

Seattle Pacific University

Shareholders

AUTUMN 2006

SCHOOL OF BUSINESS AND ECONOMICS

NEWSLETTER FOR ALUMNI AND FRIENDS

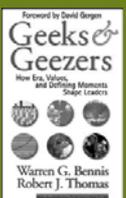
caring... responding

IN THIS ISSUE



Direct From the Dean:
NONSTOP
INCREMENTAL
STEPS

Feature:
BRINGING MICRO-
BUSINESS TO THE
CENTRAL AFRICAN
REPUBLIC



Books:
GEEKS &
GEEZERS

Bringing Hope to Botswana

WILMA GARRETT, EDITOR, *SHAREHOLDERS*

Scourge. Modern plague. Decimation. What words can adequately describe the suffering inflicted by HIV/AIDS around the globe? A visitor to Africa, especially, cannot escape the overwhelming presence of this horrific disease. This past summer, Jim Rand, clinical professor in the School of Business and Economics (SBE), found himself in the midst of the battle against HIV/AIDS in Botswana.

A landlocked nation just north of South Africa, Botswana is among the countries hardest hit by AIDS. Its adult HIV-prevalence rate of 24.1 percent is the second highest in the world after Swaziland. In 2005, an estimated 270,000 people (total population less than 2 million) were living with HIV. Life expectancy from birth was less than 40 years in 2000–05, a figure about 28 years lower than it would have been without AIDS, said the *UNAIDS 2006 Report on the Global AIDS Epidemic* in May 2006. An estimated 120,000 children have lost at least one parent to the epidemic, added the *CIA World Factbook 2005*. Without prevention efforts, 35 percent of children born to an HIV positive mother become infected with HIV. At least a quarter of infected newborns die before age 1, and up to 60 percent die before reaching age 2.

Rand's involvement began with a dinner conversation following a PEMCO board of directors' retreat he conducted. A PEMCO officer's spouse is deputy director for global health at the Gates Foundation, and Rand was asked if his organization, Seattle Research Partners, would conduct a diagnostic analysis of the Gates Foundation's African Comprehensive HIV/AIDS Partnership (ACHAP). ACHAP is a partnership comprised of the Botswana government, the U.S. government, MERCK, and the Bill and Melinda Gates Foundation. It was established in 2000 to deliver AIDS treatment strategies. Recently, however, their mission expanded to include education/prevention as well as treatment. Now Rand's team was charged with determining whether ACHAP had the capacity to make this switch successfully.



Jim Rand

HIV/AIDS IN BOTSWANA

1,640,115: population of Botswana (July 2005 est.).

270,000: Estimated number of people living with HIV/AIDS by the end of 2005.

24.1%: Estimated percentage of adults (ages 15–49) living with HIV/AIDS by the end of 2005.

140,000: Estimated number of women (ages 15–49) living with HIV/AIDS by the end of 2005.

14,000: Estimated number of children (ages 0–14) living with HIV/AIDS by the end of 2005.

18,000: Estimated number of deaths due to AIDS during 2005.

120,000: Estimated number of children who have lost their mother or father or both parents to AIDS and who were alive and under the age of 17 (2005).

Sources: *UNAIDS 2006 Report on the Global AIDS Epidemic* (May 2006) and the *CIA World Factbook 2005*.

continued on page 2

DIRECT FROM THE DEAN



Nonstop Incremental Steps

JEFF VAN DUZER

Since coming here as the dean of the School of Business and Economics at Seattle Pacific University, I have been repeatedly reminded that our ultimate charge is to graduate students of “character and competence” and, both derivatively through these students and directly through other means, to “engage the culture and change the world.” All of our efforts and initiatives are ultimately measured against this standard.

Setting out to change the world, however, can feel a bit daunting. At times, the world’s problems seem so complex and the various structures that impede change so deeply embedded, that it is easy for people to lose hope.

When faced with discouragement, however, I have always found it helpful to remember that positive, world-changing activities are almost always incremental. Rarely is the world changed all at once. Our graduates — who prove to be excellent managers and who use their skills to direct businesses not only toward profitable endeavors, but also toward socially responsible activities — are changing the world. Our faculty — who, through careful scholarship provide insight and thoughtful leadership on questions of how business is being, and should be, practiced — likewise are changing the world. And certainly, when our students, staff, and faculty roll up their sleeves and get involved with developing on-the-ground solutions to real-world problems, they are helping change the world in all sorts of ways, from working in an AIDS-torn country in Africa to helping students understand firsthand the issues facing China today.

