IN MEMORIAM: ROBERT B. PAMLIN

In addition to my education, I received three things from Virginia Tech that have meant more to me in my life and in the business world than anything else,” Robert B. Pamplin once said. “They are honesty, discipline, and humility. My charge to all of you is that we continue to stress these values.”

The former chairman and CEO of Georgia-Pacific Corp., who received a bachelor’s degree in business administration from Virginia Tech in 1933, died on June 24 after a long illness. He was 97.

Pamplin was widely respected for his business acumen and leadership and his philanthropic support of higher education, including for the Pamplin College of Business, which was named for him and his only son, Robert B. Pamplin Jr. The Pamplins have given more than $35 million in personal, corporate, and family foundation funds to Virginia Tech, including more than $25 million to the Pamplin College. The college was named in their honor in 1986 in recognition of a $10 million gift it received from them. (The building housing the college was named in honor of Pamplin Sr. in 1969.)

“Mr. Pamplin and his family have played a singular role in helping us grow and develop into a nationally ranked business school,” said Pamplin dean Richard E. Sorensen. “Their extraordinary support has helped us recruit and retain outstanding students and faculty members, expand and develop our academic programs, and undertake new construction and renovation.”

The Pamplins also contributed in non-monetary ways, Sorensen said. Father and son, he recalled, gave lectures and workshops on business leadership to the college’s students and faculty members and shared information on their business for a senior-level case study. “Their taped lecture continues to be used until today, and it is quite popular with our students,” said Sorensen, who uses it in his class.

Also, Pamplin and his son co-chaired Tech’s Campaign for Excellence, which was launched in 1983 and raised $118 million, more than twice its $50 million goal. They have supported other areas of the university, including the Corps of Cadets, Student Affairs, and university administration.

The university-wide Pamplin Scholars Program, established with a $3.5 million gift from the Pamplins and matched by Virginia Tech, provides scholarships for outstanding students from throughout Virginia. “More than ever, the American promise of opportunity rests upon access to higher education,” Pamplin had said. “Virginia Tech made it possible for me to realize that promise. My son and I want exceptional students throughout the Commonwealth to have the same advantage.”

Pamplin’s long list of honors and awards includes Virginia Tech’s Alumni Distinguished Service Award in 1973 and the William H. Ruffner Medal in 1981, in recognition of his distinguished service to the university, which included service on the board of visitors from 1971 to 1979. He was a member of the President’s Circle of the Ut Prosim Society, a select group of the university’s most generous supporters.

A native of Dinwiddie County, Va., Pamplin was a longtime resident of Oregon. After graduating from Virginia Tech, he joined a small lumber company that later became Georgia-Pacific. After a 43-year career with Georgia-Pacific, which he helped shape into a leading manufacturer of paper, building products, and related chemicals, Pamplin retired and went on to build his own multimillion dollar business in textiles and concrete and asphalt manufacturing. The R.B. Pamplin Corp., a Portland holding and investment company that he formed with his son, today includes farms, radio stations, and newspapers among its subsidiaries.

His father was “a true giant among business leaders,” Pamplin Jr. wrote in a 1986 biography, Another Virginian: A Study of the Life and Beliefs of Robert Boisseau Pamplin. “Many times he would be criticized for bucking the trend, going against current thinking, but more often than not, his simple, straightforward, nonconventional approach to a problem would be correct.”

Summing up the philanthropic philosophy that has guided him and his father during an interview for a Pamplin College publication, Pamplin Jr. said, “One of the greatest successes is when you bring a lot of happiness, love, and hope to people who haven’t had that, and give them the opportunity to improve themselves.”
11 graduates from Bridge to Business

This past summer, the college graduated its second group of participants in an innovative program it developed to help alleviate the national shortage of business-school faculty.

The college is among four U.S. business schools that launched last year the first post-doctoral “bridge-to-business” programs approved by AACSB International, the accrediting organization for business schools worldwide. The programs are designed to prepare individuals with doctorates in non-business, but related, disciplines for careers as business faculty members.

“Seven of the participants have already been reassigned into new positions to teach and conduct research at their home universities, using the skills obtained in this program,” said Frank M. Smith, the program’s director. “AACSB is providing job search assistance to other participants who are currently seeking employment in a business school.” Smith added that, to date, more than 20 inquiries have been made concerning next year’s program, which will include a track in management.

To apply to Pamplin’s post-doctoral bridge program for 2010 call (540) 231-4972.

Top 50 tourism scholars

Pamplin’s Muzzo (Muzaffer) Uysal, Richard Perdue, Ken McCleary and professor emeritus Michael Olsen are among the world’s top 50 tourism scholars, according to a study published in Tourism Management journal. The study identified the most frequently cited tourism scholars. Uysal, with 1,307 citations, investigates tourism demand/supply interaction, marketing and international tourism, and quality-of-life issues. Perdue, with 791 citations, studies service marketing and management in resort settings, experiential aspects of tourism, and resort tourism development. McCleary, who had 745 citations, specializes in marketing strategy and consumer behavior in the hospitality industry, wine and winery management, and cultural tourism. Olsen, with 556 citations, explores strategic and financial management of the global hospitality industry.

E-Business Guidebook to go abroad

Following a successful launch in May, the Online Business Guidebook team expanded distribution of its book this summer to more than 25,000 readers across the country and around the world. This fall, the student publishers, guided by faculty advisors, will work on reaching out to high schools in a pilot program while continuing to develop their small-business audience through new initiatives, including out-of-state and foreign editions.

The 74-page e-business guide’s Fall 2009 edition (and second print run) was fully sponsored by Gladhandle and by Progress Printing of Lynchburg. The guidebook organization recently received a $10,000 donation from Freddie Mac to support its operations, says Alan Abrahams, an assistant professor of business information technology who is the organization’s primary faculty advisor. Law firm LeClair Ryan, he says, has signed on as a flagship sponsor of the Spring 2010 edition.

Abrahams says about 9,500 hard copies of the Fall 2009 edition have been printed and are primarily distributed through small business development centers and small business counselors in Virginia, Florida, New York, and California. “The free electronic edition, launched in July at the guidebook’s web site, was downloaded more than 15,500 times in July and August combined, by visitors from all 50 states and more than 100 countries,” he says.

Complimentary copies of the guidebook were also sent this summer to a Portland, Ore., youth development organization in memory of Pamplin College benefactor Robert B. Pamplin, who died in June.

The guidebook organization, Abrahams says, is currently seeking funding for a high-school outreach program.

Small-business owners, however, remain the team’s primary focus, says Abrahams, who conceived the step-by-step guide in 2008 as a hands-on project for his Business Analysis Seminar in IT class and is the on-going project’s driving force. “If the current download rate of the e-book edition is sustained, we expect the guidebook will be read by more than 100,000 aspiring entrepreneurs over the next 12 months,” he says. “We’d also love to distribute 50,000 more free print copies of the book in five states, via small business development centers, small business counselors, and entrepreneur development seminars, and are actively recruiting sponsors.”

