

WINTER 2009

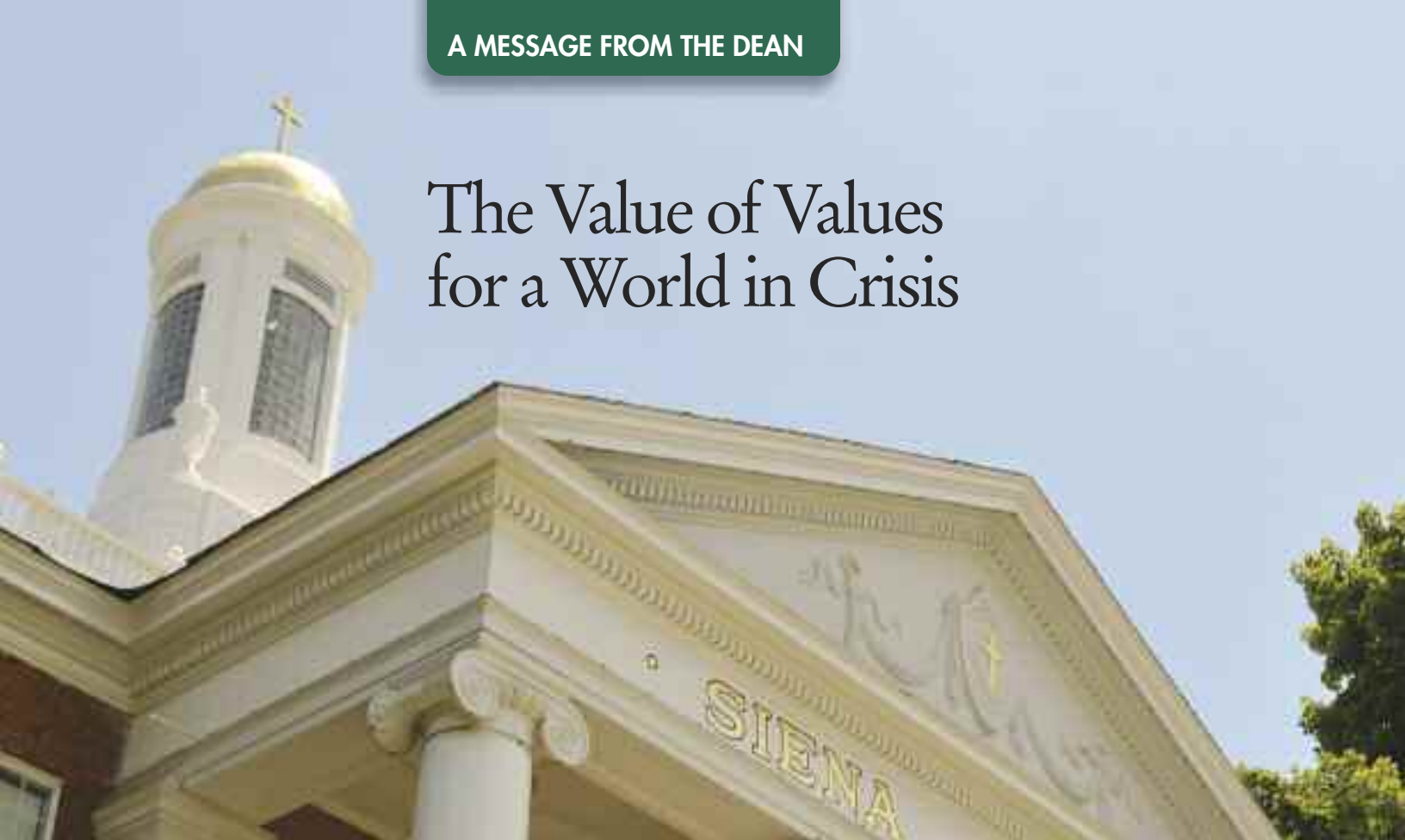
*Siena*business REPORT

A MAGAZINE FOR SIENA COLLEGE
SCHOOL OF BUSINESS ALUMNI AND FRIENDS

Inside Siena's
student-managed
investment fund

SIENAcollege

The Value of Values for a World in Crisis



James Nolan '75, Ph.D.
Dean of the
School of Business

The crisis in the credit markets has raised profound questions about the way America does business. A great deal of the public discourse has focused on the consequences of unbridled greed and a system-wide lack of ethical behavior. A news reporter asked me the other day whether all this holds a lesson for business schools.

Siena, I was proud to say, has taught that lesson all along.