I am delighted that in this edition of *Shareholders*, we can highlight a number of these incremental steps and celebrate the role of our students, alumni, and faculty in making positive contributions to the world in which we live.

THE SCHOOL OF BUSINESS AND ECONOMICS

“ANOTHER WAY OF DOING BUSINESS”

CARING ... RESPONDING

continued from page 1

“This experience has been truly humbling, especially seeing the economic conditions in the outlying districts of Botswana,” says Rand. “The people have a desire to better their lives, but culturally they find it difficult.”

Rand began working immediately with ACHAP personnel, guiding them through articulation of vision and strategies, analysis of gaps between current and desired outcomes, identification of root causes for discovered gaps, and design of actions to close those gaps. “The most gratifying aspect of this assignment was the strong passion of the people working at ACHAP to eradicate the AIDS pandemic in Botswana,” he says. “They are highly educated, technically adept, and highly motivated.”

ACHAP personnel bring perspectives from educations they received in the United States, Europe, and Canada. One of the most interesting aspects of the ACHAP team, adds Rand, is the strong religious faith among all members. “Most are Christians — and all are very spiritual in their passion for how they can change the world.”

Yet one difficult aspect of the ACHAP project has been caused by the infusion of U.S. money into the country. It is limited to only the treatment and prevention of AIDS, but the district governments want to spend the money as they see fit. Additionally, a strong tribal and native culture remains, especially in the outlying districts. “This is a tremendous negotiating challenge for the ACHAP team, and as a result there will be a need to build capacity in the skills involved in negotiations,” says Rand.

Although now back in Seattle, Rand’s involvement with ACHAP is far from over. He has greatly reduced his outside consulting projects to spend as much time as possible on this endeavor. He will return in December 2006, and in March, June, and December of 2007 to help ACHAP implement recommendations. “I have a tremendous respect for the African people, and especially for the team at ACHAP,” says Rand. “They will not quit! It is a pleasure to work with them, and I look forward to helping in the next several years.”

VAN DUZER VISITS KENYA

Together with business leaders and others from his church, Seattle’s Bethany Presbyterian, SBE Dean Jeff Van Duzer spent a week in Nairobi, Kenya, during August 2006. Kenya’s capital city, Nairobi, is home to between 3 and 4 million people, many of whom are poor and living in densely populated slums. While there, Van Duzer had the opportunity to observe World Vision’s micro-finance operations. He also observed vocational training programs and interviewed a number of the program’s recent graduates. Near the end of his stay, Van Duzer helped design and deliver basic business seminars to two groups of small-business owners operating in the slums.

Business Alum Takes His Degree to the Kitchen

HOPE MCPHERSON, SPU COMMUNICATIONS SPECIALIST

The training never stops at FareStart, a unique restaurant in the heart of downtown Seattle. “Where’s table No. 1?” an instructor asks two servers-in-training dressed in neat black slacks and black shirts. The servers point, and the instructor continues. “Try to make eye contact and smile as customers come in,” she says. “Remember, you set the mood in the dining room.” The servers nod as the doors open for the weekday lunch crowd.

Since 1992, FareStart has been the turning point for thousands of souls once living on the brink — and one of the instructors helping them came to the organization via SPU’s School of Business and Economics. Teaching in FareStart’s commercial kitchen, which focuses on contract services, Class of 2004 alumnus Dan Escobar makes each day a learning experience. “It’s a challenge,” says the chef instructor. “I’m not only responsible for getting meals out, but I also have to make it educational. It’s tremendously rewarding to be a part of that.”

While a business major at SPU, Escobar also worked in restaurants, including Seattle’s popular Ray’s Boathouse. Then during his junior year, he received an assignment to participate in a group project for a business or organization. Ultimately he contacted FareStart. Outgrowing its facilities, the organization had begun a capital campaign to raise funds for a new building. Escobar’s team coordinated an open house for donors. A year later, he worked with SPU’s Career Development Center to find a business-related internship in the restaurant industry. He called FareStart, and the development director proposed an opportunity that was just right for him.

