Others who have a presence in the 50,000-square-foot office include five venture capitalists and four universities, including Northwestern.

The atmosphere at 1871 buzzes with friendly competition and collective wins. If teams struggle with their marketing, development or a myriad of other obstacles, there’s always someone within walking distance who has been there, done that and is willing to help.

“[1871 is] this neat sort of confluence of amazing people from political and social circles and the technology community,” Severinghaus says. “It gives you more chances — luckily or serendipitously — that could really launch your business.”

Build fast or fail

When entrepreneurs haven’t done much more than dream up a business plan, accelerators can help them quickly figure out if that idea will fly.

Take, for example, Jeremy O’Brien ’14. Before attending Kellogg, he was a certified public accountant. To keep his license, he had to take 40 hours of classes each year and found the continuing education process to be quite disjointed.

O’Brien decided to build a better mousetrap and created License Buddy (mylicensebuddy.com), which helps licensed professionals manage their continuing education requirements. He took his idea to Northwestern’s Startup Incinerator last October, a weekend-long competition where more than 80 teams pitched their business ideas in an “American Idol”-like contest. In the end, the teams were whittled down until one was left standing: License Buddy.

“That weekend helped the team and me organize the idea, demonstrated that others believed in it and gave us confidence and support to go full speed as entrepreneurs, which was invaluable in retrospect,” says O’Brien, 31.

For winning the competition, License Buddy received $10,000 in legal consulting, and O’Brien was given a seat in The Farley Center’s coveted NUvention Web class. During the course, O’Brien worked with students from different disciplines to build his web product. “NUvention gave us a few extra hands on deck with different skill sets that helped turn it into a business,” he says.

Following NUvention, O’Brien was accepted this summer to New York-based DreamIt Ventures, a highly competitive, three-month accelerator where participants are given up to $25,000 in seed money. In return, DreamIt receives a 6 percent equity stake in the company.

“All of us were really interested in entrepreneurship, but we had never been through it before in a meaningful way,” he says of his License Buddy team. “The intensity of the programs pushed us along and provided invaluable lessons that just can’t be taught in the classroom.”

In the end, License Buddy emerged a leaner, stronger company, with people continuing to sign up every week. O’Brien still maintains the site, although only part time. O’Brien plans to spend his remaining year at Kellogg working on a media-related startup that came out of his experiences over the last year. “If we hadn’t had the opportunity to participate in these programs, I’d still be on the sideline with ideas in my head,” he says.
When Severinghaus felt SimpleRelevance was ready, he applied to Techstars Chicago (formerly Excelerate Labs). A satellite of Techstars, it’s one of the largest accelerators on the planet and a pioneer in mentorship-based accelerators. Out of more than 900 startups, SimpleRelevance was among the 10 chosen for the Chicago branch’s annual three-month summer program.

“We have gotten a tremendous amount of value out of [Techstars] as far as messaging the company better, getting sales, getting client interest,” Severinghaus says. “I think it did very much what it was meant to do.”

Having the support to strengthen a new business is what helped inspire the concept of a business incubator. The first one was in 1959 in Batavia, NY, according to the Ohio-based National Business Incubation Association. The idea didn’t catch much fire, and by 1980, there were only a dozen. Today, the association estimates there are more than 1,250 in the United States.

Accelerators came out of the Silicon Valley scene in 2005 after the Boston-based Y Combinator moved out West and started funding companies like Dropbox and Reddit.

Now, experts say, there are more than 1,000 accelerators worldwide. “These mentorship-based accelerators are effective because they help the entrepreneur learn more in a shorter period of time than was ever possible,” says Troy Henikoff, managing director of Techstars Chicago and an adjunct lecturer on entrepreneurship at Kellogg. “They provide the mentors with a way to get meaningfully involved, helping entrepreneurs, seeing the new technologies and getting a great view of the new companies that are potential investment opportunities. All parties are served well.”

The growing trend of incubators and accelerators is changing the face of entrepreneurship. Though many factors obviously contribute to a business succeeding, it’s worth noting that the incubation association says historically 87 percent of businesses that went through an incubation program are still operating nearly 10 years later.

“They have done a great service to entrepreneurs,” Severinghaus says of incubators and accelerators. “It’s lowered the barriers in a lot of ways in getting connected to people who can help you be successful.”