True to our Franciscan heritage, values-based education has always played a vital role in the School of Business. Professors make frequent use of business cases to challenge their students with ethical issues; our capstone course devotes an entire case study—and an intensive week of reflection and discussion—to problems of ethics.

This compels the students to grapple with issues they will face every day once they leave Loudonville. Is it ever OK to cut corners? What about misrepresenting a product or service—and what constitutes misrepresentation, anyway? Must we carry out the orders of supervisors when they are clearly unethical?

The work is difficult, but the results are lasting. Year after year, Siena graduates classes of business students with a finely honed ability to reason—and to act—according to the highest ethical standards. As the years go on, we see that ability in action, not only when our graduates act ethically within the confines of their business, but when they give themselves in service to not-for-profits and the less fortunate among us.

Not every business school can claim this. Because Siena can, I believe we have an essential role to play in shaping the future of business—by shaping those who will determine that future.



Sienabusiness REPORT

SIENA COLLEGE SCHOOL OF BUSINESS MAGAZINE WINTER 2009

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ON THE COVER

Using the sophisticated tools in the William R. Raub '85 Market Trading Room, students have managed the Bjorklund fund to exceptional returns. Photo by Nancie Battaglia.



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Higher Finance

The atmosphere is electric on the floor of Siena's student-managed investment fund

Twenty investment-fund analysts hunch over their computer screens as the facilitator opens the meeting.

“OK, what’s on the table? What are we buying? What are we selling?”

Chaos ensues. One analyst pushes a telecom stock and rattles off the fundamentals to defend his pick.

Another rejects that idea and touts a video game developer. Other stocks come into play and the arguments go on. An analyst might interrupt the proceedings with a presentation on another pick. Two hours in, they take a vote. The majority approves the game developer stock. The facilitator executes the trade from his seat.

It could any big Wall Street hedge fund, but it’s not. It’s Siena—and the analysts are undergraduates.

Welcome to Student Managed Fund, a finance class in which three student officers and their analysts actively manage the David E. Bjorklund Fund. Founded with a \$1,000 grant from Lee Weiser and

a \$50,000 grant from Bjorklund’s brother Ron ’85, the fund operates much like a typical hedge fund. The results speak for themselves: over the past three years, the students have outperformed the S&P500 by more than 20 percent.

Consisting of juniors and seniors, the fund team uses a structured approach to select investments: macro-level forecasting models to gauge the direction of the overall market, followed by sector analyses and finally selection of individual stocks. Each analyst focuses on two specific sectors. Together, they can use nearly any vehicle at their disposal to improve fund earnings: short sales, and exchange-traded funds, among others.

As for the teacher, “my role is just to facilitate,” said Eric Girard, Siena professor of finance and director of the Center for Global Financial Studies. “The focus is to make this as real-world and professional as possible, so these students are ready to step into positions at the top financial institutions when they graduate.”

The setting itself could not be more real-world. At the William R. Raub ’85 Market Trading Room, each student sits at two 17-inch LCD screens, where they might conduct

quantitative research, check real-time data, or listen to CEO podcasts. A television overhead broadcasts CNBC or Bloomberg (and can be used for in-class presentations). Two electronic data walls can be adapted to provide any information the team needs, from Bjorklund Fund stock performance to movements in the Dow. Symbols and prices sprint quickly across the stock ticker above the electronic world clock.

The three student officers’ talents include market analysis and then some. “The officers are good analysts but great leaders,” Girard observed. “They have the ability to reason with analysts, coordinate picks and bring everyone together to make smart choices.”

According to Girard, the well-rounded nature of Siena’s students makes finding officers a bit easier than it might be at other business schools. “Siena has bright students with very good social skills,” he notes. “As a result, they can know complex math and jump into leadership roles with great success.”

And while their mettle was tested during the recent credit crisis, they acted quickly and intelligently as the markets spiraled downward. “They played the market timing card and

FACULTY PUBLICATIONS

CHERYL BUFF, ADAM NGUYEN, and Roger Heeler published “Bundles = Discount? Revisiting Complex Theories of Bundle Effects” in the *Journal of Product and Brand Management*. **CHERYL BUFF** and **RAJ DEVASAGAYAM** published “A Multidimensional Conceptualization of Brand Community: An Empirical Investigation,” in *Sport Marketing Quarterly*. They also published “Developing an Undergraduate Student Research Conference in Business: A Model” in *Contemporary Issues in*