FareStart had taken aim at helping disadvantaged youth, ages 14–21, many of whom, as runaways, end up on Seattle’s streets with little hope and few prospects. A barista training program was being created in partnership with local agency Youth Care, and two FareStart cafés — one in the new Seattle Public Library and one in an office building — would provide on-the-job training. “I wrote the proposals and arranged for the permits for the coffee cart in the library,” says Escobar.

With his internship fulfilled, he completed his Seattle Pacific studies and graduated. He continued working at Ray’s Boathouse and volunteering at FareStart. When a position as chef instructor at FareStart opened up, he didn’t think twice.

Now teaching in the part of the kitchen dedicated to fulfilling the services contracted to shelters, day care centers, and other nonprofits, Escobar and his student crew prepare dinner for nearly 600 people a day. After the meals are loaded into a white van, he delivers them to six local homeless shelters.

Social Enterprise: Following Both Head and Heart

Jim McClurg has a long history with nonprofit and social enterprise ventures. Recently, the 1969 alumnus of Seattle Pacific University brought that expertise to SPU’s School of Business and Economics (SBE). Last spring, he instructed the School’s first offering of a class that focused on businesses designed to achieve both financial return and social benefit: BUS 3680 Social Enterprise.

Although limited to 30 students, the class quickly had even more students who wanted to take it — and for good reason. Students learned from case studies, guest speakers, and firsthand visits to Seattle nonprofits — such as Pioneer Human Services, Bread of Life Mission, and EarthCorps — where students explored the unique rewards and challenges of earned-income ventures within mission-based organizations.

Their professor, McClurg, currently serves as president/CEO of the Social Enterprise Alliance, a membership association dedicated to advancing earned-income strategies as a means of achieving greater nonprofit sustainability. He previously served for 25 years as CEO of Northwest Center for the Retarded, developing a network of commercial ventures that provided jobs for people with disabilities, a diversified revenue base, and the resources required to underwrite the organization’s charitable services for children and adults.

The blurring of boundaries between the for-profit and nonprofit sectors is leading to a more enlightened view of value creation, according to McClurg — and this has particular implications for college students preparing to enter the workforce. It’s also one of the reasons he wanted to teach the course. “The study of mission-based businesses awakens students to the fact that they don’t have to struggle between following their head or their heart in choosing a career path,” says McClurg. “More broadly than ever before, the rapidly expanding field of social enterprise provides the opportunity to use one’s giftedness in business, finance, marketing, and other areas to make the world a better place.”



Jim McClurg

Tricks of the Trade in China

LINDSEY PETERSON, SBE OFFICE MANAGER AND EVENTS COORDINATOR

Three days in Hong Kong, four days in Shanghai, seven days in Beijing. That was the itinerary for seven undergraduate and two graduate business students participating in Seattle Pacific University's Study Abroad program in September 2006.

The trip included excursions to some of the "must see" places for all tourists in China: the Great Wall, the Forbidden City, Shanghai's Pearl Tower, Hong Kong's Victoria Peak, and local marketplaces. Some of the students unwittingly participated in a literal Chinese fire drill!

But the heart of the experience was the opportunity to learn from business professionals in China. Two professors from Hong Kong Baptist University addressed some underlying aspects of all business in China. One discussed the legal environment of business, and the other explored the cultural differences between Chinese and American values. The group also heard from executives of American businesses operating in China, with each executive addressing the challenges of doing business in China from a different perspective.

A Boeing representative, for instance, commented on how difficult it is to get Chinese representatives to aerospace conferences in the United States because of visa hurdles. Chinese officials find it much easier to get to Europe, making Airbus appear to be a "friendlier" company. Also, airplane orders are placed by the Chinese government and allocated to Chinese carriers as they see best. A resulting assortment of airplanes makes maintenance challenging and thus lowers efficiency for each airline.

A Starbucks executive explained that businesses in China are categorized by type and are not allowed to cross into another classification. As a consequence, Starbucks, being classified as a retail enterprise, cannot issue the prepaid cards so ubiquitous in the United States, because that is a prerogative of the finance category. Likewise, prepaid passes are not available for transportation system passengers, but tickets must be purchased for each trip.