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**SCOUTING THE MINOR LEAGUES**

**Emile Cambry Jr. ’08 hopes that his neighborhood incubator BLUE1647 will uncover the next tech genius**

Baseball analogies come easily to Emile Cambry Jr. ’08, mainly because he played the game during his undergraduate years at the University of Chicago. So it’s not surprising that he describes BLUE1647, a tech incubator he founded in Chicago’s Pilsen neighborhood, as being in the “minor leagues.”

“That’s no disrespect to any of the folks that are here,” Cambry says. “The thing is, our prices are very low compared to other [incubators].”

That’s part of the motivation behind BLUE1647 (formerly Cibola). Cambry started it last December to provide budding entrepreneurs with educational programs, mentoring services and office space that are both accessible and affordable.

And that minor-league ethos shows, even in the building itself. Commissioned graffiti art adorns the inside walls of the incubator’s headquarters, a wide-open space that’s more akin to a rec center than a high-tech learning facility.

That’s the point, Cambry says. For some people living in Chicago’s less affluent neighborhoods — perhaps a latent tech genius or two — the sleek veneer of downtown may be off-putting. “You can give opportunities to everybody, [but] not everybody’s going to take it,” Cambry says. “For the folks [who] do want to actually make their lives better, they have a place in which to do it.”

Those folks remind Cambry of his dad Emile Sr., a native Haitian who came to the United States to become an emergency room doctor, and his mom Emily, who spent nearly three decades working as both a nurse and a social worker. Cambry points to them when asked what drives him to work a seven-day week, during which he balances his responsibilities at BLUE1647 with teaching business at Chicago’s North Park University and serving on two local technology panels: Mayor Rahm Emanuel’s Technology Industry Diversity Council and Congresswoman Robin Kelly’s Technology Innovation Council.

Cambry’s work ethic is infectious, it seems.

“It kind of rubs off on me,” says Antonio Rowry, BLUE1647’s chief operations officer. “So, it’s not difficult to put in 17-hour days.”

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**BY BRANDON CAMPBELL**
The terms “incubator” and “accelerator” are sometimes tossed around interchangeably. So, really, what’s the difference? The lines can easily seem blurred, but here are few distinctions:

<table>
<thead>
<tr>
<th>Incubator</th>
<th>Accelerator</th>
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<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td>Accelerators push startups to hone their business approach and figure out quickly if it should be pursued or scrapped.</td>
</tr>
<tr>
<td><strong>Who Runs Them</strong></td>
<td>They are often backed by industry groups or a group of venture capitalists for profit.</td>
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<tr>
<td><strong>Funding</strong></td>
<td>Each company is given some seed money and in return the accelerator gets a single-digit percentage of equity that’s usually 5 to 7 percent.</td>
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<tr>
<td><strong>Duration</strong></td>
<td>These have specific start and end dates. It usually is a three-month program.</td>
</tr>
<tr>
<td><strong>Exclusivity</strong></td>
<td>Though accelerators are increasingly popular, the most top-tier ones have an acceptance rate between 1 and 3 percent.</td>
</tr>
<tr>
<td><strong>Biggest Strength</strong></td>
<td>Accelerators are equipped with experienced mentors who give strategic guidance through different iterations of the business. At the end of the program, the startups present the business to several potential investors.</td>
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An incubator gives a team space to grow its startup and an active network of like-minded entrepreneurs who can offer support through advice or potentially lucrative contacts.

Most incubators are much more accepting than accelerators. However some higher-profile ones only allow ideas from people who already have established a business relationship with the incubator.

It is a collaborative work environment that creates a network of support, resources and connections to potentially lucrative business contacts.

They are usually backed by a university or government-supported group.

This varies in that participants “rent out” an office space that can cost anywhere from zilch to a couple hundred dollars a year. Usually no stake in equity is required, but some higher-profile incubators take a big cut of the companies, about 20 percent or more.

There is often no end date. Once in an incubator, a business can stay there until it grows too big for the space or if it fails.

Source: The National Business Incubation Association, additional reporting.
Breaking NEW GROUND

MUCH LIKE THE SCHOOL’S STRATEGIC PLAN, KELLOGG’S PLANNED GLOBAL HUB IS AN AUDACIOUS UNDERTAKING.