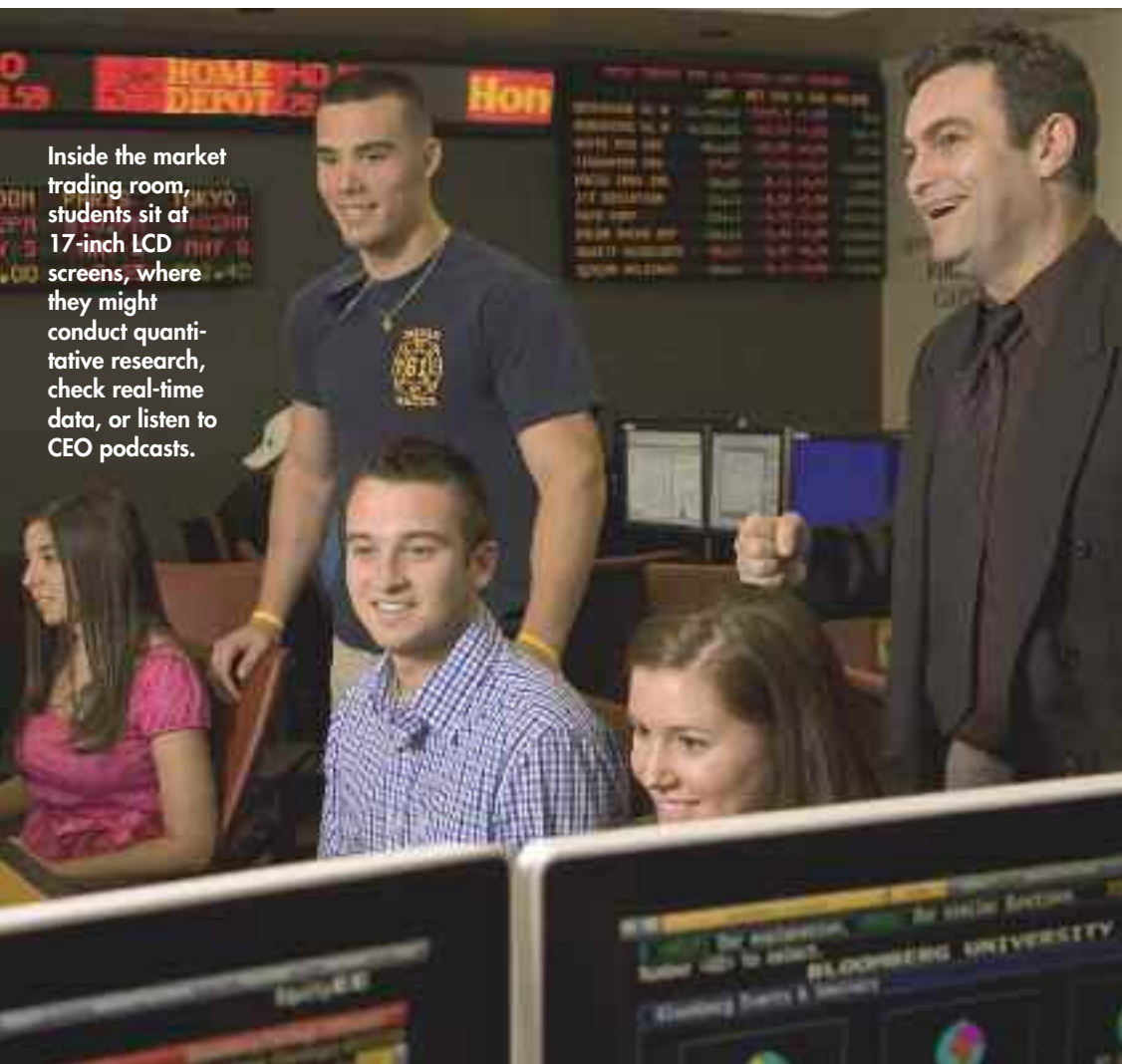
Sienabusiness REPORT FEATURE

won,” said Girard. “When the market was down, they decided to buy all these blue chips at bargain prices.”

The success of the fund is not limited to financial performance. Enrollments in the finance department have risen substantially since the inception of the trading room. The team has ranked second in the “value category” at the Redefining Investment Strategy Education symposium, which includes college

teams from around the nation. And now the leading financial institutions of the world are paying closer attention to the program’s graduates.

All the while, the students are not only grappling with the complexities of financial markets, but having serious fun in the process. “With all the arguing and debating, our 55-minute class sometimes runs over two hours,” Girard said. “They simply can’t get enough of it.”



Inside the market trading room, students sit at 17-inch LCD screens, where they might conduct quantitative research, check real-time data, or listen to CEO podcasts.

