Sawyer School of Management alumni magazine, 2000

Sawyer Business School

Follow this and additional works at: https://dc.suffolk.edu/sbs-mag

Recommended Citation
https://dc.suffolk.edu/sbs-mag/2

This Magazine is brought to you for free and open access by the Suffolk University Publications at Digital Collections @ Suffolk. It has been accepted for inclusion in Suffolk University Business School Alumni Magazine by an authorized administrator of Digital Collections @ Suffolk. For more information, please contact dct@suffolk.edu.
The Anytime, Anywhere MBA
Suffolk Takes the Lead in the eLearning Revolution
The Anytime, Anywhere MBA
*Suffolk Takes the Lead in the eLearning Revolution*

page 10

---

2 Benchmark
Vital Statistics and the state of the Sawyer School

16 Industry Leader
*Soft Skills, Hard Profits*
Meet Chuck Moran, MBA '81, SkillSoft CEO

18 Faculty Perspectives
*What Keeps Managers up at Night?*
*Pressing Problems in Today's Organizations*
by Assistant Professor Regina M. O'Neill

21 On the Fast Track
The future of management—meet Suffolk's students and young alumni

22 Ask the Expert
*"Irrational Exuberance" or eRevolution?*
*Day Trading Online*
A Q &A with Ty Cobb, MSF '00, an international equity trader at Grantham Mayo Van Otterloo

---

Sawyer
SCHOOL OF MANAGEMENT
The renaissance continues at the Sawyer School of Management. It is difficult to perceive change and progress on a month-to-month basis, but I am hopeful that many of you who read about our progress over the past year in this magazine will be impressed.

The Sawyer School continues to expand its activities, not only in geographic and physical terms, but also in depth and diversity of programs. We want to share the results of this change and progress along with some fascinating stories about our alumni and students in this, our second issue of the Sawyer Magazine.

Our feature story demonstrates the increasing role of technology at the Sawyer School. On October 4, 1999, we became the first school of management in New England and one of the first AACSB-accredited schools in the nation to offer an MBA degree entirely over the Internet. The Suffolk Online eMBA offers students too busy to attend on-campus courses an opportunity to advance their education from virtually anywhere—their homes, their offices, the airport, hotel rooms, Military bases, hospitals or foreign lands.

Enrollments at our off-campus sites on Cape Cod and at North Andover continue to rise. We graduated the first students from the MPA program offered at Cape Cod Community College only two years ago. This May, we had our first graduates in the precedent-setting "2 plus 2" BSBA program in partnership with a public institution, Cape Cod Community College. In June, Suffolk University announced a similar partnership with Dean College to offer the BSBA and MBA degrees on Dean's campus in Franklin, Massachusetts.

Our physical expansion within the Sawyer Building was made possible by a gift from the Sawyer family and other capital funds provided by alumni, friends and surplus from operations. We have new, state-of-the-art classrooms, conference rooms, faculty offices and other facilities such as student lounges and our first faculty lounge, which await the name of a contributing alumnus or friend like you.

This academic year marks the 25th anniversary of our Executive MBA program. Congratulations to the Executive Program Alumni Council, which has raised $100,000 to fund Phase I of The Executive Programs Center within the Sawyer Building.

I thank each of you for your continued support of the Sawyer School and hope you will take some pride in how your alma mater is reaching out in innovative ways to make management education accessible to all.

Cordially,

John F. Brennan
Dean
Benchmark

Vital Statistics

Current Enrollment
Undergraduate 1,140
Graduate 1,153
Total 2,293

Alumni
SSOM alumni 14,143
Dual degree holders 674

Profile: Incoming Undergraduate Students, Fall 1999
Female 45%
Male 55%
Massachusetts students 64%
International students 24%
Out-of-state students 12%
Receiving financial aid 66%
Age range 16-26
Average age 18

Profile: 1999 BSBA Graduates
Employed 94%
Seeking employment 2%
Pursuing further education full-time 4%

BSBA Breakdown by Major, Spring 2000

Profile: 1999 SSOM Master's Graduates

<table>
<thead>
<tr>
<th>Degree</th>
<th>Average Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMBA</td>
<td>$94,000</td>
</tr>
<tr>
<td>MBA</td>
<td>$70,000</td>
</tr>
<tr>
<td>MSA</td>
<td>$39,000</td>
</tr>
<tr>
<td>MSF</td>
<td>$58,000</td>
</tr>
<tr>
<td>MHA</td>
<td>$73,000</td>
</tr>
<tr>
<td>MPA</td>
<td>$54,000</td>
</tr>
<tr>
<td>MST</td>
<td>$52,000</td>
</tr>
</tbody>
</table>

Major Hiring Employers
Chase Manhattan Bank
Commonwealth of Massachusetts
Deloitte & Touche
Fidelity Investments
Fleet Bank
Investor Bank and Trust
John Hancock Financial Services
KPMG Peat Marwick
Massport
Massachusetts Financial Services
MediaOne
MIT
Pioneer Group
PricewaterhouseCoopers
Scudder Investments
State Street Bank and Trust
Thomson Financial

Suffolk/Dean Partnership
Starting this September, students can complete Suffolk's BSBA and MBA degrees on the campus of Dean College, a private, two-year college in Franklin, Massachusetts. The two schools have joined forces to offer comprehensive, full-service business education for students at Dean's suburban location. All business courses will be taught by Suffolk faculty members. Dean is easily accessible from I-95 and 495, I-90 (the Massachusetts Turnpike) and the MBTA commuter rail (Franklin/Dean College station).

New Choices for Sawyer Students
The Sawyer School of Management is now offering an accelerated MBA for CPAs (in conjunction with the Massachusetts Society of Certified Public Accountants), an MBA for Pharmacists and an MBA/Entrepreneurship degree. Two new joint degree programs were added to the curriculum offerings, an MBA/MSA and an MBA/MST.

For undergraduate students, the Sawyer School is introducing a BSBA/MSA and a BSBA/MST, and two new minors—computer information systems and e-commerce.
Strategic Planning Sets Goals for SSOM

The Sawyer School's Policy and Strategic Planning Committee had a busy year. It completely revised the Sawyer School's mission statement, which was adopted by the faculty on October 21, 1999. The committee also developed the following statements to help guide the Sawyer School in the twenty-first century.

Vision Statement
The Sawyer School of Management is an educational institution that will rise to new levels of excellence by offering programs that are total customer solutions while maintaining high standards in the areas of academic quality, program innovation and cost. In our customer-intimate environment, we will tailor flexible programs, develop new models for faculty research, enhance communication and exchange between faculty and students, address the individual needs of each student, and strive to build a stronger relationship with our communities. Our vision will be achieved by developing a culture and operating environment that will effectively deliver our shared values. We shall maintain our vision by continuously redefining and targeting our niches. We shall measure our institutional success by monitoring customer satisfaction.

Mission Statement
The Sawyer School of Management is centrally located in Boston, Massachusetts, and operates world wide. It is dedicated to the advancement of global, accessible, lifelong learning. We provide opportunity and exceptional value and service in a customer-intimate environment, while maintaining high academic standards and quality in our programs, teaching and research. We are fully committed to our core values, and to continuous monitoring and improvement of our core competencies and products.