BY GLENN JEFFERS  RENDERING BY THE FLAT SIDE OF DESIGN
The announcement came the morning of Feb. 6, 2012. A press release landed in inboxes. A new website explained it. The world was changing. And Kellogg would usher in this paradigm shift with its new strategy: “Envision Kellogg.”

Within hours, stories were up on the business news sites — The Wall Street Journal, Crain’s, BusinessWeek. Poets & Quants, a popular blog on business-school education, gave it two pages, focusing on the school’s new direction, its change in philosophy, a new matrix that connects departments over four key initiatives. Lost in the rush was the plan for a new building, one that wasn’t even on paper yet.

This month, ground will break on Kellogg’s new lakefront headquarters, a five-story 350,000-square-foot “global hub” located northeast of the Allen Center. The completed building will house all six of Kellogg’s academic departments, its four overarching, strategic research initiatives, 78 new seminar, study and classrooms, and Weinberg College’s department of economics.

Standing at the northern end of the Evanston Campus lagoon, the building will offer stunning views of Lake Michigan to the north and east, and downtown Chicago to the south. But the hub’s greatest asset will be its ability to foster meaningful conversations among students, faculty and the business world at large.

This is the story of a building that started with nothing more than an idea, a conversation …
It’s no secret that business schools are in the midst of a building boom. Since 1999, several top-ranked schools have either added to existing facilities or built new ones outright.

Ultimately, the decision came down to a go/no-go decision to build its new hub on a lot adjacent to the Allen Center rather than build another addition to the Jacobs Center. “In Evanston, especially because of the weather, students go to school and are often locked up in a building all day — socializing, studying, collaborating,” says Stacy Blackman ’99, who covers MBA admissions for U.S. News & World Report. “Having the right setting for all of this activity is important.”

With the location settled, the conversation turned to the building itself. Dean Sally Blount ’92 tasked New York-based consulting firm Booz & Co. with finding out what students, faculty and administrators wanted in a new school. For the job of managing the project, Blount turned to Dennis Hareza, Kellogg’s chief financial and administrative officer.

Hareza reached out to LeAnn Paul, a local architect and project consultant. An obvious choice, Paul managed the design and construction of the University of Chicago Lab School. “She’s been through this before,” Hareza says. “She’s dealt with architects, she’s dealt with faculty, she’s dealt with all the nuances of building a new state of the art academic building.”

Joined by Ron Nayler, associate vice president of facilities management at Northwestern, and Gordon Segal ’60, a co-founder of the home décor and furniture giant Crate&Barrel, Hareza and Paul begin their search for a design firm. The group narrowed an initial list of 40 architectural firms down to 17 before selecting five in the spring of 2011, including Bohlin Cywinski Jackson, Kohn Pedersen Fox Associates, Pelli Clarke Pelli Architects, and Adrian Smith + Gordon Gill Architecture, a local firm that, among other things, designed the Burj Khalifa — the world’s tallest building — in Dubai.

The fifth was Kuwabara Payne McKenna Blumberg, otherwise known as KPMB Architects. The firm had just finished expanding the University of Toronto’s Rotman School of Management and was working on a job in Minneapolis. “I think our name just came up,” says Marianne McKenna, one of KPMB’s founding partners and project director on the building. “We were in a pretty high-powered pack of U.S. architects. We were definitely the dark horse.”

Around that time, Aniruddha “Onny” Chatterjee ’12 found an interesting note in his inbox. The email called for students to help create a profile of Kellogg from a cultural standpoint, providing the architects with an idea of what students wanted out of their school.

With a background in design and a love of architecture, Chatterjee was hooked. He replied and soon became one of three students chosen to work on the Booz team. “There are so many opportunities to participate in clubs and leadership activities,” said Chatterjee, who now works as a marketing manager for medical tech company Becton Dickinson near Boston. “But there are few opportunities to create something that will last 40 or 50 years.”

The team interviewed more than 100 students, faculty, administrative staff and alumni. Some of the questions focused on the Jacobs Center: What worked? What didn’t? Other questions took a broader stance: How do you define Kellogg? What makes Kellogg unique among other business schools? Is Kellogg living up to its promise?