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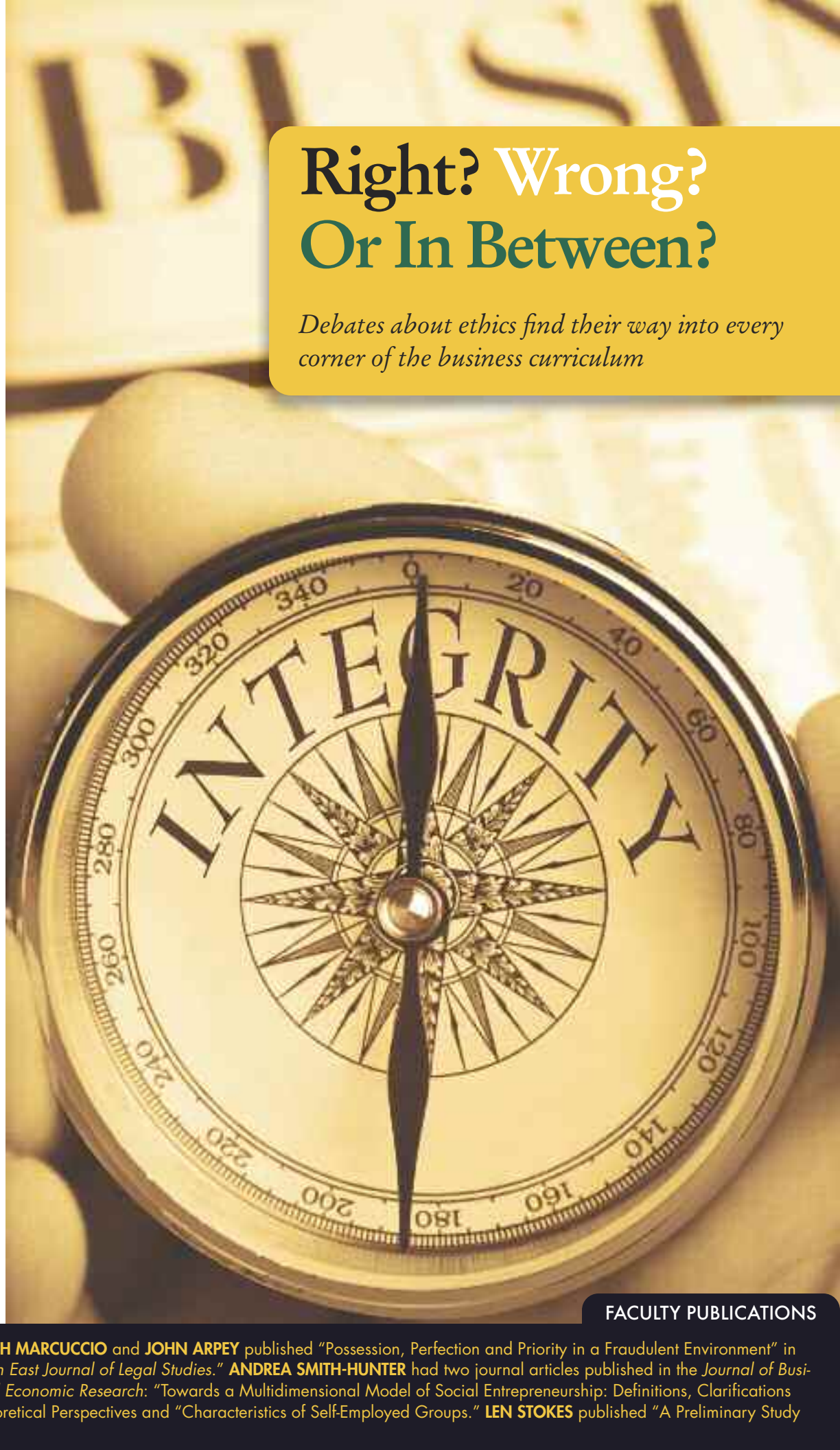
Education Research. **MELINDA COSTELLO** and **PENELOPE BRUNNER**, published “Helping Students Adapt to an Empowered Classroom” in the *Journal on Excellence in College Teaching*. **RAJ DEVASAGAYAM** and **DEBORAH KELLY** published “Obedience to the Unenforceable: Ethical Imperatives in Serving the Vulnerable” in *Ethics & Critical Thinking Journal*. **RAJ DEVASAGAYAM** and **THOMAS MAHAFFEY** published “Effecting Consistency Across Curriculum: A Case Study” in *Contemporary Issues in Education Research*.

Right? Wrong? Or In Between?

Debates about ethics find their way into every corner of the business curriculum

"In all my courses, ethics forms the integrative lens to evaluate business decisions. We are not just interested in the 'right' solution, but in the 'good' solution as well."

