

CENTER
FOR LEADERSHIP
FORMATION

InSights

Mother India

“India was the mother of our race and Sanskrit the mother of Europe’s languages. She was the mother of our philosophy, mother through the Arabs, of much of our mathematics, mother through Buddha, of the ideals embodied in Christianity, mother through village communities of self-government and democracy. Mother India is in many ways the mother of us all.”

– Will Durant, Pulitzer Prize Winner, Presidential Medal of Freedom Awardee
The Story of Civilization (1935)



MADHU T. RAO, Ph.D.
ASSOCIATE PROFESSOR OF
INFORMATION SYSTEMS

In the evening hours of November 26, 2008, while all the world watched, a group of twelve terrorists launched a coordinated attack at ten different locations around the financial capital of **Mumbai**, formally known as Bombay, killing over 170 people and in the process, laying siege to India’s largest city for nearly 72 hours. In less than five days after that first attack, I was to fly to India with my son for a six-month sabbatical.

Since December 1, 2008, I have been living in **Bangalore**, India’s Silicon City, working with local companies and conducting due diligence visits for non-profit funding agencies that sponsor projects in rural schools. Over the past four months, I have watched a nation that I can only partially recognize as the land of my youth struggle, adjust, and persevere in a global economy in tailspin.

By all rights, India should be spiraling downwards into an

economic coma with the rest of the world. Over a period of just four months, she has suffered a numbing terrorist attack on her largest city, moved to the brink of war with a neighbor, watched an army mutiny to her west in **Bangladesh**, and witnessed a near military coup in **Pakistan** on her eastern border. She has seen her international reputation as an offshore destination take a body blow as corruption charges on an unimaginable scale were levied against **Satyam Computing** one the stars

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SEATTLE UNIVERSITY

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Message From the Executive Director



MARILYN E. GIST, Ph.D.

Spring is a time of growth and optimism. Despite ongoing global issues, moods are elevating amid mixed signals of progress. We, at the Center for Leadership Formation, have much to fuel excitement and optimism:

- Our Leadership Executive MBA program has earned national honors two years in a row:
- It just ranked among the “Best” in the country for 2010 by *U.S. News and World Report*. We are tied for 21st place with Georgetown University, and are proud join this impressive list of schools after just three years of operation. The recognition speaks to the high quality of our faculty and program delivery, and the innovativeness of our curriculum.

- Last year, the Executive Leadership Program (which can be taken as a stand-alone certificate, but also comprises the first two quarters of our EMBA) was ranked in the Top Ten programs nationally in corporate social responsibility. This was based on a survey of corporate responsibility officers, conducted and published in *Corporate Responsibility Officer’s* magazine.

- On May 5th, we hosted the Northwest Leadership Summit for roughly 400 people attendees at Town Hall in Seattle. Our keynote speaker, Peter Senge, stressed that to address today’s complex challenges, leaders must understand issues systemically, instead of in the fragmented way that results from traditional analyses and measurement. Professor Fred DeKay and I connected Senge’s themes to our local economy. The Executive Panel discussed how leadership and the environment were affecting their own organizations and future plans. The Panel consisted of Dean Allen, President and CEO of McKinstry Co., Frank Blethen, Publisher and CEO of *The Seattle Times*, Julie Larson Green, Corporate Vice President of Microsoft, Pat Shanahan, Vice President and General Manager of Boeing Commercial Airplanes, and Jim Sinegal, Co-Founder and CEO of Costco.

The challenges we face today require leaders who recognize the interdependence of our world and the way we must now work together. This issue of InSights can help broaden leaders’ perspectives. Our cover article, “Mother India” by Professor Rao, provides perspective on how that country is changing. Because India is a major center of commerce, his insights are well timed for those doing business there as well as others who want to understand India’s rise. In a similar way, the article by Professors Buchanan and Robertson illustrates the extent to which global interdependence was behind the financial crisis in Iceland.

Several articles in this issue offer suggestions on what companies can do to succeed in today’s climate. Paul Lambert, of Point B, describes how effective strategic planning and execution help organizations balance long-term and short-term needs. Professor Prussia clarifies how leaders can (and should) use technology to build relationships as well as transmit information. In *Questions from the Balcony*, Drs. Parks and Dienhart highlight the qualities found in ethical leaders.