The student responses were thoughtful, Chatterjee says, and they aligned with the insight of Blount and the senior leadership team. Students wanted the kind of school where people could stop in the hallways and talk. And they wanted the new building to have open space similar to the atrium in Jacobs. “You walk in,” Chatterjee says, “and there is a sense of a vibrant atmosphere because of the activity you see all the time.”

The team traveled across the country, visiting companies like Google, IDEO and Facebook, places that would inspire Kellogg students to work and think and collaborate, says Surbhi Martin ’10, one of the consultants from Booz & Co.

After nearly 20 site visits, the answers and observations boiled down to one prevailing point. “Nobody said, ‘Let’s have a gleaming shining tower that’s going to make us feel like there’s too much space and we’re two rooms from each other,’” Martin says. In fact, she heard something else. “How do we keep what’s good in the culture in the new building?”

“You walk in, and there is a sense of a vibrant atmosphere because of the activity you see all the time.”

Aniruddha “Onny” Chatterjee ’12
INSPIRATION

A concept book developed by a team of students and consultants, “Envision” explored some of the Kellogg community’s thoughts about a new space.
The building’s central meeting point, the 6,000-square-foot Collaboration Plaza, will welcome visitors to the heart of our campus. A pair of 34-foot-wide stairs, reminiscent of Rome’s Spanish Steps, will offer the Kellogg community a place to gather and discuss.
The first time he visited the Evanston Campus, Bruce Kuwabara stopped by the parking lot northeast of the Allen Center. He walked across the field to the east and up to the shoreline. Below him were slabs of concrete and rock, worn down to a smooth finish by decades of crashing waves, reinforcing the shore. "I just thought, 'That's what happens when you're on a site like this,'" he recalls. "The form is really morphing. It's really changing."

As KPMB’s lead design architect, the site was his, a prize the firm won after six months of grueling competition. By many accounts, KPMB was the unanimous choice for two reasons. First, Hareza says, they were great collaborators. “The two lead architects — Bruce and Marianne — really had the vision and the type of personalities and skills that could give physical expression to Kellogg’s unique spirit.”

Second, they were the only firm that didn’t include a five- to six-story atrium, which would have given the building a vast emptiness during its quieter moments.

Rather than an atrium, Kuwabara imagined four loft buildings connected by a ceiling that tops out at the third floor, creating the Collaboration Plaza, a 6,000-square-foot central atrium. Huge stairs, 34 feet wide and reminiscent of Rome’s Spanish Steps — “ginormous,” he calls them — would create an almost cathedral-like space, perfect for gathering and discussion. Exterior glass walls would keep the plaza awash in daylight.

On the fourth and fifth floors, faculty departments would merge into a two-story piazza, currently known as the Faculty Summit, creating what Kuwabara describes as “neighborhoods of academic research and teaching.” Faculty can gather and propel intellectual thought leadership.

The rooms themselves would bend and flex to fit Kellogg’s needs. A tiered, lecture-style classroom could become a flat classroom perfect for discussion during a summer break. Offices would turn into study rooms, depending on need. Growing or shrinking a room would be as simple as moving a wall.

The building’s most dynamic room, the Conservatory, would become a signature venue for both Kellogg and Northwestern. Much like the classrooms, the second-floor auditorium would be adaptable, seating a tiered audience of 300 facing east or a flat 350 facing north or south. Additionally, the seats would be removed and the tiers pushed in like bleachers in a gymnasium, when it came time to host a banquet space or dinner.

When completed, this kind of built-in flexibility will be unmatched among management schools, according to Paul, a true home for 21st century management education. “It gives us the ability to tailor this as things change,” she says. “The ability for the building to flex day to day and over a summer was a really important issue.”
Tiered classrooms designed to foster collaboration through small-scale lectures can be reconfigured into flat spaces that can accommodate more spontaneous interaction and creative group work.
Terraces surrounding the Collaboration Plaza will provide an ideal setting for reflection, casual conversations and evening gatherings.