Core Values—What We Value and Plan to Practice
Opportunity and Program Value
We value opening doors of opportunity to individuals from diverse cultures worldwide and providing them exceptional program value.

Quality Teaching and Research
We value quality teaching and research, and we aspire to continuously monitor and improve our systems to make certain our expectations are met.

Inclusion and Collaboration
We value the input of our students, faculty, alumni, employers of our graduates, other friends and business, governmental, and non-profit partners in planning, implementation and assessment.

Organizational Culture
In our organization, we value individuals and the diverse, team-oriented culture they create and we reward and recognize them to create an operating environment that effectively delivers our shared values.

Exceptional Service
We value continuous development of responsive and flexible administrative systems and support services.

Core Products—Our Academic and Professional Offerings
Responsive and Flexible Programs
We design undergraduate, graduate and professional programs that anticipate the needs of our clients, our employers and changing competitive markets.

Value and Quality
We offer the best possible program value through our commitment to quality teaching and research and individual-centered advising.

Global, Accessible, Innovative Program Delivery
We use innovative methods and technologies that enhance the quality of local, regional and global program delivery.

Individualized Lifelong Learning
We respond to academic and professional needs for lifelong learning with small classes, advising and choices from a wide-variety of relevant degrees and programs.

Experiential and Cross-Disciplinary Learning
We provide our customers the benefits of learning that integrates experience, academic and professional perspectives and offerings coordinated across schools and disciplines.
Executive Speakers Series Features Internet Strategist

Now in its third year, the Executive Speakers Series brings key business leaders to campus to speak to graduate students and give them firsthand information about a variety of industries' business practices and career paths. In March, more than 90 people attended as Joe Furlazzo, director of strategic planning for Internet-phenomenon CMGI, presented the case for global strategies in the Web-based economy. The lecture was held in North Andover, Massachusetts.

Other speakers this year included:

Jane Callahan, Executive Vice President for Human Resources, Razorfish

Jeanette Clough, MHA '96, CEO of Mount Auburn Hospital

Elaine Sudanowicz, MPA '86, Deputy Commissioner of the Boston Transportation Department

Mary Lou Frere, EMBA '84, Telecommunications Manager, Childrens Hospital

Christopher Alberti, Managing Director, Morgan Stanley Dean Witter

Alumni are always welcome at Executive Speakers Series events. Learn about upcoming programs on the events section of Suffolk's career services Web page at www.careers.suffolk.edu.

MPA Celebrates 25 Years

The new millennium marked the 25th anniversary of the first graduating class of the Sawyer School of Management's Public Management Department. To celebrate, the department hosted an open house in April. As part of the festivities, guests attended Professor Ruth Ann Bramson's Ethical Leadership class, which featured MPA alumni speakers discussing "How I've Made a Difference."

The speakers spanned the 25 years of the program and a variety of occupations including a Massachusetts State Senator and an FBI agent. The guest speakers were:

Pat Crane, MPA '96, Vice President, Lowell General Hospital

Binyah C. Kesselly II, MPA '93, MBA '94, Senior Consultant, PricewaterhouseCoopers

Elizabeth Kilcoyne, MPA '81, Deputy Comptroller, Commonwealth of Massachusetts

Carlos Mojica, MPA '95, Agent, FBI

Hon. Marc Pacheco, MPA '89, Massachusetts State Senator

Edward Sullivan, MPA '95, President, Local 254, SEIU

Regina Villa, MPA '76, President, Villa & Associates

Alumni are always welcome at Executive Speakers Series events. Learn about upcoming programs on the events section of Suffolk's career services Web page at www.careers.suffolk.edu.

The MPA program was established in 1973 and graduated its first students in 1975. In the early 1970s, then-Dean Robert C. Waehler created the Center for Public Management with a grant from the New England Regional Council. The center was developed to serve government employees at the state, federal and local levels with educational and training programs and the promotion of public management policy research. Under the direction of Richard L. McDowell, the center's first director and later dean of the Sawyer School of Management, the master's and bachelor's in public management were established along with a Public Administration Advisory Council.
A Visionary Education

MSPM Students Travel the World

Standing on a rooftop in Bangladesh, student Mark Ducker learned the power of hands-on education. Enrolled in the Visionaries Institute of Suffolk University, Ducker was part of a team making a documentary on the Salvation Army and its efforts to prevent the further spread of AIDS in the Third World country.

"Sitting in class, first listening to our instructor teach the techniques of interviewing through an interpreter, then standing on a rooftop in Bangladesh one week later watching that same instructor put those words into action, reinforced the knowledge in a way that could never be taught in a classroom setting alone. It was incredible," said Ducker.

The Visionaries Institute of Suffolk University was launched last fall with 12 students pursuing the nation's first Master of Science in Philanthropy and Media (MSPM). This innovative new program is the result of a collaboration between creators of the award-winning public television series The Visionaries and the Sawyer School of Management.

The PBS series profiles the work of major nonprofit organizations around the world to help increase awareness, funding and volunteerism.

In the one-year MSPM program, students undertake a rigorous academic curriculum and then travel with Visionaries production teams, taking the lessons learned in class and applying them in the field. They study topics such as grant writing, field production, interviewing techniques and nonprofit management. Classes are held at the headquarters of the television series in Braintree, Massachusetts, where students are also involved in producing segments for The Visionaries Internet Channel, an Internet broadcast channel featured on the RealNetworks RealPlayer. Every MSPM student learns firsthand what it takes to produce a film, from researching to grant writing to interviewing, filming and editing.

"The hands-on experience is just unbelievable," said student Kerry Kenealy, who traveled with a Visionaries team to Nepal to profile the work of Elderhostel. "From beginning to end, you're involved in every step of the process."

According to Bill Mosher, president of the Visionaries Institute, the program already has had a profound affect on its students. "What the students have learned is that nonprofit organizations are built out of both inspiration and innovation. By taking classes in a nonprofit organization that profiles nonprofit organizations, they are enmeshed in the daily lessons of philanthropy in a way that is not possible in a regular class setting."

For Kenealy, the program has been a life-altering experience. "What we witnessed in Nepal changed my perspective on so many levels. It inspired me to make many changes in my life, both personally and professionally. In short, a Visionaries student comes away from this program with far more than just technical know-how and experience."

Less than a year after its founding, the institute graduated those first 12 students in May. As many look forward to careers in this field, one student sums up their sentiments. "It's been a wonderful journey," said Conni DiLego, "but the exciting part is that it's only just begun."

Visionaries students Kerry Kenealy (left) and Conni DiLego (right) enjoy a panoramic view of the Himalayas while trekking in Nepal.
Griﬃn Scholars Network
April 6 marked the 2nd Annual Griﬃn Networking Social at the Omni Parker House in Boston. This year’s dinner featured John O’Connor, BSBA ’73, managing partner of PricewaterhouseCoopers, Boston. More than 100 Griﬃn Scholars, alumni, faculty and friends attended.