He adds that foreign editions are also being planned with partners in other countries. Initial discussions are underway for a French edition, and partners are being sought for British, Australian, South African, Spanish, German, Italian, Chinese, Japanese, and Indian editions.

The organization offers its resources for faculty research on Internet businesses, says Abrahams, and welcomes inquiries and research ideas from prospective collaborators. Studies being planned include analyzing changes in the advertising market for B2B Internet companies, process models for Internet-based small business creation, and outcomes assessment of the guidebook program.

The guidebook was the cover story in the spring 2009 issue of Pamplin magazine: www.pamplin.vt.edu/magazine/spring09/
“Unlike traditional industries where firms try to build walls and protect advantages, firms in emerging digital industries, in general, and social networking companies, in particular, reach out to third-party developers and other partners.”

Their findings, Gnyawali and Fan hope, will help managers develop appropriate strategies. “A better understanding of the nature of competition and implications of competitive actions will allow managers to think in nuanced ways about how to successfully compete in this rapidly changing industry,” the researchers wrote.

Gnyawali, an associate professor of management who specializes in studying how firms compete, collaborate, and create competitive advantage, and Fan, an associate professor of accounting and information systems and a specialist in data mining, business intelligence, and social computing, decided to focus on the social networking industry because of its unusual characteristics (see sidebar); the widespread popularity of its services; and its “explosive growth” over the past three years, which has made it “one of the most dynamic segments of the Web 2.0 industry.”

Gnyawali notes that a 2008 Morgan Stanley report showed that six of the top 10 Internet sites are social — none of which made the list in 2005 — and that Facebook and YouTube had more page views than Google or Yahoo. Facebook has more than 250 million active users, while MySpace has nearly 130 million, according to the companies.

The need for more scholarship on firms in the digital industry, which use the Internet and information technology to provide goods and services, was another reason for pursuing work here. Information systems scholars, Fan says, have examined the strategic roles information systems and information technology play in a firm, but “few scholars have systematically and holistically examined the digital industry’s competition dynamics.”

Reaching out, not building walls” might be one way to characterize the process of social networking. It is also an apt description of the core competitive strategy of firms in the social networking services industry, as new research by Pamplin professors shows.

In what they believe is the first systematic empirical study of its kind, faculty members Devi Gnyawali and Weiguo (Patrick) Fan investigated how social networking companies compete and how their competitive moves affect firm performance.

“Unlike traditional industries where firms try to build walls and protect advantages, firms in emerging digital industries, in general, and social networking companies, in particular, reach out to third-party developers and other partners,” Gnyawali and Fan say. The firms use these outside parties to “co-create value” in order to attract, retain, and satisfy their own users or customers and improve their companies’ performance.

Social networking firms have changed how people communicate and socialize with each other, the professors note. Departing from previous computer-based communication systems for e-mail and online forums, companies such as Facebook, MySpace, LinkedIn, and Twitter use Web-based software to connect users with friends, family members, business partners, or other individuals through text chat, messaging, video, voice, file sharing, and blogging, in addition to mail and discussion groups.

The professors, along with doctoral student James Penner, have written an article about their work for a special, “digital systems and competition” issue of Information Systems Research, one of the top two journals in the information systems field.

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Management scholars, Gnyawali says, have extensively studied competition dynamics, but their research has focused on publicly traded companies in such traditional industries as airline, pharmaceutical, steel, and computer. “Thus, while newer forms of industries are emerging, and digital technologies are becoming very critical in these industries, we don’t know the ways in which firms in such emerging digital industries compete,” he says. “Our research addresses this critical issue.”

Building on research in both information systems and strategic management, Gnyawali and Fan developed a conceptual model to examine competition in the social networking industry from two strategic perspectives: “value co-creation,” meaning how firms “create perceived and real benefits for their users by engaging other parties as partners and contributors”; and “repertoire of competitive actions,” which refers to the volume as well as complexity or diversity of competitive moves.

The researchers analyzed their model with archival data they collected on the competitive actions of the 52 largest firms (in terms of membership). They identified 15,000 news reports on these firms over three years: 2005, 2006, and 2007. A computerized text analysis software program they developed flagged key action words in the news reports, Fan says, and “allowed us to eliminate reports that did not contain purposeful competitive intent, such as an announcement of an annual report filing.” The software program also recorded the date, source, and number of words in the article.

Competitive actions tend to be industry-specific, Gnyawali says. “So we took extensive steps to ensure that our list of actions is highly relevant to the social networking industry.” These included examining business press and industry-specific research and seeking feedback from industry experts. The researchers ended up identifying 47 different categories of actions, which they defined for coding and analysis purposes. “We made sure that our list is both comprehensive and relevant, so that it can be used by other researchers for further studies on the industry,” he says.

Lacking access to firm revenues, income, and other financial data, the professors used page views as a measure of firm performance. A market-based performance metric such as user traffic, they note, is the best alternative, especially in an industry with strong network effects (see sidebar) and where ad-based revenue generation increases with page views. Other researchers, they point out, also view Web traffic as an important nonfinancial indicator of Internet firms’ performance.

Their results, Gnyawali and Fan say, show that “firms that undertake value co-creation actions enhance their performance.” Furthermore, firms that undertake a complex action repertoire — strategic actions on diverse fronts, rather than “a large volume” of actions or a concentration of efforts in a few areas — achieve better performance.

Explaining the first finding, Gnyawali says “social networking firms create value by leveraging the knowledge and expertise of third-party developers to develop applications that will help entice, engage, and delight users, and by collaborating with other companies to extend the usefulness of the social networking firms’ sites through product development, new market penetration, and pursuit of new uses of existing products and services.”

Regarding their finding on action repertoire, Gnyawali says firms that undertake complex actions make it more difficult for their competitors to understand the intent and consequences of the various actions. “Moreover, because each type of action requires commitment of different types of resources,” Gnyawali says, “rivals find it very difficult to match a firm’s complex actions — which provides a window of advantage to the firm.” Lastly, a firm that undertakes many types of actions is likely to have developed capability in multiple areas and can leverage these capabilities to offer better products and services and attract more users.

The recent surge of Facebook relative to then market dominant player MySpace, the researchers note, highlights the impact of the complexity of actions on firm market performance. MySpace had “first-mover” advantage in music downloading and grew tremendously — more than 300 percent (in pageviews) from November 2005 to November 2006 — as it expanded its music, photo, and video capabilities. However, its growth has since slowed, while Facebook undertook competitive moves on multiple fronts: being more inclusive in membership, being the first to open the platform to allow co-development with third-party vendors, actively pursuing alliances, and continuously creating and improving services.

Working with complex technologies and rapidly changing business environments, social networking firms must constantly...
Industry is far ahead of academe in applying social media, says marketing assistant professor Jane Machin, who worked with a Blacksburg digital services firm on a social media campaign for the university’s solar house (see back cover). Machin, whose research interests include consumer decision making, teaches marketing communications. She recently responded to questions about marketing and social media from Dan Smith, editor/co-founder of Valley Business FRONT.