A fireplace lounge, located in the southwestern corner of the first floor, will offer students a place to rest, eat and study.
Combining the Allen Center with the global hub, Kellogg’s 500,000-square-foot business campus will sit along Lake Michigan, offering sweeping views from all sides, including Chicago’s vibrant skyline.
The intellectual soul of Kellogg’s new global hub, the Faculty Summit, is a 9,000-square-foot, two-story piazza that will allow faculty to discuss, debate and find solutions to the most pressing economic, business and social issues of the day.

The building’s natural palette — glass, polished steel, limestone and wood — will seamlessly merge with the sunlight shimmering off Lake Michigan, the surrounding limestone of the Northwestern campus and the placid distant views.
The two-story, 6,600-square-foot Conservatory is poised to become a signature convening space for both Kellogg and Northwestern. Embodying flexibility, the Conservatory will be able to host dinners for 250 or world-class lectures for 350.
Construction should be completed by late 2016, though classes will begin the following winter quarter. The class of 2017 will be the first full-time students to occupy the new, yet-to-be named building home.

As for Jacobs, some current Kellogg staff will remain while off-campus Kellogg groups will move into the space, Paul says. Northwestern will also move some of its departments there, vacating several of the houses that line Sheridan Road near the south campus. Norris may also adopt the atrium space.

And still, the new building has room to grow, and will continue to house Kellogg and its ever-evolving curriculum for decades to come. “You never know what could happen,” Nayler says, “but we believe that this building can meet Kellogg’s needs for a good 40 years.”
Kellogg launches Transforming Together campaign

Kellogg kicks off the public phase of its capital campaign this fall. Entitled “Transforming Together,” the campaign will raise $350 million in private funds that will allow the school to reinvent business education.

Funding will go toward building Kellogg’s new lakefront home on the Evanston campus. Funding will also endow student scholarships, provide faculty support, fund our thought leadership initiatives, and establish institutes in global markets like Brazil and China.

Kellogg’s largest comprehensive campaign, “Transforming Together” is crucial to helping the school implement the ambitious goals of its strategic plan, says Campaign Director Julie Allen. Gifts from alumni provide the school with resources to build its global hub, invest in groundbreaking research, and recruit world-class faculty and students.

“This campaign is about the power of the Kellogg community,” Allen says. “If there is any community that can come together to achieve ambitious goals, it is this one.”

During its quiet phase, Kellogg raised $175 million, with major gifts coming from several donors, including a $17 million bequest in the memory of James R. and Helen D. Russell. A former chief financial officer with Illinois Tool Works who retired in 1979, Mr. Russell attended the Northwestern School of Commerce, a precursor to Kellogg, on a full scholarship. He graduated in 1939, the same year he started work at ITW, and married his college sweetheart, Helen, four years later.

“He wanted to give back… to Northwestern for the education and opportunity that it gave him,” says Dr. Jean Russell, Mr. Russell’s daughter and co-trustee of the family estate. “He considered himself very fortunate.”

Designed with the spirit of openness, light and energy, the campus will welcome business and civic leaders from across sectors, age groups and the globe.
To succeed, you have to believe in yourself and your technology. But you also have to get critical feedback – and we did – so we could adjust our game plan until it worked.
The nimble CEO

WITH NOVADAQ’S STOCK DROPPING, ARUN MENAWAT ’96 RETOOLED HIS COMPANY’S IMAGING TECHNOLOGY AWAY FROM OPEN-HEART SURGERIES AND TOWARD LESS-INVASIVE PROCEDURES

Even on the bleakest days when the stock plunged below one dollar, Arun Menawat refused to give up on his medical technology startup, Novadaq.

What Novadaq had was groundbreaking technology that would allow surgeons to see blood flowing through arteries and veins, down to the tiniest capillaries. And after Menawat refocused the company to target less invasive surgeries, Novadaq bounced back.

Today, the company’s stock is valued at more than $13 a share. During the first quarter of this year, the company reported revenue of $7.3 million, a 53 percent increase from the same period last year. “The first four years were incredibly difficult,” says Menawat, the Ottawa company’s CEO. “But we all knew we had something.”

Born in India and raised in the Baltimore area, Menawat moved to Canada to become president of Toronto-based Cedara Software, a medical imaging software firm that he helped grow. In 2002, he began looking for new challenges, and that’s when the opportunity to work for Novadaq came along.