The John Griﬃn Fellowship Program was established in 1992 by Dean John F. Brennan as the Sawyer School of Management’s ﬁrst honors program. Each year, 25 of the most highly motivated and academically promising full-time students are invited to join the Griﬃn Fellowship program, which awards a merit-based scholarship of $500 per student per year.

WTO Deputy Director Delivers McDonnell Lecture
Miguel Rodríguez-Mendoza, deputy director-general of the World Trade Organization (WTO), gave Sawyer School alumni, faculty, students and guests an insider’s look at the global trade organization. He also addressed the challenges and opportunities facing the WTO in the twenty-ﬁrst century.

The event was sponsored by the EF McDonnell International Business Institute Lecture Series and was held at the Boston Harbor Hotel in May. Edward F. McDonnell, BSBA ’59, DCS ’84 (Hon.), the institute’s benefactor, attended the third annual event and introduced Rodríguez-Mendoza, who was awarded the EF McDonnell International Business Award. Also at this event, the International Business Faculty Award was presented to Professor Warren Briggs.

Call for Nominations 2001
SSOM Graduate Alumni Association
As an alumnus/a of a Sawyer School of Management graduate program, you are eligible to apply for a position on the Board of Directors of the Alumni Association. There are ﬁve positions open on the board, each carrying a three-year term. The Alumni Association is active in planning career, educational and social programs for alumni and students.

If you wish to place your name in nomination, please write a brief statement on why you would like to serve on the board and include your name, home and business addresses and phone numbers.

Instructions:
1. You may nominate yourself only.
2. Only alumni of Suffolk University Sawyer School of Management graduate programs may apply.
3. Alumni holding multiple degrees from Suffolk University may run for only one divisional directorship at a time.

Deadline for submission is February 28, 2001

Please send to:
Eric D. Zack, Director of Alumni Relations, Sawyer School of Management, 8 Ashburton Place, Boston, MA 02108
tel: (617) 573-8522 fax: (617) 367-9438
e-mail: ezack@admin.suffolk.edu
ON OPENING DAY AT THE FIRST STAPLES store, no customers came. Only Todd Krasnow's family and friends showed up. Ten years later, it's hard to find someone who hasn't shopped there at least once.

The incredible success of Staples is due in part to the marketing genius of Krasnow, the company's former executive vice president of sales and marketing, and the guest speaker of the third annual Derek Coward Lecture Series.

The 42-year-old Krasnow discussed the importance of marketing for start-up companies from a perspective of revolutionizing and reinventing categories, even if it means going against conventional market research results. For example, when Krasnow launched Staples' first catalog, it prompted only five or six phone calls a day. Research said the catalog was a bad idea. Today, it's a billion-dollar business.

Krasnow, a Harvard Business School graduate, is now chairman and co-founder of Zoots, The Cleaner Cleaner, a 24-hour, drive-through delivery service. Critics said it wouldn't work, but Zoots is already revolutionizing the dry cleaning industry. It has 20,000 customers in New York, 12 routes in Boston, employs 400 people and has raised more than $50 million in equity capital. "Our facility in Boston is the highest-volume dry cleaning business in the country—and it opened a year ago," said Krasnow.

The Coward Lecture Series was founded by Sawyer School of Management Professor and former Gillette Vice President Derek Coward. The breakfast program at the Four Seasons Hotel in December was co-sponsored by the Sawyer School and the Advertising Club of Greater Boston.

Every Woman's Money Conference

Dean Brennan was a special guest at a financial planning conference for 1,500 women in Boston last fall. Brennan introduced guest speaker State Treasurer Shannon O'Brien. He and US Senator John Kerry, LLD '97 (Hon.), were the only two men in attendance.

Guest Lecturer

Dr. Kenan E. Sahin, founder of Kenan Systems Corporation, was a guest lecturer in Professor Jonathan Frank's class Electronic Commerce Concepts. He discussed the "Future of eCommerce" with MBA students and guests.
IN A LETTER TO PRESIDENT DAVID J. SARGENT and Dean John E Brennan, 12 Suffolk MBA students expressed their sincere appreciation for the once-in-a-lifetime learning opportunity they encountered on a trip to China in May.

Under the guidance of Professor Theresa Nelson, the students traveled to China for a two-week educational and cultural internship experience. Through Suffolk’s affiliate, the Stilwell School of International Studies in Chongquing, the program allowed MBA students to gain firsthand knowledge and observe the remarkable business, social, cultural and political landscape found in China today. Drawing on the Stilwell School’s network, Nelson arranged meetings with several prominent business leaders in each of the three cities they visited—Hong Kong, Shenzhen and Chongquing. For example, students met with Asia chairman of Exxon/Mobil, Asia director of human resources for Morgan Stanley Dean Witter and director of corporate communications for the Hong Kong Stock Exchange.

In addition to business exposure, the group got a taste of Chinese life (ask them about the “hotpot!”). They also had the invaluable experience of pairing up with Chinese students of English in Chongquing, who helped them see China through the eyes of people who are living through its stunning changes. The students (Michael Beatty, Lynn Chase, Joseph Dow, Cari Gershman, Taylor Hart, Donald Lange, Erica Lipp, Jami Loh, Scott MacGregor, Hoa Nguyen, Doreen Schloffel and Shaleen Tethal) believe they shared something of value with the Chinese business people, academics and students they met, and they hope that they have made a small step toward strengthening the long-term ties between the two countries.

In their letter, the Suffolk MBA China class added, “Professor Nelson designed a truly meaningful experience for us....Since so much of business today crosses national borders and is affected by national forces, it is critical for a working manager today to have a feel for and experience with international business.”

Posing in front of a Buddhist temple in Hong Kong are MBA students (L-R) Shaleen Tethal, Scott MacGregor, Erica Lipp, Donald Lange and Joseph Dow.

Posing in front of a Buddhist temple in Hong Kong are MBA students (L-R) Shaleen Tethal, Scott MacGregor, Erica Lipp, Donald Lange and Joseph Dow.
Russian Entrepreneurs Sample American Business at Suffolk

The Sawyer School of Management's Center for Management Development in partnership with WorldBoston hosted two groups of entrepreneurs from St. Petersburg, Russia. Each group consisted of nine participants visiting Boston for five weeks in February and May as part of WorldBoston's "Community Connections" program, sponsored by the US Department of State.

The entrepreneurs spent four days each week in an American company similar to their company in Russia and then spent Fridays at Suffolk University attending workshops conducted by Sawyer School faculty. The topics of the workshops included marketing fundamentals, insurgent marketing, business planning and project-based business growth. The groups were welcomed by Peter Nowak, director of Executive Programs and the Center for Management Development and Dean Brennan. Sawyer School faculty who conducted the workshops were Professors Mike Barrett (marketing), Bob DeFillippi (management) and Ed Jarvis (entrepreneurial studies).

At the end of the program the Russian guests received certificates of entrepreneurial studies from the Sawyer School at a reception in their honor.