Chinese cities are characterized by small apartments and a scarcity of public places for free-time gatherings. Because of that, cell phones have become key to a virtual social network. Not surprisingly, then, Real Networks has a huge presence in China — and about 98 percent of computer users in China have downloaded a Real Player, that they then use to update their cell phones. So, while relatively few Chinese citizens actually pay for the services Real Networks provides, the company is a well known entity and expects to see revenues increase as technology demands grow in China. Currently, advertising is its greatest source of revenue.

Throughout China, people easily find knock-offs of clothing, shoes, watches, MP3 players, and so forth. Microsoft, of course, is not eager to have illegal copies of its software flooding the marketplace; and the company is actively working with the Chinese government on intellectual property issues. It argues that when China moves into the innovator role rather than the producer role the country currently fills, it will be in China's best interest to have intellectual property protection in place.

After the two-week program, six SPU undergraduates were anxious to have an even deeper exposure to international business; they remained in China to attend the University of China during Autumn Quarter.



Bringing Micro-Business to the Central African Republic

NANCY ERISMAN, MANAGING EDITOR, ETHIX

Children ...

Images of children, in his camera and in his heart. That's what Al Erisman, SBE's executive in residence, brought back from a recent trip to the Central African Republic (CAR). Concerns about economic development took him there, and he found his heart, as well as his mind, fully engaged.

In June 2006, John Terrill, director for InterVarsity's Professional Schools Ministries, and Erisman co-led an exploratory MBA missions project to that nation. The team included Francis Friend, InterVarsity staff, and two MBA graduates who had heard about the project through InterVarsity connections. The InterVarsity team partnered with Integrated Community Development International (ICDI), a ministry focused on water-well drilling, orphan care, AIDS education and prevention, Christian-educational radio broadcasting, and micro-enterprise development (MED).

The group's purpose for the project was twofold. First, the InterVarsity team sought to support ICDI in its efforts to understand more clearly the climate for enterprise development, as well as to shape and guide its own micro-enterprise initiatives in the CAR. The team also sought to assess whether work in the CAR could be a viable long-term project for future InterVarsity teams, especially groups of MBA students, graduates, and faculty. These kinds of projects, which utilize the unique skills, experiences, and training of business practitioners, are part of a larger, growing movement called business-as-mission (BAM).

From the CAR capital city of Bangui, ICDI arranged interviews with more than 140 people in 27 groups, ranging from the CAR minister of economics and the chancellor of a local university to village chiefs and several small-business owners, both male and female. They introduced the team members to two vibrant African churches, each with services lasting two hours.

Interviewing took the team to several villages. "Everywhere there were children — joyful, exuberant, sad children," says Erisman. "We were told that of the 800,000 population in Bangui, 100,000 are AIDS orphans. I couldn't communicate well, since they spoke either French or Sangi. But they all wanted a touch, so I taught them the American 'high five!'"

Located in Central Africa, the CAR is slightly smaller than Texas and is completely landlocked. With a population of 3.7 million, it is one of the poorest countries in the world, and it represents one of the most underdeveloped regions in Africa. In 2000, the annual per capita income was \$310 (US).

As a result of its research this summer, the team produced a 117-page report; and its recommendations are being used by ICDI to launch a micro-economic development program in CAR. Obstacles abound. Lack of infrastructure, government corruption, lack of education, poverty, danger from bandits and rebels indicate that CAR is far from an ideal place to launch economic development. In fact, the team had to cancel trips considered too far from the capital on advice from the U.S. State Department, and a rebel attack that happened during their visit killed 35 CAR soldiers.

Yet these imminent challenges were balanced by signs of hope: A group of women walked 8 miles to showcase their 1-year plan for a grassroots business they had started. A young man thanked the team for coming and begged for help in getting job training. A woman described how she researched raising and marketing chickens — and succeeded with her first business plan.

Erisman plans to continue his involvement in these efforts through InterVarsity. He says: "The entire team looks forward to building upon the relationships we made this summer to follow up with other teams of MBA students who will help implement change — and create a brighter future for the children of the Central African Republic."