“I really felt that I had exhausted challenges in large companies,” Menawat says. “Money is very interesting and so on — but doing something that could be very challenging could be even more interesting. It was a risk, but I had a lot of personal confidence ... and a real desire to do something really different.”

He found it in the company’s heralded medical imaging tool, which uses a fluorescence imaging agent and infrared light, as a potential lifesaver that could significantly reduce complications and improve the outcomes of surgeries.

When Novadaq first offered itself to Canadian investors in 2005, its stock was $9 a share. By 2009, the stock was plummeting. “We were just not getting any traction,” Menawat recalls.

But the company proved nimble. Menawat and his team looked deeper into the changes unfolding in the marketplace. The number of full-scale open-heart surgeries, for example, was declining as patients opted for less invasive procedures. “We listened to surgeons,” says Menawat.

What surgeons wanted was a way to track the flow of blood on the microscopic level. The agent, when seen through specialized video equipment, turns the body into a gigantic glow stick, allowing doctors to visualize in real time the movement of blood in vessels and tissue. The company began redeveloping its products for use in other cutting-edge surgical applications.

Menawat credits Kellogg with helping him develop the “soft skills” he used to build relationships with the surgeons who would help guide research and development at Novadaq.

“To succeed, you have to believe in yourself and your technology,” says Menawat. “But you also have to get critical feedback — and we did — so we could adjust our game plan until it worked.”

BY BOBBY CAINA CALVAN   PHOTO BY JONATHAN BIELASKI
Job, Career or Calling?

THE SEASONED STARTUP

BACKED BY YEARS OF INDUSTRY EXPERIENCE, MIDCAREER PROFESSIONALS ARE LEAVING CORPORATE JOBS TO RE-ENTER AS ENTREPRENEURS

BY JULIA BORCHELT

...
When Sunil Kanchi ’06 quit a good job — during the depths of the recession, no less — to launch Kanchi Technologies in 2009, his employers were more than a little surprised. But for Kanchi, who had been successful in both purchasing and selling outsourced engineering services, the timing was perfect.

“Having seen it from both sides, I found a big gap in what customers wanted and what the suppliers were providing,” he says. “So we came up with this co-sourcing model that was a lot more flexible, transparent, adaptive, focused on innovation and [required] less hand-holding from the customer.”

After parting ways with Cisco Systems during a workforce reduction in 2011, Doug Silverstein ’96 realized it was a blessing in disguise. Rather than find a new job, he started Cypress Consulting, a marketing content firm. Now, Cisco is one of his clients. “I had strong and bold ideas,” he says, “but others at Cisco were hesitant to be risk takers.”

Whether by choice or a visit to human resources, many mid-career professionals are leaving their jobs. Leaving their industries, however, is another matter. Not only are specialists staying, they are launching their own businesses, using their experience to identify challenges and develop solutions.

That is a particularly useful skill in an unstable economy, says Linda Darragh, executive director of the Kellogg Innovation and Entrepreneurship Initiative and a globally recognized leader in entrepreneurship education. And it has businesses urging entrepreneurs to come back into the fold.

“They know the industries; they know where the problems are,” Darragh says. “Their expertise in actually growing a business, that entrepreneurial aspect of it, is really in demand for the corporate innovation labs.”

That has been the case for Susan Brazer ’88, CEO of LionShare Media. LionShare has remained active for the past 17 years, changing from digital-television distribution to working with startups to
commercialize mobile-media platforms and applications.

But every now and then, Brazer goes internal, having accepted senior executive positions with Nokia, Virgin Mobile USA and Viacom in the past. “They appreciate executives who have an understanding of large-scale organizations and their growth requirements and challenges while also being actively engaged in the greater global innovation ecosystem,” she says.

Developing that kind of adaptability is crucial for entrepreneurs, says Dick Seesel’78, a former senior vice president with the retailer Kohl’s. After joining the company in 1982, Seesel helped grow it from 18 to 750 stores and develop new departments and brand partnerships. In 2006, he left to launch Retailing In Focus, which targeted small retailers and vendors that worked with big, midtier retailers and needed strategic direction from someone with Seesel’s experience.