How has the Internet changed marketing for companies and individuals, and how has their approach changed in recent months?

Machin: Without a doubt, more and more companies are adding the Internet to their communications tool bag, from a simple Web site to a full social media campaign, using Twitter, blogs, Google, Facebook, YouTube, etc. I do not believe the Internet has changed the fundamentals of marketing, though. The fundamentals of a great brand (and therefore a great marketing communications plan) mean understanding the consumer’s needs and developing a product that meets those needs better than the competition. These fundamentals have not changed with the growth of the Internet. Now, though, the marketer has more ways to communicate just how their brand meets the consumer’s needs best. In my observations, the firms that use social media most successfully use it to build brands subtly — rather than directly touting the brand’s benefits, they use these tools to build and cement a longer-term relationship. After all, would you want your best friend constantly selling to you? H&R Block, for example, uses Twitter to respond to customer issues rather than to sell its products and services.

Of course, with more ways to communicate come more ways to alienate, particularly with the instantaneous forms of communication: an off-the-cuff “tweet” could undo years of careful brand building. Furthermore, the effectiveness of these new forms of media is largely still untested — how much are they really contributing to the bottom line? Some firms are also struggling with regulatory issues. The pharmaceutical industry, for example, does not really know what it can or cannot say on Twitter, because the regulatory environment has not caught up with the technology.

The researchers note several limitations of their study. The private nature of the social networking industry was a major obstacle, preventing them from collecting a variety of data, including “meaningful financial measures of firm performance,” or using common, firm-level control variables such as assets, market capitalization, or number of employees.

They were unable to obtain information on advertisers and the amount they paid to social networking firms and were unable to gather data on users — a significant shortcoming, the researchers felt, given the important role that “experienced and passionate users” play in improving the quality of social networking services. “Having data on how users are engaged in the value co-creation process would have produced even more interesting findings,” the researchers note.

Nevertheless, their study has produced noteworthy insights about the pattern of firm competitive actions in an emerging and rapidly growing industry, Gnyawali and Fan say, and has important implications for future research and management practice.
What is the overall effect of the Internet, and what do you expect it to be in, say, a year, two years?

**Machin:** Overall, only a tiny proportion of 2008 measured media dollars went on the Internet (8 percent)—the vast majority went on TV, radio, magazines, and newspapers. In future, it seems likely that more dollars will be transferred from these traditional media forms to social media. Perhaps more important than using the Internet for marketing communications, however, will be the use of social media by businesses to listen to their consumers in real time, allowing true brand co-creation to occur.

How are clients behaving with the change? Are many of them trying to do more marketing themselves, and are they assigning people to become savvy at social media?

**Machin:** There is no “one-size-fits-all” answer to this question! Big clients are still using advertising agencies to do much Internet marketing. Monitoring and bidding on keywords on Google, for example, and maximizing the likelihood a Web site will feature in the top five entries of a search is a full-time job that is outsourced to experts. That said, many CEOs and employees are using Twitter themselves. Companies are even offering a new position— the Twintern—to undergraduate students. However, even in these cases, the tweets are likely being carefully coordinated so they are consistent with the overall brand image. For smaller companies that cannot afford traditional forms of advertising, social media represents a great way to reach and connect with their consumers in real time, allowing true brand co-creation to occur.

How differently are your students being taught in light of the significant changes underway and still to come?

**Machin:** I admit I have not yet tweeted with my students, though I have thought about it! I do spend a lot of time in class discussing the pros and cons of interactive and social communications. I have a guest speaker coming in this semester to talk specifically about social media campaigns (Aaron Herrington, co-founder of Modea, a local digital services agency). As part of my marketing communications class, I always work with a local business to help them develop their communication plan; this year, we are focusing on using interactive and social communications. I give the students articles about how firms are successfully (or not) using social media and regularly use examples from Web sites, blogs, and YouTube.
How does vacation travel affect your sense of well-being and happiness? Marketing professor Joe Sirgy says his research findings may surprise some.

“Our results contradict the general belief that leisure travel affects an individual’s life satisfaction through positive emotions related to health and safety,” says Sirgy. These emotions, he says, include “feeling relaxed, rested, and mentally re-charged after the trip, or feeling healthier because the trip required physical activity.”

Instead, his study found that satisfaction was “strongly influenced by travelers’ not feeling too tired and exhausted, not getting sick, not gaining weight, and not worrying about catching a disease” on their vacation — that is, an absence of negative emotions related to health and safety.

His research, he says, suggests that holiday travel that “reduces the possibility of negative emotions arising from health and safety issues can significantly contribute to the vacationer’s overall sense of well-being or life satisfaction.”

Sirgy, who specializes in quality-of-life studies, conducted a survey of more than 260 tourists to test his model, which examines how the perceived benefits and costs of a travel trip affect tourist satisfaction with life in general and 13 specific life areas or domains that include social life, family life, financial life, and arts and culture in addition to health and safety. The data provided support for the overall model, he says, and identified various positive and negative influences on tourists’ life satisfaction.

In another example of satisfaction resulting from an absence of negative emotions, Sirgy found that financially, vacationers’ satisfaction stemmed from “not running out of money during the trip, not returning with significant debt, and not spending on frivolous things” — rather than “feeling that the trip was well worth the money spent, spending money specifically saved for travel, or saving money through bargain hunting and thriftiness.”

A specialist in quality-of-life research, Sirgy received the Distinguished Quality-of-Life Researcher Award, the highest honor of the International Society for Quality-of-Life Studies. His applied research has examined housing well-being and real estate, quality of work life, leisure well-being and tourism marketing, community quality of life and economic development, health-related quality of life and healthcare marketing, corporate social performance, and ethics codes development for business organizations.

One of Sirgy’s books deals with how quality-of-life research can be conducted from an ethical marketing perspective, an approach based on positive social change. It’s a “highly pragmatic” marketing approach, he says. “It allows social and behavioral scientists from any discipline to apply marketing concepts to plan social change and assess the impact of intervention strategies on the quality of life of targeted populations.”

The recession has had an interesting impact on consumers’ vacation travel plans this year, according to findings from a national study conducted recently by a research team led by Nancy McGehee, associate professor of hospitality and tourism management.

Survey respondents were asked how the current economic situation might affect their likelihood to travel for pleasure in general this year. Nearly half — 49.4 percent — reported that the economy would have no impact, while 35 percent indicated they would be less likely to travel. The remainder — more than 15 percent — reported that they would be more likely to travel.

“An interesting trend seemed to emerge,” McGehee said, when respondents were asked why. “Those who reported no impact explained that their travel experiences were very important to them, and many other luxuries would be foregone before they would give up those plans. Of those who reported that they were more likely to travel, several indicated that they were on fixed incomes and that low gas prices and bargains currently available in the travel industry were to their benefit.”