Raj Devasagayam
Associate Professor of
Marketing and Management



FACULTY PUBLICATIONS

ELIZABETH MARCUCCIO and **JOHN ARPEY** published "Possession, Perfection and Priority in a Fraudulent Environment" in the *North East Journal of Legal Studies*." **ANDREA SMITH-HUNTER** had two journal articles published in the *Journal of Business and Economic Research*: "Towards a Multidimensional Model of Social Entrepreneurship: Definitions, Clarifications and Theoretical Perspectives" and "Characteristics of Self-Employed Groups." **LEN STOKES** published "A Preliminary Study

Is it ethical for the government to rescue failing investment banks and struggling homeowners?

How far can you stretch the truth in advertising? Can researchers observe shopping behavior without violating privacy? Where do you go for answers to these questions?

A Siena business student would be a good place to start.

From their very first course, business majors at Siena confront not just the theory and techniques of the various disciplines, but the ethics behind them as well. That includes shining the light of Franciscan values—especially compassion for the poor and marginalized—on business decisions.

At the core of this emphasis, a full course in Business Ethics examines a broad range of issues, from corporate culture and moral reasoning to conflicts of interest and the global economy. Joseph Allegretti's students discuss such films as *Wall Street* and *Glengarry Glen Ross*; they wrestle with hypothetical cases (like the development of a new, violent computer game) and real events (like the Enron scandal and the current financial crisis).

Gordon Gekko's "greed is good" mantra doesn't go down well at Siena. "The Franciscan value system puts a premium on service to the marginalized and respect for all persons," Allegretti said. "It warns against greed and idolatry—worshipping false gods such as profit."

But students do not leave their ethics at the door of the Business Ethics classroom. In Accounting and Business Law, Michael Van Patten leads discussions of consumer fraud, "cooking the books," and professional codes of conduct. In the Finance Department, Thomas Kopp and his students explore the impact of decisions on *all* stakeholders. "For a section on international finance, for example, we would discuss the unintended impact of International Monetary Fund

A BETTER WAY FOR COSTCO

Could Costco make up lost revenue and help the poor?

Yes, say the seniors in Paul Thurston's Marketing and Management capstone. As part of developing strategy for seven organizations in the one-semester course, they brainstormed answers to this and other ethical questions sparked by the current financial crisis.

Students considered ways that Costco might respond when customers could no longer afford its supersized items. One student recommendation calls for the retailer and local communities to set up cooperative buying organizations so that consumers can benefit from bulk purchases; in another scenario, the company could use its discounting expertise to open stores in lower-income areas.

"Siena students are taught that education is not simply a means by which to acquire goods and services, but a privilege that should be used as a way to do good and to serve others," Thurston explained. "In this course, they can see that their unique experience at Siena has prepared them to immediately contribute to their organization's decision making in a way that makes actions more sensitive to the needs of all those affected."

policy on the poor," he said.

This emphasis on considering all stakeholders—not just stockholders—appears in Marketing and Management as well. As part of Research Methods, students use the guidelines of the school's Institutional Review Board (through which their research proposals must pass) to grasp the responsibility of researchers toward their subjects. When students in Paul Thurston's capstone course develop their strategy proposals for various organizations, they know that; 10 percent of their grade is allotted to ethical and socially responsible decision making.