MBAs Celebrate Chinese New Year

In preparation for their study trip to China, MBA students and Professor Teresa Nelson organized a special program for the Chinese New Year in February. It featured the Director General of the Department of Planning and Finance for the Ministry of Foreign Trade and Economic Cooperation in China, Ziyiing Fu, and the Children's Dance Troupe of the Cambridge Chinese Cultural Center.
The ANYTIME, ANYWHERE MBA

Suffolk Takes the Lead in the eLearning Revolution
Glenn Piche was on a business trip in Las Vegas. After a long day of meetings, most of his colleagues were headed out for a night on the town, but not Piche. He was headed to class. Back in his hotel room, Piche joined his classmates and professor in a 90-minute discussion on cost accounting. No, the room wasn’t crowded. Piche is completing his MBA over the Internet in Suffolk’s new Online eMBA.

Suffolk’s Sawyer School of Management became the first school in New England and among the first AACSB-accredited schools in the nation to offer its MBA entirely online. The curriculum and requirements are identical to Suffolk’s traditional MBA, only students can complete it without ever stepping foot on campus. It’s one of the few completely Web-based MBA degree programs in the country.

When Suffolk launched its online program in 1999, Piche was one of the first students to enroll. As a business unit manager at Roche Labs, a Swiss pharmaceutical company, Piche works in Portsmouth, New Hampshire, but travels extensively on business. He began his MBA part time at Suffolk’s Merrimack College campus in North Andover, Massachusetts. He liked the program, but didn’t like the two-hour commute to and from campus twice a week. And because of his hectic work schedule, he found himself missing up to three classes a semester. This wasn’t how he pictured doing his MBA.

“The Internet program has allowed me to not miss classes, and I save about four hours a week traveling to campus,” said Piche. “Now I can spend more time with my family.” Piche is married with young children. He said his wife wishes he took all his classes online.

Who’s Online?
Suffolk is in good company, with elite colleges and universities such as Columbia, Carnegie Mellon, Duke, Stanford and the London School of Economics offering some form of Web-based education. According to InterEd.com, a Web clearinghouse for information on distance education, 75 percent of all US universities will offer online courses by the year 2001, and some 5.8 million students will log on. Suffolk jumped on this trend early with its Online eMBA.

Two years ago, the AACSB (the premiere organization that accredits schools of business in the United States and abroad) estimated that there were fewer than a dozen schools offering the MBA online. Today, Petersons.com, the Web version of the Peterson’s Guide to Colleges and Universities, lists 53 institutions offering online master’s degree programs in business administration and management. However, only a handful of AACSB-accredited schools offer an online MBA. Also, online MBA programs at most other schools aren’t fully online. Many incorporate a strict residency requirement that necessitates that students spend a specified amount of time on campus. Suffolk online students can complete all their courses off-campus over the Internet, from wherever they choose.

Suffolk’s Online eMBA is growing at an unprecedented rate. Since it started last October with eight students, the program has grown from two courses to 13, and by the end of May there were 90 students.

Unprecedented Growth
Suffolk’s Online eMBA is growing at an unprecedented rate. Since it started last October with eight students, the program has grown from two courses to 13, and by the end of May there were 90 students. All core MBA courses and a large number of electives are now available online. Twenty courses will be online by fall 2000.

This growth was in part made possible by the technological know-how and rapid response of Suffolk’s Internet partner, eCollege.com, based in Denver, Colorado. The five-year-old start-up company, which went public in 1999, is one of the largest online education providers in the country. It worked closely with the
The ANYTIME, ANYWHERE MBA

Sawyer School to get the program off the ground and keep it running smoothly. While eCollege manages the Online eMBA Web site on its host network servers (www.SuffolkeMBA.org), Suffolk maintains control of all content. The goal of eCollege is to create an online campus that matches the bricks-and-mortar campus in all key functions. The company currently works with about 160 schools and 1.75 million students around the world.

Despite its potential for success, Suffolk’s program had its critics in the beginning. Like any new technology, it intimidated people. “Everybody said we couldn’t start in October, but I wanted to go ahead,” said Professor Mawdudur Rahman, director of online programs at Suffolk. “I wanted to be first in New England and I wanted to use the first group as a prototype; so that when we went big, we wouldn’t make big mistakes. When it all worked, I think we surprised a lot of people.”

It was this bold confidence and commitment to a comprehensive program that gave Suffolk an advantage over other programs in the online market. “Suffolk is unique,” said eCollege consultant Melanie Anderson. “It didn’t just test the waters, it jumped in with both feet, and that has been the single most important factor in its success. People don’t want just a few courses; they want the full degree.”

Heather Barr was among the first group of students to enroll in the Online eMBA. She wanted a degree, but never had the opportunity because she spent 60 percent of her time traveling for business “The inflexibility of traditional MBA programs was a real hindrance,” she said.

Barr looked into alternatives, but was turned off by MBA correspondence courses that featured classes on tape.

Shortly after she began the Online eMBA, Barr landed a new job as a project manager for NerveWire, an Internet start-up company in Needham, Massachusetts. The online program is perfect for her busy schedule. “I love it. It’s a lot more work than people think, with a good mix of interactivity, teamwork and individual activity,” she said.

A Question of Quality

Barr and Piche, like many students new to online education, were skeptical of the Web-based format at first. What would classes be like online? Would they be able to get access to the information they needed? How would they communicate with the instructor and other students? And what about academic rigor and quality? Their concerns were valid. The medium was too new at most schools to be fully tested.

The real proof is in student satisfaction, which so far at Suffolk has been high. Piche, who hopes to graduate in December, says the online experience was better than he expected. “In terms of quality, I was pleasantly surprised. In terms of education, I’ve learned more in the online courses than I did live,” he said.

At Suffolk, online students receive the same curriculum and material as on-campus students, except they access it via online slides, online texts, streaming audio and video,
"It's a total misconception that just because it's online it's easy. This definitely required a lot of work; you can't just BS your way through it."

~Glenn Piche

threaded discussions, Webcasts and document sharing. The quality is the same, only the mode of delivery is different. "Suffolk online students get the same experienced professors, course work and tests that traditional students get," said Rahman. "They just don't come to campus."

Suffolk students aren't alone in their approval of online education. According to an eCollege survey, 87 percent of its students said they were satisfied with online education, and 91 percent said they were comfortable with the technology. Of online faculty, 85 percent reported that the learning outcomes of their students were comparable to those of traditional students or better. "It's a total misconception that just because it's online it's easy," said Piche. "This definitely required a lot of work; you can't just BS your way through it. There are some chat sessions when it's just me and the professor, and you have to be prepared for that."

Connectivity
When Rahman first conceived of the Online eMBA, he knew it wouldn't work without good professors. One of his first moves was to recruit the Sawyer School's most senior and experienced professors to design the curriculum and teach the courses. "I thought getting faculty support would be the toughest part, but it wasn't. Support of senior faculty and administration has been great," said Rahman.

For marketing Professor David Lambert, a 26-year teaching veteran, the online program has given him a fresh perspective.

"This is a different way of doing it. After years of teaching, I thought I had it down pat. When you get to be my age and you get to learn something new, that's always exciting. I'm having a good time," he said.