Respondents who indicated no change in their travel plans were evenly split along gender lines, she said. “However, many more women than men — 58 percent women versus 42 percent men — reported that they would be less likely to travel due to the economy.” The survey was sent to 2,500 people in 48 states. Responses were received from more than 800 people in 44 states, resulting in a 32 percent response rate.

The travel survey is part of a larger study on sustainable tourism that McGehee and her fellow researchers are conducting for the National Park Service. McGehee’s co-researchers on the project are John McGee, a geospatial extension specialist at Virginia Tech’s Department of Forest Resources and Environmental Conservation, and Jeff Hallo, Cari Goetcheus, and William Norman, all of Clemson University. “This has been a collaborative project,” McGee noted, “involving tourists, community members, government officials, educators, researchers, and other stakeholders.”
Being a consumer has become a major part of life in a modern society, according to marketing professor Julie Ozanne. “Living, flourishing, suffering, and dying are more interdependently related to acquiring, owning, and disposing than at any other historical time.”

In a forthcoming book, Ozanne and her co-editors note that serious problems have resulted from the process of consuming — but so have genuine opportunities for remedial action. Consequently, Ozanne says, “there is a great need for consumer scholars to collaborate and communicate their most important insights in order to aid consumers, policy makers and administrators, business executives, non-profit groups, as well as other researchers.”

To address the problems and opportunities more directly and effectively, the Association for Consumer Research — the world’s largest and most diverse group of researchers who focus on the nature of and influences on consumer behavior in daily life — has launched an initiative called “transformative consumer research,” defined as “rigorous and applied consumer research for improving human and earthly welfare.”

In June 2009, Ozanne co-chaired a conference on this research area that explored such topics as poverty, materialism, sustainable consumption, food and health, social justice, at-risk groups, and immigration, culture, and ethnicity.

The problems and challenges related to consumer behavior today, says, include unhealthy eating habits and obesity, poor savings rates and financial planning, ineffective and unsafe use of the Internet, substance abuse, aging, disabilities, poverty and illiteracy, “socialization” of child and adolescent consumers, sexually transmitted diseases, discrimination, and ecological deterioration.

At the same time, she notes, many types of consumer behavior “successfully support and enhance life.” These include consumer activism, conservation and sustainable consumption behavior, creative uses of products among the poor and homeless, donations and communal consumption, gift exchange, exercise, hobbies, and festivals and celebrations.

Ozanne and her co-editors hope their forthcoming book, Transformative Consumer Research for Personal and Collective Well-Being, will be a pioneering and comprehensive “compendium of the state of knowledge in consumer behavior and quality of life.”

An award-winning researcher and teacher, Ozanne has conducted research on low-literacy consumers to understand the strategies they use to cope in an information-rich marketplace. “Almost half of all U.S. consumers read below an eighth-grade level, yet we know little about how these consumers get their needs met in a text-filled marketplace,” says Ozanne. In a co-authored journal article that won a Ferber Award, she found that consumers “who could challenge the stigma of low literacy and employ a range of coping skills were better able to get their needs met.”

Her study, she says, supports the view that consumerism is a social practice of identity maintenance and management. “Our findings suggest that consumer education must expand beyond disseminating information to include developing consumers’ confidence and abilities to engage socially when their needs are being denied.”

Ozanne has conducted research on low-literacy consumers to understand the strategies they use to cope in an information-rich marketplace.
Fearful of making bad loans, bankers are making only a limited number of safe loans. As a result, banks are much better capitalized, but little funding is being made available for consumer and business loans. Many banks are also actively searching for loan covenant violations in existing loans, in an attempt to call in these loans. Some banks are also attempting to re-price existing loans at higher rates and/or requiring additional collateral for existing loans.

Local bankers, traditionally authorized to negotiate loans with long-term local business customers, can no longer make such loans. Loans now have to be reviewed and approved by bank “loan risk” officers who have limited direct knowledge of the customer and are frequently located in distant bank headquarters.

The entire process is aimed at increasing bank profit and liquidity and avoiding the mistake of making loans that may go bad in the future. Forgotten in the process are long-term banking relationships with firms with excellent loan repayment records. Many valuable long-term employees have left, and many of those remaining feel demoralized. Many banks are trying to return TARP funds, in an attempt to eliminate government ownership and meddling.

The American Recovery and Reinvestment Act of 2009 has the potential for producing similar, unintended, negative consequences. As Recovery Act funds are provided to state governments as part of the plan to stimulate the economy, state governments are reducing their own budgets because of under-realized tax revenue, partially cancelling the impact of Recovery Act funds. This approximately $1.5 trillion in previously unanticipated government expenditures will eventually lead to a greater federal budget deficit, a significant increase in the money supply, higher taxes, higher inflation, and lower economic growth.

Unfortunately, even the intended consequences of TARP, the Recovery Act, and concurrent Department of Treasury and Federal Reserve actions have not been well defined. If the intention was to save the banking system, TARP has been extremely successful. If the intention was to allow banks to extend loans to business and individuals, and thereby revive the economy, the intended outcomes have been less than successful. This uncertainty concerning intended outcomes makes it difficult to determine the effectiveness of government action. In many cases, unintended outcomes of government action may reduce or possibly eliminate the intended outcomes.

Where appropriate, all future legislation should include measures of anticipated outcomes, along with plans for the evaluation of the effectiveness of the legislation. Only by comprehensively identifying the intended outcomes of government action can problems of unintended consequences be resolved. Accurate measures can then be developed, data gathered, and reviews conducted to determine the effectiveness of such action. A better understanding of alternative approaches that the government might use to address these issues can be established. This information concerning the anticipated effectiveness of alternative approaches can then serve as valuable input for future government action.
Are business schools to blame for the economic crisis? Finance professor George Morgan, who has followed some of the considerable commentary and debate about the culpability of U.S. business schools, says the question is still unresolved.

Public commentary so far has focused on ethics, conflict of interest, and financial thinking in general — all of which have played a role in the crisis, Morgan says. His own view of finance education, he says, is that “it’s not so much about return as about risk — about how to avoid losing money. What pitfalls can you avoid by being smart about what you do?”

These lessons, he says, may not have been communicated effectively, were not embraced adequately, or were forsaken in practice.

“Most business finance faculty are bewildered that the lessons we thought we were teaching about sound financial management appear to have been so soundly ignored in recent years,” Morgan says. Prudent lending, especially the importance of investigating credit worthiness; the riskiness of high leverage/debt; conservative, risk-avoiding or risk-reducing strategies — “all appear to have been abandoned, as we’ve seen a rush to seek risk and apply advanced concepts without understanding the basics.”

“Some of us are asking ourselves some tough questions: Did we spend too much time on ‘advanced’ strategies and not enough on the basics? Did we not assess accurately whether our students learned these lessons? Or, is this the best we can hope to achieve?”