As we conclude our academic year, we are optimistic about the future. We find validation in recent honors and success. We will continue to prepare leaders with the knowledge, skills, and wisdom to have a positive impact on the world around them.

Best Regards,

Marilyn E. Gist

Leadership Can Occur Technically Too!

Engaging in quality face-to-face interaction is a key component of leadership effectiveness. However, today's leaders must relate to others whether they are down the hall or on the other side of the world. Fortunately, positive leadership outcomes can be gained technically, or "online," as well as within a face-to-face context.



GREG PRUSSIA, Ph.D.
PROFESSOR OF
MANAGEMENT

THE ENVIRONMENTS ARE NOT DISSIMILAR

In a face-to-face environment, engaging others may include making eye contact, introducing oneself, starting a conversation, proposing action or reaction, and so on. Similarly, interfacing with others online may include acknowledging their contributions to a

bulletin board or online forum and suggesting further actions (online or real world), meetings, and so on. Some leaders may find it particularly challenging to be proactive (future and action oriented) in an online environment. But demonstrating such behavior is a characteristic of effective leadership regardless of context.

RELATED RESEARCH

A theory entitled "requisite connectivity" (Kolb, Collins, & Lind, 2008) suggests that requisite levels (i.e., not too much, not too little) of both social and technical interaction contribute to positive leadership outcomes. We might suspect that the impact of social connections on leadership outcomes would rest partly on the quality of technical (i.e., online) connections.

The theory has been empirically tested (Kolb, Prussia, & Francoeur, 2009). Initial results showed that participants believed their leadership effectiveness improved if they engaged in fruitful social interactions in face-to-face environments. However, subsequent analyses indicated that the level of their perceived leadership effectiveness depended on the extent of time they spent engaging in online interactions with other participants. In other words, the relationship between a quality social interaction and leadership

effectiveness is contingent on whether one engages in sufficient, or "requisite" online interaction.

These findings pose an important challenge to leaders who believe that their effectiveness is predominantly based on face time, charisma, or other facets of face-to-face interactions. That is, it appears that engaging in online interaction amplifies and leverages face-to-face skills and abilities. Three other specific implications follow from the study results. First, when an online environment is available, leaders should be present and learn to use related technical tools, no matter how advanced their face-to-face skills might be. Second,

THERE CAN BE AS MUCH SYMBOLIC MEANING EMBEDDED IN AN E-MAIL AS THERE IS IN A COFFEE BREAK CONVERSATION OR A FORMAL PRESENTATION.

when considering leadership training and development, both online and face-to-face components should be included in as balanced a form as possible. Finally, organizations can confidently design and utilize communication systems, norms, and protocols if leaders learn to lead effectively in technical as well as social environments.

CONCLUSIONS

The future will likely hold interactive demands within both face-to-face and online environments. Unfortunately, many leaders may eschew or downplay the virtual world (including e-mail) at their own peril. However, leaders who develop closeness via face-to-face interactions are clearly more effective when they also have a facilitating online presence.

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Leadership

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LEADERS WHO DEVELOP CLOSENESS VIA FACE-TO-FACE INTERACTIONS ARE CLEARLY MORE EFFECTIVE WHEN THEY ALSO HAVE A FACILITATING ONLINE PRESENCE.

Ultimately, leaders may be considered effective if their followers say things like, “When I finally met him, he was just as effective in person as he was online,” or “I’ve never met her in person, but it doesn’t matter I feel like I know her from her presence online.”

It’s important that leaders consider what constitutes enough connectivity to be effective. Leaders of the future will have to find ways to make a group feel close wherever its members are, whether face-to-face, online, or somewhere in between.

Kolb, D. G., Collins, P. D., & Lind, E. A. (2008). Requisite connectivity: In search of flow in a not-so-flat world. *Organizational Dynamics*, 39.

Kolb, D. G., Prussia, G. E., & Francoeur, J. (In Press). Connectivity and leadership: The influence of online activity on closeness and effectiveness. *Journal of Leadership and Organizational Studies*.

GREG PRUSSIA is a Professor of Management in the Business School at Seattle University. His teaching contributes to our part-time MBA program being ranked in the top 25 nationally. He teaches Teambuilding and Leadership classes there, as well as Principles of Management classes.