Critics of online education worry that Web-based courses foster a lack of socialization. They predict a future in which students learn to communicate using their laptops, but not in person. On the contrary, many students studying online find their professor and classmates are more accessible than their face-to-face counterparts. "With email, they always get right back to you within a day or so," said Piche.

Rahman has made connectivity a top priority of the program. "Professors should remain connected with the students 24 hours a day, seven days a week via various means and courseware," he said. "The success on either side depends on a high level of connectivity."

The Online Paradigm
Even with a rigorous curriculum, the best professors and a high level of connectivity, the Online eMBA is never going to feel like a traditional MBA program. "I keep telling people that online education is a new paradigm," said Rahman. "It is totally different from the on-campus experience. It's like the difference between going some-
The ANYTIME, ANYWHERE MBA

where in an airplane or going somewhere by train. They are both forms of transportation, but different in every aspect.”

Instead of coming to the classroom once a week for lectures, online students participate in 13 “chat” sessions lasting 90 minutes each over the course of the semester. These are real-time email discussions monitored by the professor. All of the information for the course—the syllabus, readings, video, slide presentations, discussion topics, homework and tests—is available online 24 hours a day, seven days a week. From home, a hotel, the beach or a plane, students can access it at anytime, wherever they are. They still have to do the work and complete it on time, but the online format is more flexible. And this is the real benefit for most online learners.

In the Web-based classroom, Rahman has made some interesting discoveries. In his online class Tomorrow’s Manager, Rahman has 12 students. After nine chat sessions he counted the number of questions and answers—there were 3,600—and every student participated. In a regular class, Rahman says, some students because of reticence or personality never participate in discussions. “I think people can be more outspoken online than in regular class,” said Barr. “They lose their shyness and inhibitions when there are no eyes on them.” Lambert agrees: “In the online environment, fear of talking in front of a group is eliminated,” he said. Rahman has another theory. “We have moved learning and teaching from the professor to the student. Online education is learner-driven, not teacher-driven. Students have all the material at their disposal, they need to be self-motivated to learn and participate.”

The eStudent Profile

The few studies that have been conducted on this new medium show that Rahman is right about online students. They are self-directed learners, meet their own deadlines, are comfortable using email and the Web and enjoy spending time alone at the computer. Petersons.com says that their rate of course completion exceeds that of students in traditional, on-campus courses. Online learners are by definition self-motivated.

National trends indicate that the traditional college student population is dwindling. According to a recent Newsweek article, 18-to-22-year-old students living and studying on campuses full time make up only 16 percent of all college students. The rest are older, “non-traditional” students, meaning adult learners. Most online learning is designed with these students in mind.

“The reason we pursued Internet learning so hotly is because it fits Suffolk’s founding mission—access to higher education,” said Sawyer School of Management Dean John F. Brennan. “Suffolk was founded for those who couldn’t give up their jobs to further their education. The Internet opens the door to educational opportunity for millions who cannot access a campus.”

Nationally, students who enroll in Web-based courses are over age 25, employed and have some previous college experience. About 60 percent are women, and they range in age from 24 to 55. They are typically full-time workers (traveling for business), caregivers (at home caring for children or elderly parents), military personnel (stationed far from an educational institution), college dropouts (who want to go back to school, but are uncomfortable with a campus setting), or mid-career changers. Online education is in many cases the only way these people can find the time or place to go back to school to get that much needed degree. What they all have in common is the need for flexibility of time and location. Piche says that convenience was defi-
nitially the draw for him. "During the chat sessions sometimes the kids are tugging on my leg, but at least I'm home."

Online Isn't for Everyone
If you really need face-to-face interaction, a Web-based degree is probably not for you. Anderson, of eCoUege, says the biggest stumbling block for most people is getting over the intimidation of the technology. However, some students can experience a sense of isolation. This is a problem that Suffolk works hard to remedy.

Several times a year, online professors and students get together on campus for receptions and seminars. The students are not required to attend, but many enjoy meeting their classmates and professors in person, the old-fashioned way. Piche went on a study trip to Ireland with traditional MBA students this spring and thoroughly enjoyed the experience. "I think it's important to incorporate as much socialization as possible," he said. "For me, the ideal is a combination of the two: online and traditional."

The eFuture
Will online education replace the campus experience? Not for everyone, says Charlie Schneider, chief operating officer of eCollege. "We don't believe or try to convince everybody that online education is better than face to face." Schneider believes that Web-based technology enhances traditional education. But for Rahman, Web-based learning is more than that. To him, it's an imperative for the future. "Online education is not just an extension of traditional education; it is completely different, and it is necessary to meet customers' needs. Like any ebusiness, we will be evaluated based on our connectivity, flexibility, technology and our capacity to respond quickly."

Type the words "online education" into a Web browser and you'll get more than one million hits. Distance learning is already a multi-billion-dollar industry; the Internet is only broadening the market. Researchers estimate that the number of students taking online courses will increase to 2.2 million by the year 2002.

However, it is still in its infancy. About 95 percent of online programs have yet to graduate their first student.

The first Online eMBA student to graduate from Suffolk is scheduled to do so this fall. It seems fitting that it takes place in the year 2000. It's too soon to tell how employers will receive candidates with online degrees. Schneider, of eCollege, says it's just a matter of time before they are prevalent in the job market. "People are enrolling and their employers are paying. So there seems to be acceptance out there," he said. "As time marches on, online degrees will become more and more accepted."
Chuck Moran, MBA'81

Current position  President, CEO and Founder, SkillSoft
Lives in            New Hampshire
Born in            Dover, Massachusetts
Motto               Success is 20 percent strategy and 80 percent execution.

CHUCK MORAN IS CEO OF ONE OF THOSE FAST-MOVING DOTCOM COMPANIES YOU READ ABOUT.
SkillSoft’s meteoric rise from concept to full-fledged IPO occurred in less than two years. Now it’s leading a revolution with what Moran calls “e-learning solutions.”

An online education provider, SkillSoft is based in Nashua, New Hampshire, with offices in Australia, the United Kingdom and Canada. It has grown at Internet speed from a staff of one to 200, with sales offices in 28 US cities. In March, SkillSoft signed a contract to provide agencywide online courses and training to NASA. Other major clients include the IRS, the Wharton School of Business, the University of Florida and Fortune 2000 companies IBM, Motorola, Citibank and GTE.

SkillSoft’s main selling point is that customers can take online, self-paced training in the place and time that best suits their needs. Moran says it’s all about choice and cost savings. “It’s really a question of access to information where and when you want, only as much as you want,” he said.

At 45, Moran is heading up his first start-up venture. He launched SkillSoft in 1998 with a $23 million investment deal he brokered with venture capital firm Warburg, Pincus & Co. “The opportunity to start this kind of company fell in my lap,” he said. “It was easy to get financing, uncharacteristically easy, and that was based on the market and the reputation I was able to amass throughout my career. It was probably more luck than anything else, being in the right place at the right time.”