The crisis itself, Morgan says, will help to reinforce the time-honored lessons of sound management. “The receptiveness of our audience may change, as it does after every recession or crisis — at least until the next bubble inflates.” Or, he adds, “we may need to adjust our lesson plans.”

Morgan and finance professors Raman Kumar and Randy Billingsley discuss the economic crisis, the government’s responses, and research topics arising from the crisis in the latest Research magazine.

Read the story, “Everyone has questions about the economy,” available online at www.research.vt.edu/resmag/2009summer/economy.html
We closed Friday, September 12, that morning. And Lehman went under that weekend. We truly believe that if we hadn’t closed on September 12, the crisis in the credit market would have prevented us from selling The Weather Channel that Monday — or anytime soon after that.”

Recalling the event months later, Landmark Media Enterprises executive vice president and chief financial officer Terry Blevins (ACCT ’83, MACCT ’85) still marvels at her company’s good fortune — sealing the deal on one of its most lucrative assets with NBC Universal and private-equity firms The Blackstone Group and Bain Capital just before the 2008 collapse of Lehman Brothers. The sale price was not disclosed by the parties, but various media have reported it to be $3.5 billion.

Although Lehman was Landmark’s investment banker for the sale of its other properties, it was not involved in the Weather Channel sale (handled by JPMorgan Chase). Lehman’s failure rippled through the global financial system, though, worsening the crisis in confidence and contributing to the freezing of credit markets and to the deepening of the recession worldwide.

A firm with strong ethics

A native of Dale City, Va., Blevins has worked in various roles at the privately held Norfolk, Va.–based media company, formerly known as Landmark Communications, since 1990. She began her career at textile manufacturer Springs Industries in South Carolina, moved to a West Virginia plastics company for four years, and worked briefly at GE Plastics in Massachusetts after it acquired her West Virginia employer. She joined Landmark at a cable company it owned. When it was sold to a Denver firm, Blevins accepted the controller position at the Pilot instead of moving west.

She has stayed with the Batten family-owned Landmark, she says, due in part to a supportive management that has offered her opportunities in areas other than accounting — she served as general manager of The Flagship, Landmark’s newspaper for naval personnel, and later moved to Atlanta to be vice president of finance and ad operations of The Weather Channel Interactive, which operates weather.com.

The company’s strong internal controls, “moral structure,” and “very high level of ethics” were other reasons to stay, she says, ascribing these aspects of the company’s culture to retired chairman and CEO Frank Batten Sr., who died in September 2009. Batten Sr. championed the highly controversial desegregation of schools in Virginia during the 1950s when he was the Pilot’s publisher.

Blevins reports to Frank Batten Jr., who succeeded his father in 1998. Describing him as “a man of few words,” Blevins...
says she has learned from him what she calls the “Batten Basics”: keep it simple, focus on the key facts and ideas, don’t worry about things you cannot control.

She kept these dictums in mind when she helped lead the “huge endeavor” of disposing of Landmark’s business units, starting with The Weather Channel in December 2007.

Blevins guided a range of activities that included managing the marketing of the company to investment banks and prospective buyers, management presentations and finally, the transition of Landmark systems and processes to those of the buyers.

Readying to Sell

Her first major task, she recalls, was to work with other senior executives to write the Weather Channel’s “discussion memorandum” — an in-depth description of the company to be sent to prospective buyers for bids. Preparing it required “a different way of thinking” about the company, she says. “We were one of the last independent cable channels. We had to turn our minds around and think from the standpoint of our prospective buyers — much larger companies with many more media properties — and how they would view and operate The Weather Channel.”

With the first round of bidding received, the process moved on to New York, where Blevins and other senior executives made presentations every day to select bidders and answered questions in sessions that lasted several hours. “It was a tough week!”

Blevins also helped set up a virtual data room, which gave the next round of shortlisted buyers online access to detailed corporate records — from accounting and financial management, technology, and marketing. “The nice thing about the data room is you can see who’s looking, so it helped gauge the interest of the buyers — what they were looking at, and were they still even looking. It gives you a quick snapshot of what’s happening with prospective buyers.”

The sale preparations came with a few surprises. “Like everybody else, Landmark did not expect what happened last year to the credit market, housing, ad sales … we’re in classified real estate, employment, and automotive, so that really impacted us. The length of this recession was something that we didn’t expect through this process.”

The need to create a new, post-sale payroll and benefits structure for the Weather Channel sale was another unforeseen development. While Blevins thought at first that Weather Channel employees would move into the buyer’s system, it turned out that a new one had to be created — “all new benefits, health insurance, dental insurance, 401K …” Tasked with coordinating the effort to create the new benefits structure, Blevins worked with teams from Landmark, The Weather Channel, and the buyer. “We were successful, hit all our deadlines… so when Sept. 13 rolled around, they were ready to go.”

But perhaps the biggest surprise, Blevins notes, was the effort required to produce individual audited financial statements — three years worth — for The Weather Channel and each of the other 10 Landmark companies on the market. (“We had always done our audits on a consolidated basis.”)

What became very evident was that “when you’re trying to complete an audit and trying to sell your company, the level of scrutiny increases,” Blevins says. “You could tell that they were digging deeper,” she says of the audit firms

There was little time for nostalgia or looking back on the seven years she had worked at The Weather Channel Interactive, where Blevins had responsibility for financial analysis, budgeting, forecasting, internal controls, and accounting and also oversaw the business analytics and advertising sales support groups.

Blevins, who lives in Virginia Beach with her husband and three children, visited campus last spring as a Wachovia Distinguished Speaker (see p. 2). She advised students to expect unusual and career-changing developments in their lives — smaller-scale versions of the improbable and large-impact events that author Nassim Nicholas Taleb called “black swans.”

Discussing the black swans she experienced in her career, Blevins described how such developments as the eclipse of the U.S. textile industry by Chinese manufacturers, the debut of Apple’s Mac and the rise of the personal computer industry, and a series of corporate acquisitions and dispositions shaped her graduate education decisions and redirected her professional path from time to time, requiring her to adjust, again and again, to job loss and relocation.

More recently, after being promoted to CFO at Landmark, Blevins had envisaged eventually retiring from the company in that position. With the company’s decision to sell all its holdings, Blevins says she found herself pondering, once again, the possibility of being out of a job. The recession has stalled those sale plans for now, but Blevins is prepared for change and uncertainty.

“As you go through your career, your business, and your personal life, you have to expect the black swan. You have to react to it, and adapt to it.”
All Street’s woes and the deepening recession last fall hit small investment advisory businesses hard and offered new challenges to financial services companies such as hers, says Trish Cox (MKTG ’90, MBA ’93), chief operating officer for Schwab Advisor Services, a division of Charles Schwab & Co.

Cox, who oversees the development and delivery of custodial, operational, and trading support services to some 6,000 independent, fee-based investment advisor firms, says her clients felt like they were under “a bit of a tidal wave … they were under pressure like they’d never seen before.”