Working at Retailing In Focus allowed Seesel to stay connected to the retail industry while serving on the board of his kids’ high school and teaching a retailing class at the University of Wisconsin-Milwaukee. And after receiving a lymphoma diagnosis in 2009, he took most of the year off for treatment and recovery. “That gave me some pause about how to approach what I was doing professionally,” he says.

He shifted gears, consulting for clients in equity research and money management. The change has both grown his business and expanded his industry knowledge. “What I’ve been doing really gives me more of a 30,000-foot view of the retail industry and other retailers and developing trends and developing strategies,” Seesel says. “It’s fun to be able to do that, especially as you get farther away from your own day-to-day skill set as a manager. And I’m probably busier now than I was the first couple of years.”

But that flexibility needs to extend beyond the business plan, says Joe Dwyer, adjunct lecturer at Kellogg and partner at Digital Intent, a firm that creates and grows digital businesses. Many midcareer entrepreneurs fail to realize they no longer have the same support and infrastructure they had at their old jobs. “The notion that you’re going to come out and then start from scratch to create a business with the same behaviors is, I think, one of the biggest problems,” Dwyer said. “It results in untold sorrow.”

When Jeff Hayes’88 started Koan Health last year, one of his biggest challenges was learning how to manage parts of his new company that had been handled by in-house experts. He turned to his own network to bring in accountants, lawyers and HR professionals on a temporary basis. Using new technology, Hayes handled administrative functions, built his own website and worked on brand imaging. “It’s really amazing how good the technology is to support small businesses,” he says. “I really didn’t have that visibility in how much you can do things a little differently and save a bunch of money.”

While essential, being flexible isn’t enough, says Darragh. Entrepreneurs need to keep close contact with their clients, especially when emerging technologies and a still tumultuous economy can lead to new opportunities for growth.

Before Kanchi left his job, he spoke to his existing customers, many of whom had no money to spend but no shortage of needs. Trying to do everything in-house wasn’t an option anymore. They had to keep their balance sheets light and rely more on partners and contract resources to achieve that. Kanchi’s model offered a solution.

Those conversations reassured Kanchi that the time was right to move forward. If only the banks were as understanding.

Changes in the financial industry left Kanchi without the funding he expected. Frustrated, he sat down with his wife and parents and, as a last resort, asked for a loan. They offered him their retirement fund, and his wife agreed to invest both his 401(k) and their savings. There was one condition: He had three years to make it work.

But even with the added pressure, he still felt that he was making the right decision. “Yes, there was a sense of tingling fear but overall, my thinking was, ‘I’m going to go start something great and it’s going to take off,’” Kanchi says.

As the recession waned, those customers came back to Kanchi, who has since grown his company to include offices in Germany and India. And when the Milwaukee Business Journal named him among its top “40 Under 40” businessmen this past March, Kanchi was certain he made the right choice.

“The C-level executives I talked to gave me the confidence that once the recession was done, they would actually depend more on third-party partners,” he says. “That gave me the confidence to take the plunge. And we’ve been able to grow.”

Top Questions?

Ideal day look like?

How are you like them?

Who are your heroes? why?

What 5 things will you be most proud of?

What I love to do?

How do I get paid to do?

Priority?
what is it that only you could do for the world?

will I succeed?

how committed am I?

how would I solve the problem?

who are your heroes? why?

how are you like them?

what would you do if you weren’t afraid?

what differentiates me?

what does your ideal day look like?

how can you use your greatest strength in service to yourself, your family and the world?

what 5 things will you be most proud of?

get paid to do what I love to do?

Priority?
Our success is a team effort. I can only do my role as Chairman and CEO if I’m fully supportive and understanding of what everybody else is doing.
While it may have been founded more than a century ago, Northern Trust is hardly antiquated, says Frederick “Rick” Waddell, the bank’s chairman and CEO. The Chicago-based bank is a “124-year-old institution that operates in the 21st century,” he says.

Waddell joined Northern Trust in 1975 as a 22-year-old transplant from Pittsburgh going to Kellogg part-time. He watched Northern Trust grow from a national bank to a global institution, handling asset servicing, asset management, wealth management and banking services for some of the wealthiest families, institutions and corporations on the planet.

Likewise, Waddell’s career has grown from being a banking officer trainee to serving as CEO since 2008. He was named chairman in 2009.