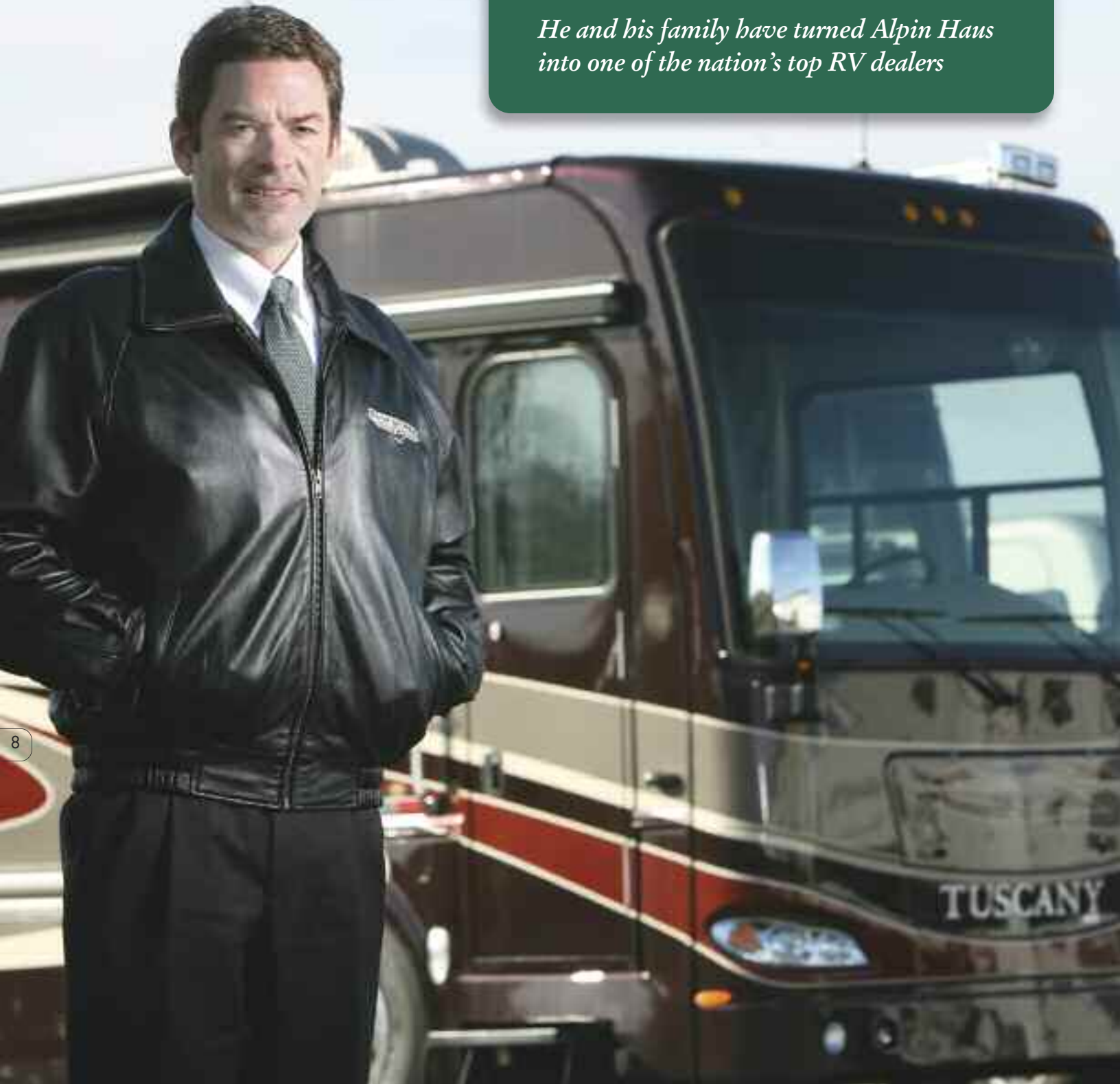
It is not difficult to find synergy among courses. Raj Devasagayam and his international marketing students focus on the "bottom-of-pyramid markets—one billion of our brothers and sisters who live on \$1 a day or less," he said. "What ethical considerations should drive our marketing mix decisions in such markets?" Meanwhile, in Consumer Behavior, Cheryl Buff's students collaborate with a nongovernmental agency to help women in Kenya to produce promotional materials for the group's beaded products.

The ultimate goal, according to Buff, is to turn ethical students into ethical alumni—and send them into the business world. She has recently heard of two alumni who left good jobs for ethical reasons.

"We ask our students to find not just the right answers, but the good answers," she said, echoing a comment by Devasagayam. "The true test, however, is when our graduates are out there, making decisions for themselves. That's when their Siena ethical education can make a real difference."

Andy Heck Is In The Haus

He and his family have turned Alpin Haus into one of the nation's top RV dealers



Once upon a time, Andy Heck '88 had all the glamour jobs at his family's RV dealership: cooking hot dogs at promotions, taking out the trash, repairing pools, cleaning the vehicles.

As his fortunes rose, so did those of the business. How high? Try top RV dealer in the United States.

Indeed, Alpin Haus won the industry's most prestigious award in 2006 from the Recreational Vehicle Dealers Association. "You can only win once," said Heck, "and it's based on input from all of our fellow dealers in the country. That makes the award really special."

Special achievements have regularly marked Heck's tenure as president of Alpin Haus. In just five years (from 1998 to 2003), the business grew from a single store to four stores throughout New York's Capital Region. The *Capital District Business Review*, a weekly regional newspaper, has included Alpin Haus in its Best Places to Work list four out of the last five years—a ranking based on employee surveys.

That particular accolade means a great deal to Heck. "I have really tried to promote internal teamwork and continue the family atmosphere

that my father started," he said.