After the “phenomenal growth” in demand for their services of the past decade, these advisory firms now had to contend with greater anxiety and demands from their own clients — individual and institutional investors, whose assets the advisors manage. Instead of their usual quarterly meetings with clients, advisors found that they needed to issue weekly newsletters and conduct frequent conference calls with their clients. The firms also had “to make tough decisions around their own businesses and staff that they haven’t had to make before,” as their revenues plummeted in tandem with sharply lower returns from client investments.

“We custody more than $500 billion for these advisors,” Cox says, referring to the assets in the nearly 2 million end-client accounts that Schwab holds, trades, and acts as record keeper for, on behalf of advisory firms. “Traditionally our portfolio runs 8-9 percent in cash.” But, during the six-month period from October 2008 to March 2009, with nervous investors abandoning the stock market, it was more like 17-20 percent — “just massive amounts of cash sitting on the sidelines.”

The recession and the uncertainty surrounding proposed financial industry reforms, she says, have posed new challenges: “we’re trying to understand the changing landscape, what the implications are, and how we can best help our clients navigate them.”

Cox has served in each one of Schwab’s “client-facing enterprises” — individual investor, advisor, and corporate and retirement services. Joining the company at its Charlotte, N.C., retirement services business in 2000, she led a subsidiary that provides retirement plan recordkeeping and other services to clients that
include consulting firms, banks, mutual funds, and insurance companies.

In 2002, she moved to Cleveland, Ohio, where she rose to become vice president and chief operating officer for Schwab Retirement Plan Services. She left four years later for Denver, Colo., where she led the client service and support team for individual investor services. She currently oversees about 1,000 staff members working in five areas in Schwab Advisor Services. Except for sales, she has responsibility “for almost everything day-to-day that we do with the advisors — service, trading, product management, and technology platforms.”

A flourishing career in finance at one of the nation’s leading companies in financial services was probably not what Cox envisaged as a newly minted marketing graduate from Virginia Tech. Active in many campus organizations, including Student Alumni Associates and the Student Government Association (of which she was vice president), Cox had “a really great time” as an undergraduate. “Class was not my biggest focus.”

Even the “D” she received in her sole finance course had thrilled her — the professor (John Pinkerton) “was tough,” she said, but she had at least passed the course and would not need to retake it. While working at American Management Systems in Fairfax, Va., however, Cox came to regret the grade sufficiently to seek redemption — by choosing a finance concentration when she returned to Pamplin for her MBA. “It was one of those things I needed to nail.”

A native of Annandale, Va., Cox was fairly content with her job in Northern Virginia when she met Schwab executive Walter Bettinger while both were attending Harvard Business School’s general management program. Bettinger recruited Cox to Schwab. Now Schwab’s president and CEO, he has been a long-time mentor for Cox. “He has challenged me at different points of my career to do more than I thought I would be able to do,” she says. “That’s a wonderful trait in a leader.”

Having champions — “people who will give it to you straight and help you brainstorm and give you advice” — is important for career development, says Cox. But cultivating advocates is just part of the bigger process of building relationships, which is the real key to success, she says. “It’s not just about picking one mentor and having your cart hooked up to that wagon.” Her own ability to forge relationships, whether with other executives, staff members, or clients, may be the skill that has served her best, she says.

That skill and a sense of being part of a community were developed during her student years. “Virginia Tech has a wonderful community,” says Cox, who returned to campus last spring to speak to an MBA class taught by her former finance professor, John Pinkerton.

Her job comes with a daunting travel schedule, sending her to San Francisco, where Schwab is headquartered, twice a month and to Phoenix and Orlando frequently. “We have clients all over the country, and I’m on the road every week.” Denver is a “very easy place to travel from — my time zone changes are never too big, and my flights are pretty short.”

She particularly enjoys spending time with clients and considers herself “incredibly fortunate” to work at a company that she says places so much emphasis on customer service. “It sounds a little trite, but we spend a lot of time in our executive meetings talking about what’s the right thing for the client. Each one of us feels a responsibility to the client, we don’t think it’s somebody else’s issue to deal with.”

Pointing out that Chuck Schwab founded his company more than 30 years ago “to democratize investment,” Cox says its mission and purpose is still to “help individuals become financially fit. Every product and service we launch is all about how we help the common person be better able to save and invest.” The company’s approachability, she says, is reflected in its distinctive and “highly successful” advertising campaigns, “Talk to Chuck” and “Do something about it.”

With a 25 percent share, Schwab Institutional is the current market leader, Cox says, “but we can’t rest on our laurels, we have to continue to differentiate ourselves.” Her clients are small businesses in a highly regulated and complicated industry, so service is “not just about how much we answer their questions, but about giving them best practices and other tools to help them run their business.”

It’s this dedication to customer service, she contends, that distinguishes Schwab in the business. “I feel like I’m an evangelist every day about what we do. It’s a special place.”
Byrd seeks to make a difference

Tom Byrd (ACCT ’80) was the first member of his family to get a college degree, and he has made the most of it.

Byrd, of Midlothian, Va., credits Virginia Tech with opening the door to his career and has been giving back to the university regularly since he graduated. In 2005, he endowed a scholarship to help others benefit from higher education. More recently, along with his wife, he endowed the Tom and Daisy Byrd Senior Faculty Fellowship in Excellence and the Dr. Robert M. Brown Endowment for Excellence in Accounting.

“There were many professors at Tech who helped me along the way, including Dr. Robert Brown,” Byrd said. “I know that, with limited state funding, Tech’s ability to hire and retain top-quality professors is dependent on private support.”

During his senior year, Byrd worked closely with Brown as president of the accounting honorary society Beta Alpha Psi. Byrd says the teamwork and leadership skills he started to develop in school formed a strong foundation for his successful professional career. He began as a staff accountant with KPMG and eventually became president of Anthem Blue Cross and Blue Shield in Virginia.

Byrd retired from Anthem in 2008 but continues to put his leadership skills to work. This year he founded Take Care Group LLC, a leadership-advisory firm. He is also president of the board of directors for CrossOver Ministries, which provides free healthcare to the low-income uninsured in greater Richmond.

Byrd also serves on Pamplin’s accounting advisory board and the committees for both the college and the Richmond region within the Campaign for Virginia Tech: Invent the Future. In addition to supporting Virginia Tech, he demonstrates his passion for education by serving as a mentor in local schools, serving on the Richmond Regional Early Childhood Leadership Council, and supporting the Room to Reach and Reach Out and Read organizations.

“I have been blessed in so many ways and wish for others to have the same benefit of a strong education,” Byrd says. “Together we can make a difference.”

By Albert Raboteau, Development Communications

Byrd gift
Thomas R. Byrd (ACCT ’80) and Daisy H. Byrd of Midlothian, Va., have completed their pledge of $1 million to the college (see related story on this page).