Al Erisman

Briefcase

NOTES FROM AROUND SBE

WELCOME TO NEW FACULTY. Three new professors have joined SBE's premier faculty. **Kim Sawers**, assistant professor of accounting, is an SPU graduate (MBA '94) and received a doctorate from the University of Washington ('02), where she earned an Outstanding Dissertation Award. Two new half-time instructors are **William Kauppila**, clinical instructor in accounting, and **Bruce Baker**, instructor of business ethics. Kauppila spent 35 years as a



Kim Sawers



William Kauppila



Bruce Baker

CPA and owner of Benson & McLaughlin, a local CPA firm. Baker has 18 years of entrepreneurial experience in high-tech industry and is the principal inventor for five patents. He was executive pastor of First Presbyterian Church of Bellevue, Washington.

ANNUAL ACHIEVEMENT AWARDS. The 2005-06 awards for outstanding contributions to the mission of SBE have been announced. **Gary Karns**, professor of marketing, earned Scholar of the Year; **Ryan LaBrie**, associate professor of management and information systems, was recognized as Teacher of the Year; and **Frank Haas**, president, Leisure Communities Ltd., received the Dean's Award for his years of involvement and support of the School through the Executive Advisory Council.

BETA ALPHA PSI CHAPTER ESTABLISHED. The Accounting Society was installed as an official Chapter of Beta Alpha Psi in a campus ceremony on October 31. Beta Alpha Psi is

an honorary and professional organization that fosters service, encourages ethical and social responsibility, and promotes the study of accounting, finance, and information systems. Student leaders, supported by SBE faculty members, initiated and carried forward the process of winning recognition by the Society.

THE BALDWIN DISTINGUISHED SPEAKER LUNCHEON was attended by approximately 300 students, faculty, and professionals on October 31. Robert Bunting, former chairman of the board for the American Institute of Certified Public Accountants, spoke on "The Rise of Corporate, Professional, and Social Accountability."

DEAN'S SPEAKER SERIES is again bringing quality speakers to campus. On November 7, King County Executive Ron Sims spoke to combined Organizational Behavior and Marketing and Society classes. The next presentation, January 26 at 11 a.m., will feature Bill Center, president

of the Washington Council on International Trade. Working professionals, as well as students, may attend the Dean's Speaker events. Register by contacting Mark Oppenlander at 206-281-2942 or marko@spu.edu.

MAKING A DIFFERENCE. More than 700 SPU students, faculty, and staff took part in a day of community service on Saturday, September 23. The annual project, "CityQuest," is part of SPU's New Student Orientation Weekend and matches students with 50 community service projects throughout Seattle. Projects included helping senior citizens, working in homeless centers, providing support for urban churches, and more.

SPU WINS RECOGNITION again this year in *U.S. News and World Report's* 2007 rankings as No. 1 in the West in the category "Best Values," which the magazine defines as "great schools, great prices." SPU was also named a "Best Western College" by *The Princeton Review*.



Al Erisman



Denise Daniels



Randal Franz



Henry Petersen



Dan Hess



Kim Sawers



Regina Schlee



Gerhard Steinke



Jeff Van Duzer

SBE Faculty Notes

PUBLICATIONS, PRESENTATIONS, PROFESSIONAL ACTIVITY

AL ERISMAN presented four papers this fall: "Good Companies?" at the Catholic Social Thought conference in Rome, "Speaking Beyond a Christianized Audience" at the Global CEO Conference in Chicago, "The Practice of Faith in a Multicultural Context" at an Ashland Theological Seminary Roundtable Convocation in Ashland, Ohio, and "BAM Case Studies in Business Ethics" at InterVarsity's Urbana conference in St. Louis, Missouri.

DENISE DANIELS and Margaret Diddams of SPU's School of Psychology, Family, and Community, presented their paper "Work With Toil" at the Academy of Management Annual Meeting in August; it was selected for inclusion in the "Best Paper Proceedings." In October, they presented a related paper, "Redeeming Work," at the Christian Business Faculty Association's annual meeting.