"Our vision statement is 'Everyone Is Family in Our Haus,' and we truly try to treat our employees that way—as a big family."

Today, Alpin Haus sells not just RVs, but boats, pools, personal watercraft, hot tubs, snowmobiles, and other items—not to mention the ski equipment that was the original store's stock in trade from its founding. Just last month, the business bought a fitness center in Amsterdam to diversify still further.

As Heck remembers it, Siena's curriculum and culture have both contributed to his success at Alpin Haus. "In class, I learned how to think, attack problems and work in teams," he said, "and those qualities apply to so many parts of my job—from analyzing financials to instilling professionalism in our staff. As for the culture, Siena students and faculty are like one big family. It's still true 20 years later: when an alum hears you went to Siena, you

instantly form a bond, and it opens doors to business for sure."

After graduation from Siena, Heck worked as a CPA for Ernst & Young, then rejoined his father, brother, and sister in the business where he had cooked hot dogs as a teen. In the years that followed, he immersed himself in the unique joys and challenges that a family business brings. "We are a close-knit family, and it is great to be in this together," he said. "Two of my own kids are teenagers now and work part-time in the business, just like I did."

There are, of course, certain fringe benefits to running an RV dealership. "We can take an RV anytime to go anywhere," Heck said. "Two years ago we went with our kids to Washington, D.C., on Columbus Day weekend and camped just outside the city. This past May I went with some friends to Georgia to compete in a triathlon. We get to go and have fun, and yet we also learn more about this unique lifestyle we sell."

Heck's leadership has not gone unnoticed: in 2006, the Recreational Vehicle Dealers Association honored Alpin Haus with the industry's most prestigious award.

FACULTY PRESENTATIONS

International Corporate Responsibility" with Eliot Elfner and Jason Senjem at the Institute of Peace and Conflict Studies, Carthage College, Kenosha, Wisc. **ELIZABETH MARCUCCIO** and **JOHN ARPEY** presented "A Trap: What Qualifies as a Negotiable Instrument" at the annual conference of the North East Academy of Legal Studies. **ANDREA SMITH-HUNTER** and **TRACEY MATTHEWS '08**, presented "Women Entrepreneurs in Engineering, Mining and Construction" at the Intellectual Base International Consortium Conference Nashville, Tenn. in April 2008.

STUDENT PROFILE

Interest in environmental economics is at a fever pitch. One look at the U.S. Southwest will tell you why.

As the population explodes and water resources dwindle, the Colorado River Basin walks a tightrope. The region relies largely on snowpack to fill its reservoirs, as it always has; now climate change could make the snow a thing of the past.

Just how challenging might this get? This past summer, Thomas Scudder '09 set out to find the answers.

With his senior honors thesis in environmental economics,

Scudder was a natural for a project, sponsored by the Siena Summer Scholars Program, which aimed to estimate the economic impact of future changes in the region's water supply and demand. When James Booker, professor of environmental economics and head of Siena's economic department, found out about the project, he sent word directly to Scudder.

The river basin has already generated a great deal of attention among researchers and the public alike. A widely cited 2007 report from the National Academy of Sciences highlighted the potential for drought in the region. In the same year, an analysis by two eminent scholars drew coverage from such national media as *The New York Times*.

As Booker saw it, however, that analysis fell short. "The study did not include any economic, hydrologic, or institutional detail on several key points," he explained.

"There was no discussion of how river basin water benefits users, is managed through reservoirs or is allocated between the U.S. and

Mexico. Our task was to conduct the same analysis under more realistic assumptions."

To do so, Booker and Scudder

turned to the Colorado River Open Source Simulator (CROSS), which employs past patterns and future predictions to estimate the economic impact of water shortages on the region. Through CROSS, he ran several models with various assumptions and data sets to arrive at a more accurate estimate.

The results were not pretty. According to Scudder's findings, water shortages could cost the region's agricultural sector anywhere from \$447 million to \$106 billion, while municipalities could see costs of \$454 million to \$105 billion.

Scudder aims to present his findings at both undergraduate and scholarly conferences in the months ahead. Already, though, the topic has found an interested audience: through his participation on National Science Foundation review panels, Booker has communicated Scudder's results directly to a range of researchers and stakeholders throughout the Southwest.

While the project may help the Colorado River Basin economy in the long run, it has had a more immediate effect on Scudder himself. "The research gave me valuable insight into the level of dedication and detail needed to produce a scientific paper," he said. "That will give me a big advantage in my coursework during my senior year."

Scudder's research has caught the attention of researchers and stakeholders throughout the American Southwest.