Whitfield bequest
Marion S. Whitfield Jr. (ACCT ’67) and Rebecca P. Whitfield of Virginia Beach, Va., included a bequest provision in their estate plan to establish the Marion and Rebecca Whitfield Senior Faculty Fellowship and the Marion and Rebecca Whitfield Accounting Excellence Fund. Marion Whitfield had a 10-year career as a Certified Public Accountant and retired as chief financial officer of Doughtie’s Foods, Inc. in Portsmouth, Va., after 20 years. He and his wife are avid supporters of Virginia Tech and strong believers in education’s role in shaping lives.

Curling professorship
Doug C. Curling (ACCT ’76, MACCT ’77) and Donna A. Curling, of Roswell, Ga., have given $1 million to establish the Curling Professorship for Accounting and Information Systems to recognize the quality of his education at Virginia Tech and in memory of his father Calvin T. Curling (IE ’50) and uncle James C. Curling (SOC ’51) (see related story on next page).

Renner gift
John Renner (MGT ’73) and Joan Renner, of Alexandria, Va., have pledged $25,000 to establish the John and Joan Renner Excellence Fund in Accounting and Information Systems to support the department and create expanded opportunities for educational excellence at Virginia Tech.

Lee Scholarship
Kee Ho Lee (MACCT ’80) of Providence Forge, Va., has given $100,000 to establish the Kwan Soon Lee Scholarship Fund to provide scholarship support for the accounting and information systems department. This endowment is in memory of his mother, Kwan Soon Lee, who raised eight children after losing her husband during the Korean War.

Hartman pledge
Jeffrey C. Hartman (MGT ’79) of Charlotte, N.C., has pledged $25,000 to establish the Jeffrey Hartman Dean’s Fund for Excellence. Hartman is a member of the finance department’s advisory board. He created the endowment out of gratitude for the benefits his education has afforded him and to give back to his alma mater.
Family keeps Curling involved

Doug Curling (ACCT ’76, MACCT ’77) is such a supportive alumnus that it’s hard to believe Virginia Tech was not his first choice when he started applying to colleges.

“I was a bit rebellious and was sure I would have preferred somewhere else, since my parents went to Virginia Tech,” says Curling, of Roswell, Ga. “But I ended up visiting and liked it the best. I liked the feel of the town and the physical facilities. The diversity of the programs was great. I thought it would be a good fit for me, and it turned out to be a great fit.”

His accounting degrees prepared him for a career that has included being president and chief operating officer of ChoicePoint. He now runs New Kent Capital, a private money management firm, and sounds like an investor when discussing his reasons for supporting his alma mater as a philanthropist and volunteer.

Virginia Tech “has played an essential role in the education of my family, and we’ve done well,” he says. “I’m in a position where I have the time to give back, and I think I have some skills that I can bring.”

By Albert Raboteau

In Memoriam

Norrine Bailey Spencer (Ph.D./EDRE ’89), 62, former Pamplin associate dean of undergraduate programs and retired Virginia Tech associate provost and director of undergraduate admissions, died Sept. 23.

In reflecting upon Spencer’s more than 20 years service in the college, Pamplin dean Richard E. Sorensen recalled that she once noted that she felt more comfortable being “Dean Spencer in 1046 Pamplin Hall” than in any other role she had had in her professional life. “Norrine provided extraordinary leadership to our college and was remarkable in her ability to get things done,” Sorensen said. She led the development of a freshman-sophomore advising center, a job development and career services program, and initiatives with the state community college system. She also taught hundreds of students in the Introduction to Business course. This past spring, she received the college’s Lifetime Contribution to Diversity Excellence Award.

“But Norrine was best known and loved for her enthusiasm, her energy, her friendship, and her thoughtful and caring approach to students, faculty, and staff,” Sorensen said. “There are many, many Pamplin alumni today who benefited from her teaching, guidance, and friendship.”

MGT, ACIS students win Diversity Competition

Undergraduates Kevin Battista, Ashley Perry, and Matthew Ferrer won first place in the college’s diversity case competition last spring. Battista, of Mechanicsville, Va., and Ferrer, of Chesapeake, Va., are management majors; Perry is an accounting and information systems student from Norfolk, Va.

The second-place team of Laurie Manning, of Greensboro, N.C.; Cameron Hart, of Manassas, Va.; and Bethelh Teshome, of Alexandria, Va., received $1,000. Third-place finishers Christine Damicco, of Roanoke, Va.; Estee Rios, of Roseville, Calif.; Eric Poppe, of Oak Hill, Va.; and Ben Yu, of Fairfax, Va., received $500.

A total of 14 student teams entered the competition, which Lynette Wood, an assistant professor of accounting and information systems, coordinated. The event, Wood said, is an example of Pamplin’s commitment to diversity programs.

The competition was sponsored by the college and its diversity committee, Business Diversity Center, MBA program, and undergraduate program, as well as the university’s Office for Equity and Inclusion, Ernst & Young, and CSC.
Retired U.S. Air Force Gen. Lance L. Smith (BAD ’68), who served as commander of the U.S. Joint Forces Command in Norfolk, Va., and NATO Supreme Allied Commander for Transformation, gave the 2009 university commencement address. Smith has more than 12 years in command and flew more than 165 combat missions in Southeast and Southwest Asia.

Gene Fife (BAD ’62), of Charlottesville, Va., received the 2009 William H. Ruffner Medal. Virginia Tech’s most prestigious honor, the Ruffner Medal is awarded for outstanding achievement in efforts to promote and develop the university’s land-grant mission. Fife worked for 25 years at Goldman Sachs before retiring as a general partner in 1995. He remains a senior director at the company and is also the founding principal of the Vawter Capital private investment firm. Fife is a member of the Virginia Tech Foundation board of directors and its executive committee. He chaired the quiet phase of the $1-billion Campaign for Virginia Tech: Invent the Future and, along with his wife Anne, is a member of the President’s Circle of the Ut Prosim Society, the university’s highest level of donor recognition.

Henry Long (BAD ’59), of Warrenton, Va., co-founder of Long and Foster, received the 2009 University Distinguished Achievement Award. Retiring from the U.S. Air Force as a captain in 1965, Long later co-founded what would become the nation’s largest privately held real estate brokerage firm. After selling his half of the company in 1979, he started the Henry A. Long Company to pursue commercial development. His projects have included Westfields, the Washington, D.C., area’s largest office park. Long serves on the regional campaign committee for Northern Virginia within the Campaign for Virginia Tech.

Derek Klock (AHRM ’96, MBA ’05), an instructor in the finance department, received the university’s 2009 Award for Excellence in Career Advising. The award recognizes his creativity, communication skills, enthusiasm, and concern for students as a career advisor and his development of innovative career advising resources and outreach programs. Klock teaches the introductory-level finance course and is a co-trainer for the Virginia Tech Ameriprise Collegiate Financial Planning Invitational team, which has twice won the national competition.