But luck was only a small piece of the deal. Moran’s career credentials and track record are impressive. He is possibly one of the most highly regarded and accomplished executives in the computer-based training industry, with 22 years of high-tech business experience. That combined with his marketing and sales savvy about what would sell on the Web made the venture very appealing to investors. “It was a good spot and the market was hot,” admits Moran. “Education in general continues to be hot. There is a desperate need in the market and a lot of capital looking to get into this area.”
Before SkillSoft, Moran was known for turning around struggling high-tech companies. He was president and CEO of Netg, one of the industry's largest information technology computer-based training companies. Before that, he was responsible for rapid growth at several companies, including Softdesk, Insite Peripherals and Archive Corporation.

"The real strength was not me as the CEO, it was me being able to attract the talent, point everybody in the right direction with a good strategy and execute. Most businesses today succeed or fail based on execution not on strategy. It's a mistake a lot of people make. I think that's what puts my team in a different league than most other companies. We can execute extremely well and move extremely fast."

SkillSoft has moved at breakneck speed. In September 1999, 21 months after he secured financing, Moran filed for IPO. The company had been selling products for only four months and had recorded its first revenues the previous May. "It's like taking a boat from point A to point B; you may not have the exact path, but as you get along the way, you adjust your course to go around obstacles or to compensate for the wind blowing in a certain direction. That's what we do in our business. We move so quickly that we try to put shorter milestones in place and accomplishments we can build on," said Moran. Because SkillSoft moved so quickly, it has captured the so-called "first-mover advantage."

SkillSoft's Web-based library of education and training products includes 300 courses in 60 translations, and counting. Courses fall into two categories: business expertise and professional effectiveness. This includes interpersonal skills (like team building, leadership and communication) and finance, marketing and sales. The courses use the latest audio and Web technology and incorporate practice tests and interactive feedback.

"Some companies have 10,000 people to be trained. How can they do that? It's impractical for the whole world to go someplace and sit in a classroom to learn. And it's expensive. If they have a spare half hour at work, they can afford to do one of our training sessions online," said Moran.

Moran believes that online education is critical today because the true long-term competitive advantage for any company is in its people. "It's really intellectual capital that counts. And the only way to increase it is by providing the investment in learning. And e-learning gets it out there more economically, more quickly and where and when people need it," he said. "In the past, you went to college and you graduated with the skills you needed to do your job for the rest of your life. But that's far from the case now. Today you have to learn every day. And that's what makes our business so exciting."

Moran admits he doesn't know a lot about computers or technology. He's worked for a number of high-tech companies and lived in Silicon Valley, but he's not a techie. He doesn't own a "Palm Pilot" or portable cell phone. By his own admission he's not a "gadget guy." His address book and contacts he keeps in his shirt pocket in the form of a stack of business cards about two inches thick. He says he memorizes the important ones.

However, he is obsessive about email. Even on weekends and on vacation he checks it about 10 times a day. Consequently, his phone bill is often more than his hotel room. And if you're looking for Moran's swank corner office, keep looking. He works in "cubeville" like everyone else at SkillSoft. This CEO works under the principle that everyone's contribution is important. He wants his employees to feel like a team of company owners. And with stock options, many of them are.

"Once you're the president you're the guy who has the responsibility for the company's success, but you quickly recognize how dependent you are on other people. Everyone thinks it's the CEO who makes the difference, and to some extent that's true. But it's really the team and their ability to execute that truly makes a company successful. It's not one individual."
What Keeps Managers Up at Night?
Pressing Problems in Today's Organizations

by Assistant Professor Regina M. O'Neill

Regina M. O'Neill is an assistant professor of management at the Sawyer School of Management and has published extensively in the fields of organizational behavior and human resource management. She holds a PhD from the University of Michigan Business School, an MBA from the Amos Tuck School of Business at Dartmouth College and a BS in management from the University of Massachusetts. In this article she discusses a new book she co-edited titled Pressing Problems in Modern Organizations (That Keep Us Up at Night): Transforming Agendas for Research and Practice (AMACOM, 2000).

What are the “big” problems facing today's organizations? And for managers, what are the pressing problems “keeping them up at night?” While at the University of Michigan School of Business, I collaborated on a survey of managers at 117 companies that identified the most pressing problems in today's companies and formed the basis for a new book I edited along with Robert E. Quinn of the University of Michigan Business School and Lynda St. Clair of Bryant College.

The book examines eleven real-time pressing problems of modern organizations. For each of these problems that many organizations experience, the book uncovers fertile ground that leads to new and interesting perspectives. The contributors to our book propose that many pressing problems can be prevented, eliminated or even turned into positive forces for organizational effectiveness and growth.

Eleven Pressing Problems Facing Today's Organizations
(as identified by managers in 117 companies)

1. The toll of corrosive political climates in organizations.
2. The challenges of multiple reporting relationships.
3. Overworked people in demanding work environments.
4. Underemployed human resources.
5. Cultural misunderstandings in globally diverse organizations.
6. Chaotic job rotations and role movement.
7. Ineffective and problematic processes.
8. Overemphasis on analysis.
11. Dissatisfaction with quality and ineffective TQM strategies.
Many of these “pressing problems” are “people problems.” These arise as companies are demanding better performance from their employees while providing them with less security in an environment that is filled with ambiguity and uncertainty. Another category of “pressing problems” can be classified as “process problems.” These problems result when companies demand innovation, flexibility, improved quality and faster production in an environment of cost cutting, downsizing and continuous revamping of operations.

One problem identified in many organizations is the effect of negative political behaviors and corrosive political environments. The frequency and extent of negative political behavior can inflict shock, confusion and other emotional tolls on individuals, and these behaviors can hurt an organization’s capacity to remain coherent and effective. Building awareness, allowing expression and encouraging action can help people deal more effectively with these types of behaviors.

Many organizations find negative individual and organizational consequences can result from multiple reporting relationships. This is a “pressing problem” because more workers are engaged in multiple reporting relationships than ever before. However, a new perspective on multiple accountabilities sees the promise and advantage to these relationships. They provide levels of coordination, integration and communication that weren’t conceivable in traditional organizational forms. Some would argue that without multiple reporting structures, today’s lean, fast and adaptable organizations could not function.

Often associated with the problem of multiple accountabilities is the problem of overwork. While companies expect employees to put in more hours at work, the growing number of dual-career families and working parents has exacerbated the problem of overwork for many people. There are several potential levers for reducing feelings of overwork, including psychological empowerment.

In apparent contrast to the problem of overwork, underemployed human resources are a major concern for many organizations. Managers complain of employees who are not contributing or adding value to their organizations. Organizational constraints may prevent employees from working to their full potential, resulting in under-utilization of employee skills. Thus, employees are psychologically demotivated, leading to lack of contribution to the organization.

One of the major forces influencing organizations today is globalization. Many organizations are now made up of members from a variety of national and ethnic cultural backgrounds. The combination of these forces has resulted in an increase in misunderstandings, communication problems and interpersonal conflicts. Differences in language and cultural backgrounds often lead to misunderstandings in globally diverse organizations.