Since taking over, Waddell has repositioned the bank to make sure it resonates with the next generation of investors, adding mobile content and modernizing how transactions are handled. Waddell also has led an expansion outside of the United States, opening outposts in Germany, the Philippines and Saudi Arabia, and expanding in places such as Australia and China. “We like to be close to our clients,” says Waddell.

All this outward growth has helped Northern Trust. As of this past June, Northern Trust had $5 trillion in assets under custody, up 9 percent from the prior year, and $803 billion in assets under management, up 14 percent from the same period. Net income in the first half of 2013 was $355 million, up 4 percent from the prior year.

In all, Waddell has held 14 jobs over his 38 years at Northern Trust, a career that could have been short-lived. Early on, Waddell and his wife, Cate, thought about moving back to the East Coast. But then she started working at PricewaterhouseCoopers, his career took off and they started a family. “Once we put roots down, it just never occurred to us to leave,” Waddell says.

As his stock grew, Waddell took leadership roles in areas like strategic planning and corporate and institutional services. He was already the bank’s president and chief operating officer when he was appointed CEO.

Waddell credits part of his longevity to being “flexible and willing to work hard,” he says. He also praises Northern Trust, which promotes broad business experience in its future leaders. “We move people around functionally and geographically,”

Waddell says, “I’ve been the beneficiary of both.”

Viewing leadership as an opportunity to serve others, Waddell plans to meet with 1,500 of his managers in small group settings. There, Waddell will invoke the “Las Vegas” rule, which is meant to promote candid conversations and give him a better understanding of employees’ needs. “We want to make sure our people know they have a future at Northern Trust,” he says.
When former Chicago Bears linebacker Hunter Hillenmeyer ’10 joined Pro Player Connect, video games seemed an unlikely meeting place for professional athletes and sports fans. PPC billed itself as an online “endorsement marketplace” for athletes seeking paid off-the-field engagements like autograph signings. But even with a roster of about 2,800 athletes, individual revenues were slim.

PPC became a “Groupon for jocks,” Hillenmeyer says, a place where athletes could get free or discounted merchandise because of who they were. A vigorous rebranding began, along with a search for a more effective way of capitalizing on athletes’ free time.

Then, at last year’s NFL Rookie Symposium, a survey revealed that 70 percent of rookies considered themselves “avid gamers” or enthusiasts who played more than an hour of video games per day, at least four days a week. Further research suggested that a large segment of athletes who had signed up for PPC also were playing video games nearly every day.

Hillenmeyer and co-founder Steve Berneman rechristened the company OverDog, with a new focus on bringing athletes and their fans together through online gameplay. Quickly, their team developed a smartphone application that linked the two gaming groups. “We were kind of surprised to find out no one had done this before,” Hillenmeyer says.

The OverDog app works on iOS- and Android-enabled devices, allowing athletes to challenge fans to online multiplayer matches on PlayStation and Xbox platforms. Popular choices include the Madden, FIFA, and NBA2K sports franchises, along with first-person shooters like Halo and Call of Duty. Interested fans use the app to enter a brief, automated lottery, and the winner plays head-to-head on a console with the athlete challenger.

“We get unprompted emails all the time from people,” says Hillenmeyer. “Oh, my God, I got to play Matt Forté in Madden last night.’ [And for athletes,] there’s just something fun about interacting with your fans, especially when it’s done in this safe, noninvasive, arm’s-length way.”

The NFL Players Association already has licensed OverDog, with more than 250 athletes currently issuing challenges. New features include fan-versus-fan matches and coordinating available athletes with real-life matchups of the week. In the future, streaming video of matches for fans to watch online will be commonplace. Advertising revenue will both support the app and provide income for athletes.

“From a macro level,” Hillenmeyer says, “anything that connects athletes with fans is good for that athlete’s brand, it’s good for that team’s brand and it’s good for that sport as a whole.”

It’s fun for the fans, too.
Harry Kraemer ’79
At Kellogg, Harry Kraemer wondered if he should have pursued a PhD in Math. Thirty-five years later, Harry is giving TEDx talks at the United Nations on value-based leadership.

Reconnect with Harry and your classmates before Reunion at: #KelloggReunion

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aspire again.
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