RANDAL FRANZ presented papers before three conferences this fall: "360-Degree CSR" with co-presenter HENRY PETERSEN at the European Association for Business in Society in Milan, Italy; "Holistic Capitalism" at the Business as Agent for World Benefit Conference in Cleveland, Ohio; and "Theology of Organizing" at the Christian Business Faculty Association meetings in Dayton, Ohio.

DAN HESS published an article in the Fall 2006 issue of *Advances in Financial Education* about an online project for finance courses. In October, he presented the paper "A Framework for CSR Assessment, Measurement, and Reporting" before the Symposium on Catholic Social Thought and Management Education in Rome, Italy.

KIM SAWERS and co-authors presented a paper, "Loss Aversion, Stock-Based Compensation, and Managerial Risk-Seeking Behavior," at the American Accounting Association section meeting in Portland, Oregon, in October.

Sawers also served as reviewer, moderator, and section executive committee member for several American Accounting Association meetings.

REGINA SCHLEE and co-author Anthony Schlee presented a paper on Internet advertising and its effects at the August 2006 International Conference on E-Business in Setubal, Portugal. She also collaborated with three co-authors from other universities on an article, "Perception Bias Among Undergraduate Business Students by Major." It was accepted for publication in the *Journal of Education for Business*.

GERHARD STEINKE and a recent ISM graduate collaborated on the presentation of a paper on detecting and tracking defects in software product cycles and test iterations at the International Information Management Association meeting in New York, New York, in October.

JEFF VAN DUZER is the new vice chairman of the Baldwin Resource Group board of directors. Baldwin is a business consulting company headquartered in Bellevue, Washington.



Investment advice provided through Pacific West Financial Consultants. Securities offered through Pacific West Securities, Member NASD, SIPC.

This issue of *Shareholders* is sponsored in part by Asset Management Strategies Inc., a premier independent investment firm specializing in tailored portfolio design and management. For more information, visit www.Asset-Mgmt-Strategies.com. SBE appreciates the support.

To receive *Shareholders* and other information

Please mail to: Seattle Pacific University, School of Business and Economics, 3307 Third Avenue West, Suite 201, Seattle, Washington 98119-1950

I'm not getting *Shareholders* directly. Please put me on the mailing list.

Please update my address.

Please call me regarding:

I'D LIKE TO FIND OUT MORE ABOUT THE SPU SCHOOL OF BUSINESS AND ECONOMICS

Undergraduate Business Programs

M.B.A./M.S.-ISM Programs

Center for Applied Learning

Center for Integrity in Business

CONTACT INFORMATION

Name _____
LAST FIRST M.I.

Address _____
NUMBER AND STREET APT.

City _____ STATE _____ ZIP/POSTAL CODE _____

COUNTRY _____

Email Address _____

Daytime Phone (_____) _____

Evening Phone (_____) _____

Books You can find more complete reviews of these books at www.ethix.org.



SERVING TWO MASTERS? REFLECTIONS ON GOD AND PROFIT
BY WILLIAM POLLARD
Forty-nine board presentations over a 25-year period develop what it means to "honor God in all we do."



THE WAL-MART EFFECT: HOW THE WORLD'S MOST POWERFUL COMPANY REALLY WORKS AND HOW IT'S TRANSFORMING THE AMERICAN ECONOMY
BY CHARLES FISHMAN
The book explores the strengths and weakness of Wal-Mart and its incredible impact on society.



GEEKS AND GEEZERS: HOW ERA, VALUES, AND DEFINING MOMENTS SHAPE LEADERS
BY WARREN BENNIS AND ROBERT J. THOMAS
The authors analyze what shapes, motivates, and rewards the different generations of leaders.



Non-Profit Org.
U.S. Postage
PAID
Seattle, WA
Permit #1179

Engaging the culture, changing the world®
Seattle Pacific
UNIVERSITY



ADDRESS SERVICE REQUESTED

School of Business and Economics
3307 Third Avenue West, Suite 201
Seattle, Washington 98119-1950

Seattle Pacific University: www.spu.edu
School of Business and Economics: www.spu.edu/sbe
Center for Integrity in Business: www.spu.edu/cib
Center for Applied Learning: www.spu.edu/depts/sbe/mentorship
[ethix: www.ethix.org](http://www.ethix.org)
Jobnet: www.spu.edu/jobnet

ONLINE