Another problem identified by managers is chaotic role movement. Many companies rapidly move professionals into new roles in part because the number of roles exceeds the number of qualified people available. Interestingly, not all consequences of chaotic role movement are negative. Many managers would benefit from improving their understanding and measurement of chaotic role movement and assessing its impact at the organizational level.

continued next page
Many organizations fail to achieve either explicit or implicit change in organizational processes. For virtually all organizations, success depends on the ability to respond quickly to changes in the environment. Communities-of-practice and organizational learning can provide a robust way to examine process problems, thus providing insights into ways to create agile organizations through the design and implementation of effective organizational processes.

**Researchers suggest that organizations need to focus on ways to build top management teams with the ability to make strategic decisions that sustain a firm's competitive advantage in spite of the challenges of operating in complex, resource-scarce and dynamic environments.**

An overemphasis on analysis can prevent organizations from responding quickly in a dynamic and competitive environment. Organizations must balance the need for speed in decision making with the increasing complexity of the decision-making context. It is critical to consider the impact of accountability for decision making and information processing behaviors (e.g., rejecting important information and relying on unimportant information) on the probability that organizations will tend to overemphasize analysis in their decision-making processes.

Managers often struggle with the problem of competitive external pressures and the role of top management teams. Researchers suggest that organizations need to focus on ways to build top management teams with the ability to make strategic decisions that sustain a firm's competitive advantage in spite of the challenges of operating in complex, resource-scarce and dynamic environments. Given the need for top management teams to create competencies, the idea of team-level cognitive complexity is a potential way to sustain competitive advantage.

Poor financial performance is a “pressing problem” many organizations face. Why do firms perform poorly? What is the most appropriate measure for evaluating a firm’s financial performance? Researchers propose using Refined Economic Value Added (REVA) as an appropriate measure to assess period-by-period firm financial performance. They also advocate continuing research on both REVA as a measure of firm performance as well as corporatewide pay-for-performance compensation systems.

Regarding the “pressing problem” of quality and TQM, researchers find a critical paradox: Although practitioners have come to realize that quality must be a “given” in their organizations, we still lack a clear understanding of the nature and scope of quality. There are numerous approaches to and definitions of quality, which impact organizational effectiveness, customer satisfaction and productivity.

This book sheds new perspectives on a number of the most “pressing problems” that today’s organizations face. The insights provided will not only improve organizational processes and performance, but also can help enhance the quality of life for people working in organizations today and help us all get some sleep.
Catherine P. Sabaitis, MPA '01

When Catherine P. Sabaitis talks, people listen. They have no choice.

Better known as Judge Sabaitis, first justice for Plymouth Probate and Family Court, she has little trouble getting her point across or making final decisions. However, when you're also responsible for handling 60 employees and balancing a budget of $2.2 million, there are times when you may need a helping hand.

In January 1999, Sabaitis, 46, turned to the Sawyer School of Management and entered the MPA program. She says it was one of the smartest moves she ever made. "The educational experience I've received thus far has been wonderful," said Sabaitis. "I've been able to sharpen and enhance my management and administrative skills a great deal. I'm learning so much from the professors and the other students. This program has definitely helped me to become a better judge."

As a judge, Sabaitis has the power to change the lives of people of all ages. She is passionate about guiding others in the right direction. "You have to be proactive when you're dealing with children and families in transition," she said. "I love my work because it involves helping people. Every day is different, and I just try to give my best effort all the time."

Scott MacGregor, MBA '00

You have to give Scott MacGregor credit. He's ambitious and isn't afraid to try new things.

For example, his professional past includes being a French chef, working in the real estate and hospitality fields, and making a living as a management consultant. With his new MBA in hand, MacGregor, 39, now has aspirations of changing his career one more time.

"I would like to go into investment banking, particularly the area of cross-border mergers and acquisitions," said MacGregor, a graduate fellow and president of the MBA Association with a 3.98 grade point average. "I'm also interested in becoming a management consultant on an international level."

One of the most valuable experiences for MacGregor, who began taking his Suffolk MBA courses at Cape Cod Community College, was interaction with students from other countries. "One of my favorite memories is working on team projects with the international students. They taught me so much about themselves and their cultures."

Suffolk also provided MacGregor with an opportunity to learn beyond the campus. He participated in study trips to France and China—educational experiences that will benefit him in his future career endeavors. His goal is to become a partner in an international consulting firm in five years.

And if that doesn't work out, Scott MacGregor always has other skills to fall back on. "I still love to cook," he said with a smile.
The Securities and Exchange Commission counts roughly 300 day-trading offices in the United States. Meanwhile, more than five million Americans are now trading stocks over the Internet and electronic communications networks (ECNs). ECNs are simply Web- or Internet-based sites that allow individual investors to execute trades. Many believe that ECNs have fueled an increase in individual trades, and have provided a fertile breeding ground for speculation. In essence, ECNs allow the average investor to trade on a daily, if not minute-by-minute basis.

The Securities and Exchange Commission counts roughly 300 day-trading offices in the United States. Meanwhile, more than five million Americans are now trading stocks over the Internet and electronic communications networks (ECNs). ECNs are simply Web- or Internet-based sites that allow individual investors to execute trades. Many believe that ECNs have fueled an increase in individual trades, and have provided a fertile breeding ground for speculation. In essence, ECNs allow the average investor to trade on a daily, if not minute-by-minute basis. Sawyer Magazine asked international equity trader Ty Cobb to discuss the effects of day trading and ECNs.

Q: Some researchers think that Web sites like CNBC and Marketwatch.com are primary motivators for day trading because they give up-to-the-minute stock quotes and trading reports, fostering short-term investment mentality. Do you think the media bears some responsibility for the explosion of do-it-yourself stock picking and amateur trading?

A: I wouldn’t suggest such sites are the cause of the mentality; it is somewhat a question of the “chicken or the egg.” I would argue that these sites are simply a product of demand by a growing retail investor base.

Today’s short-term investment mentality is the result of several factors. First, there is no doubt that we are in a technical revolution (PC innovation, wireless, Internet, etc.) on as grand a scale as Industrial Revolutions of the past. Only 20 years ago, we found ourselves enthralled with the VCR, microwave, touch-tone phone...we’ve come a long way. This “revolution” has produced the excesses of “irrational exuberance” that Alan Greenspan refers to. Investors are now speculating more than ever, passing up solid cash-flow generators like Bristol Myers or Ford and betting on serious cash-burners that may never turn a profit. At best, one in ten of such companies make it.

Second, the advent of online trading has boosted “liquidity” in some sense for individuals to conduct trading. “Execute with the click of a button” has replaced phone calls to and from expensive full-service or “discount” brokers.

Both these issues have contributed to a “get-rich-quick” mentality for the amateur trader. I wouldn’t blame the Marketwatches and CNBCs of the investment world though—information is always a good thing. Investors need to understand the risks of investing.
Q: ECNs match buyers and sellers automatically. Do you think that ECNs are a serious threat to stealing market share from established exchanges?

A: I think NASDAQ itself has taken market share from the NYSE with the growth of the retail investor base. ECNs such as Island, etc., are actually a good thing. By matching buyers and sellers in a style similar to NYSE order books, investors are not as susceptible to wide spreads offered by market makers in the OTC market. As long as the ECNs are watched closely by regulators, I see them as a positive for investors. Also, I believe trading is trading, regardless of where it happens. For example, I shouldn’t be prohibited from buying my fruit at Haymarket when it’s traditionally offered in a grocery store.