ANDREA SMITH-HUNTER and **JENNY FALCO '09** presented "Oligopolistic Discrimination and Women Entrepreneurs in Engineering, Mining and Construction" at the American Institute of

Illiquid Assets

Senior's research project sounds the alarm on economic impact of water scarcity

According to Scudder's findings, water shortages in the Colorado River Basin could cost municipalities as much as \$105 billion.

FACULTY PRESENTATIONS

Higher Education Conference in Orlando, Fla. in May 2008. **ANDREA SMITH-HUNTER** and **JOANNE KAPP** presented "A Case of Comparative Entrepreneurship: Minority Men and Women Entrepreneurs in Non-Traditional Fields" at the International Business and Economic Research Conference, Las Vegas, Nev. in September 2008. **LEN STOKES** presented "A Beginning Look at Writing Learning Objectives for use in Accounting Textbooks" at the AAA Annual Meeting, Los Angeles, Calif.



THE SIENA EXECUTIVE LEADERSHIP COMMITTEE hosted Gregory Milzcik, President and Chief Executive Officer, The Barnes Group, Inc. for a forum on the topic, "What Does It Take to Lead an International Corporation Ethically?" in October.

THE EMERGING MANAGER WORKSHOP SERIES, a non-credit community outreach program for local business managers, sponsored by the School of Business and the Dean's Advisory Council, in cooperation with the Capital Region's Center for Economic Growth, trained 28 managers in strategy, marketing, sales, finance and human resources this fall.

CHRISTOPHER HOWARD, University Vice President for Strategic and Leadership Initiatives, University of Okla-

homa, and the Director of its Honors College Leadership Center, was Siena's "Visiting Scholar of Leadership" November 5-7, 2008.

THE ACCOUNTING STUDENTS ASSOCIATION hosted Anthony Owens from Key Bank, who spoke about personal finance, and Lawrence Mele from the New York State Tax Department for a presentation on state and local tax audits this fall. They also held a successful career fair, which brought 20 accounting firms to campus to recruit Siena students.

JAMES FOLLAIN, PH.D., mortgage credit scholar and **DMITRY BURSHTEYN**, professor of psychology, presented "Hard Times: Tall Tales and Economic Chaos," moderated by **JAMES BOOKER**.

PROGRAMS— FALL 2008

FALL 2008 LECTURE SERIES:

"From the Ground Up: Turning an Idea into a Business" by Sidney Stein '78, president, Stein Fibers, Ltd.

"College Transition to the Work-force: The Little Things They Didn't Tell You" by Angela Cella '99, senior category manager, The Dannon Group.

"Entrepreneurship in the Not-for-Profit Sector: An International Perspective" with Elizabeth Conklin, co-founder and program manager, Community Service Alliance.

FACULTY AWARDS AND RECOGNITION

CHERYL BUFF and **RAJ DEVESAGAYAM** have been named co-editors of a special undergraduate research issue of *College Teaching Methods and Styles Journal*. **DEVESAGAYAM** was also selected as recipient of the 2008 Hormel Foods "Meritorious Teaching Award," presented at the Marketing Management Association Conference. Led by advisor **TOM KOPP**, Siena's Fed Challenge Team presented their analysis of the current economic conditions and their monetary policy recommendations at the Federal Reserve of New York in October. The judges commented that their analysis was an effective blend of both traditional macroeconomic analysis as well as the financial issues currently buffeting our economy. Team members included: Michael Anderson '11, Diego Blake '11, James Casbarro '11, Joshua Coppa '11, Patrick Gallagher '11, William Allan '10 (Alternate). **ANDREA SMITH-HUNTER** presented at Purdue University on international women entrepreneurs in November. **JOSEPH FITZGERALD**, Lecturer in Marketing and Management, was reelected to a second term in June 2008 as President, Board of Directors, Wildwood Programs, Inc., a non-profit organization currently serving 1400 children and adults throughout the Capital Region, who have developmental disabilities, autism, or learning disabilities. In May 2008, he was recognized as Wildwood's "Community Volunteer of the Year, 2008." **CHRISTIAN WOLF** '09 participated as a "Community Fellow" at Rensselaer Polytechnic Institute's "Enterprise and Economic Development" Seminar this fall. **WOLF** was also recognized as the first Siena recipient of a scholarship from Beta Gamma Sigma, the National Honor Society for "Students of AACSB-accredited Business Schools," as a result of Siena's Chapter being recognized as an "exemplary Chapter." **ZOBAIR SHAHAB** '10 participated in the National Sales Challenge Competition, hosted by William Paterson University, Wayne, N.J. November 6-8, 2008.