Lynette Wood, assistant professor of accounting and information systems, was a semifinalist for the Ernst & Young Inclusive Excellence Award for Accounting and Business School Faculty. Her selection as one of 12 semifinalists is an indicator of her “tremendous commitment to diversity and inclusiveness on campus,” according to an Ernst & Young representative. Wood chairs the college’s Diversity Committee and helped establish the Virginia Tech student chapter of the National Association of Black Accountants, which she continues to advise. She coordinated a diversity case competition for Pamplin undergraduates last spring (see p. 17).

Sandy Crigger, senior program support technician for the management department, received the 2009 Provost Award for Excellence in Advising. The award is given annually to a faculty or staff member who serves undergraduate advisees in exemplary ways. Recipients receive a $2,000 prize and are inducted into the university’s Academy of Advising Excellence. Crigger became the department’s main academic advisor in 2005 after performing the duty in an unofficial capacity since the early 1990s. She received the President’s Award for Excellence in 1997 for her outstanding abilities and exceptional performance.

Raman Kumar, the Oliver Professor of Investment Management, has been appointed finance department head. Kumar, who has directed the finance Ph.D. program, served as interim head from July 2000 to December 2002. His teaching honors include the Teaching Excellence Award, MBA Outstanding Faculty Award, and the Holtzman Outstanding Educator of the Year Award. His research areas include investments, derivative securities, and financial markets. Kumar succeeds Vijay Singal, who returned to teaching and research after leading the department for more than six years.

Reed B. Kennedy has been appointed director of international programs. Kennedy was a management instructor and director of the department’s Small Business Institute. He has worked in hospital administration for 20-plus years, including three years in a Colombian mission hospital. He led a study-abroad program in China and helped set up medical clinics in Indonesia immediately after the 2004 tsunami. Kennedy succeeds Lance Matheson, who returned to teaching and research in business information technology after directing the program for two years.
CONTINUED FROM BACK COVER

ILLUMINATING LUMENHAUS

N.J.; Marisa Ferrara (architecture), of Doylestown, Pa.; Alden Haley (architecture), of Glen Allen, Va.; Mike Payne (art), of Manassas, Va.; Dawn Roseberry (civil engineering), of Blacksburg, Va.; and Kristin Washco (architecture), of Annandale, Va. Marketing students and former team members Stacy Adamson, of Oak Ridge, Tenn., and Jennifer Neuville, of Loveland, Ohio, graduated in May.

The process has been time-consuming, Machin says, but the students were “a delight to work with. They were 100 percent committed. Our meetings were lively and full of energy. And they worked hard.” Activities included a display for a media conference in Roanoke; a raffle that raised almost $10,000; redesigning the Web site; and publicizing the site through social networks.

A major accomplishment was getting a better name for the house, Machin says. After a survey of the entire team showed that almost no one liked “Eclipsis,” Machin’s group embarked on a four-month search for a new moniker. Focus groups with consumers identified three key desires: “location, light, and open layout.”

Though their project house delivered on all three needs, she says: “We focused the positioning strategy on light and brightness, as this best met the consumer need and most differentiated us from the other entries. Unlike other solar houses, Lumenhaus has north and south glass walls, maximizing the owner’s exposure to natural daylight.”

After three more surveys, “Lumenhaus” emerged the winner. “Lumen,” Machin says, means “the power of light.” “Haus” not only reflects the Bauhaus movement, but also means home and house in German, she adds. The latter was key, as it resolved a major difference of opinion among the students.

“The marketing majors wanted to call it ‘Lumen Home’—because consumers go home at the end of the day, not to their house. The architecture majors felt that ‘home’ was too, well, homely! Not at all capturing the modern, technical advances the house offers. ‘Haus’ was the perfect compromise.”

The team did not want to drop “Eclipsis” completely, however, she says, “because there was already some brand equity associated with it. So we branded the sliding shade screens the Eclipsis System—they are a central supporting feature of the house and do indeed block out the sun when it is not needed, which better reflected the meaning of the word.”

Another achievement was redesigning the Web site. Thanks to Machin’s wooing, local design firm Modea volunteered their professional assistance. Working with team members, Modea “designed a phenomenal web site that perfectly captures the notion of ‘brighter days,’” says Machin.

The project, she discovered, represented everything that she covers in class—communication plans, budgets, market research, and brand positioning. A former marketing and business development manager at Unilever, Machin says she draws from her industry experience when she teaches, and did so in guiding the Lumenhaus project.

“I want students to learn skills that will make them confident that they can develop a great, integrated marketing communications plan at any company they join.”

As for the architecture students she came to know, Machin says “my branding talk probably sounded like something from an alien planet to them.” But they were very receptive to new ideas, she says, and are among the “most creative, responsive, hardworking students” she has encountered.

FOR MARKETING SENIOR

Christine Burke, the Lumenhaus project has served as an internship, giving her the opportunity to apply concepts learned in class and to work directly with marketing and communications professionals. “We translated the features of a high-tech solar house into benefits for consumers,” she says. “We used marketing research techniques to test names that would broadcast the brand we created. We promoted our brand and generated awareness of Lumenhaus through Twitter, Facebook, and blogs.”

The project has taught her a great deal, especially about online marketing techniques, she says. “Having experience working with social media will be invaluable in my job search. The Internet is a marketing tool that more companies could be using to increase business, enhance customer relations, and build their brand.”

But perhaps her favorite part of the project is “meeting new people, in person and online, from all different fields of work.” From all of them, she says, “I’ve learned not only about marketing but also about green living, architecture, technology, and public relations.”

Learn more about Lumenhaus at www.lumenhaus.com
Marketing students and professor Jane Machin collaborate with architecture students to market this year’s Solar House

A ttending a student presentation about an innovative, solar-powered house that would be Virginia Tech’s entry for the U.S. Department of Energy’s 2009 Solar Decathlon, Jane Machin was bowled over by the “amazing design” of the house and the “passion” of the architecture student team. She also saw, however, how much the project needed marketing communication know-how.

It was clear from the get-go, says the assistant professor of marketing, that the students had little marketing experience. “They talked about the house from a very technical perspective — focusing totally on its functional attributes and not the end benefits to the consumer.” Furthermore, the working name of the house — “Eclipsis” — did not seem right. Suggesting a light-blocking solar eclipse, it was at odds with the main idea and benefit of the light-filled house.

Machin, who teaches marketing communications, decided to pitch in to help the students “nail down the branding” aspect of their overall communications plan. As one of 10 sub-contests in the decathlon, the plan accounts for 75 points of the 1,000-point total score. She was introduced to the project after one of her students shared her marketing class notes with an architecture-student friend who later approached Machin about providing feedback on an early draft of the plan.

That was two years ago. “I really did not expect at that point to get so deeply involved, to be honest,” says Machin, who became the faculty advisor of the project’s communications team. The team’s current students are Christine Burke (marketing), of Manassas, Va.; Lauren Castoro (communications), of Chester, CONSUED INSIDE ON PAGE 19