Q: Discount brokers charge a flat fee, roughly $30 per online trade. At the same time, the Web has made it easy for investors to tap a wealth of free market information. Does the typical individual investor have enough knowledge and experience to make good decisions, or should we let the professionals take care of our investment decisions?

A: Online trading will continue to grow, and eventually we will all be trading commission-free (a few online dealers will eventually own the industry and will earn most of their revenue via spread costs, liquidity/stock lending and peripheral services such as IPO offerings, etc.). I equate the growth in personal investing to the surge of home-owning, do-it-yourselfers who began to fix their own sinks and install their own tile flooring with the emergence of stores like the Home Depot. Why hire an electrician when you can do the job yourself? Investors today are more sophisticated, and it’s because of the information provided on the Web and in the media. I imagine my children will be investing in options and other derivatives like it’s second nature. Although we’ve grown more sophisticated, I think overzealousness has perhaps made us move ahead too quickly. There is still a lot to be said for investment managers and investing your money with professionals.

I believe that portfolio diversification is important but a bit overstressed in the investment management community. Regardless, I would bet on a mutual fund manager over an individual investor every time.

Q: A recent SEC study shows that 67 out of 68 day traders lose money. Another study found seven out of ten lost all their money. Whereas a decade ago investors averaged holding a NASDAQ stock for two years, today the average is five months. What do these studies tell us?

A: It is an unfortunate situation. We’ve seen people do some drastic things (i.e., Atlanta shootings) because of such losses. There is no doubt that the stock market is a form of legalized gambling. Historically, the volatility of the market has not approached that of, let’s say, betting on a horse. But the past year has witnessed an unprecedented rise in stock market volatility, and when we lose now, it hurts badly.

Today’s market is as difficult as ever. Chris Argyrople, hedge fund manager and professor in Suffolk’s MSF program, teaches the simple strategy of investing only in those companies consistently generating positive (and growing) free cash flow. It’s a proven strategy, because, ultimately, the value of a stock is a function of all future cash flow available to stockholders. However, today, the market draws attention mostly to those that are trying to become the next Intel, Dell or Cisco. Despite horrid operating results quarter after quarter, these companies continue to be valued at lofty multiples, growth levels they will likely never attain. So, it’s really difficult to develop a strategy on such companies beyond what you hear on the street.

Investors do need to develop a strategy when building their own portfolios. The strategy may not be based so much on stockpicking but on pre-defining your risk profile (based on age, income needs, etc.) and investing in those stocks which fit your desired level of risk.
Q: ECNs are at the forefront of after-hours trading. Up to 40 percent of online trades are placed after hours. Would you be in favor of the market being open beyond its current hours?

A: Yes, I don’t think after-hours trading will adversely impact the market. If anything, after-hours trading will “smooth” stock price fluctuations. Currently, as investors’ perceptions change overnight on a stock (whether it be due to particular news, earnings announcements, etc.), we see considerable “gapping” of stock prices from one day to the next. For example, Yahoo may close at $121 today, but poor after-market earnings announcements may result in the stock “gapping down” or opening trading at $114 the following morning (after-market trading currently exists for OTC stocks, but generally they are thinly traded). I think a lot of people assume that a closing price of $121 means an opening price the next day of $121.

Personal investors shouldn’t lose too much sleep trying to trade 24 hours a day. My stance is that short-term mentality is a result of traits inherent in investors, not the mechanics of the market. All the market innovations I’ve mentioned can be a good thing for investors if utilized correctly. None of us can perfectly time the market. It behooves us then to determine our strategy, select our stocks or mutual funds, then stick with our convictions and let our money work for us on its own. We have too little time and too many other things in life to enjoy.

Q: Do you think day trading has contributed to recent volatility on the stock market? Is this part of the reason why we are seeing major swings in pricing on the NASDAQ and Dow?

A: Yes, absolutely. Volumes have thinned out a bit on the large NASDAQ names since March despite the volatility, though the small caps are still traded vigorously. There’s been quite a bit of negative correlation of stock prices from one day to the next over the past few months, profit taking followed by buying on dips. I don’t fully blame day traders, however. I feel the Fed has been a bit too aggressive in curtailing the market. Despite tight labor costs and recent indications of lower inflation (lower CPI and PPI) numbers, Fed rhetoric continues to allude to further and indefinite rate increases.

Q: Do you think buy and hold is still a good strategy in the Internet age? Should people continue to invest for the long term?

A: I would’ve thought tax implications (8 percent differential on long-term vs. short-term) would have provided enough incentive. Apparently, it has not. But yes, I firmly believe in investing for the long-term. There must be a reason why an individual picks a stock in the first place. Often, though, investors forget why they chose what they did and end up selling it because it either earned 20 percent in two weeks, prompting the excited investor to take their gain, or fell below their buying price (prompting ulcers) and was sold by the faint of heart once it reached the break-even point. More often than not, the long-term holder will outperform. Peter Lynch once said that it’s not timing the market but “time in” the market that counts.

The opinions expressed in this article are not representative of Grantham Mayo Van Otterloo & Co.

Trading Tips

Day trading and ECNs got you confused? For more information, try these Web sites for investment information:

- Securities and Exchange Commission’s site (www.sec.gov) has a how-to section, cyberfraud alerts, savings information and online trading tips.
- The Investment Company Institute, the mutual fund trade group (www.ici.org) offers a quiz, glossary and links to other resources.
Visit the Sawyer School on the Web at:
www.sawyer.suffolk.edu

Please send your change of address to:
Office of Development
Suffolk University
8 Ashburton Place
Boston, MA 02108-2770
phone (617) 573-8429
fax (617) 573-8711
email alumni@admin.suffolk.edu

Please send letters to the editor to:
Sawyer Magazine
Suffolk University
41 Temple Street, Rm. 481
Boston, MA 02114
phone (617) 573-8098
fax (617) 742-5172
email tpalmer@suffolk.edu

Sawyer Magazine
David J. Sargent
President
John F. Brennan
Dean
C. Richard Torrisi
Associate Dean
Susan C. Atherton
Associate Dean

Executive Editor
Midge Wilcke

Editor for Public Affairs
Rosemarie Sansone

Managing Co-Editors
Tracey Palmer
Nancy Profera

Editor for the Sawyer School
of Management
Theresa Malioneck

Copy Editor
Nancy Kelleher

Contributors
Tony Ferullo
Kerry Kenealy
Mariellen Norris
Peter Nowak
Eric Zack

Art Direction/Design
Valerie Laney

Photography
Kindra Clineff
Greig Cranna
John Gillooly

Cover Photograph
Index Stock

Sawyer magazine is published once a year by the Sawyer School of Management. It is produced by Creative Services/University Media Services and distributed free of charge to alumni, students, friends, parents, faculty and staff. The views expressed in this magazine do not necessarily reflect the opinions of the editors or the official policies of the University.