Greg has a BA in Economics, an MBA from California State University, Chico, and a Ph.D. in Human Resource Management from Arizona State University. His publications appear in several journals including *Academy of Management Journal*, *Academy of Management Review*, *Journal of Applied Psychology*, and *Journal of Operations Management*. He is a member of the Academy of Management, the American Psychological Association, and the Decision Sciences Institute, and serves on the Editorial Board for the *Academy of Management Journal*.

Mother India

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GAURI, A STUDENT AT VIKASANA

of India Inc., and struggled internally with the rise of religious and moral fundamentalism.

Yet somehow, improbably, India continues to thrive. IDC predicts that India’s IT and IT-enabled services markets will grow at **13.4%** in 2009, admittedly much less than in past years but certainly respectable in today’s economic climate. There is no easy answer to the question of what makes India tick and continue to attract global companies to its shores. Is it the **infrastructure**? Or its world-class **education** system? Perhaps the **stability** of the region or its **similarity** to the west?

Growing up in Delhi in the 1980s, I was accustomed to the city’s laughable infrastructure and accepted it with the equanimity of one who knows of nothing different. It took me anywhere between one and two hours, depending on the time of day, to travel the eight miles to my school. Power shedding — deliberate blackouts — could last as

long as 8-10 hours, wreaking havoc on small industries and IT companies.

To the casual observer today, it would appear things haven’t changed much. Roads in major cities remain jammed with traffic moving along at an average speed somewhere between 5-15 miles per hour. In Delhi, a recent study by the **Institute of Road Traffic Education** identified 48 modes of transport on capital city’s streets, including cows, camels, elephants, cycle rickshaws, and a number of new SUVs and mini-vans. In 2007, road accidents claimed 130,000 lives across India, officially making its streets the most dangerous in the world. And it is still not unusual for cities to ration water and electricity in the lean summer months.

But India is making strides in addressing infrastructural concerns. New international airports, improved rail lines, increased automation at ports, even new road systems are part of India’s plan to keep its place as a preferred offshore destination. India’s famed “**Golden Quadrilateral**” — an express highway system that connects the major cities of **Delhi, Mumbai, Kolkata, and Chennai** — promises to provide some relief to domestic transport of goods and services. Bangalore’s new international airport is just the first of several large projects in the works. **Delhi’s Metro** system has been highly successful in the nation’s capital and is being replicated in several other major cities. Electricity supply remains a difficult issue, of course, forcing most companies to maintain private generators on site.

Is it the education system, then? There is no doubt that India produces some of the world’s best minds. From an early age, children from middle class families face enormous pressures to do well in school. When I was growing

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up, the only respectable options were to become a doctor or an engineer. For example, admission into India's premier engineering schools — the **Indian Institutes of Technology (IIT)** — is based entirely on your ranking in an All-India **Joint Entrance Examination** (the JEE). In 2008, 320,000 high school students tested for 6 hours in Math, Physics, and Chemistry, hoping to get one of the 5500 IIT seats — an admission rate of just **1.7%**. By comparison, the **Harvard University** class of 2009 is comprised of 2074 students from an applicant pool of 22,796 — an overall admit rate of **9.1%**. India's college graduates are, perhaps, its greatest competitive strength. Highly intelligent, extremely motivated, fluent English speakers, and used to fierce competition, the talent pool in the subcontinent is a magnet for global businesses. At last count, India produced over 350,000 engineers every year.

While it is tempting to think that India's education system as a whole is world-class — parts of it certainly are — the truth is that there are thousands of colleges of varying degrees of quality. Of those hundreds of thousands of engineers, a NASSCOM study found only one in four to be employable by multinational companies. The rest were found to be deficient in technical skills, English fluency, or the ability to work in teams.

The problems with India's education system become more severe at the primary level. The co-existing duality of India's poverty and affluence extends as



VIKASANA CLASSROOM

a consequence to its schooling as well. While middle- and upper-class families spend unspeakable amounts sending their children to private schools, the majority of India's children still go to places where they sit on rickety benches or on the floor and use chalk to practice their alphabet on slate boards. A few weeks ago, I visited a small village school called **Vikasana**, just 45 minutes outside Bangalore, where the children of farm workers and bricklayers sit in a circle and memorize their multiplication tables. The hope is that they will finish at least 5th grade before dropping out to help their parents in the field or taking up manual labor. **UNICEF** estimates that

only 63% of males and 50% of females in India will enroll in secondary schools. The chances that the daughter of a rickshaw driver will ever go to college are infinitesimally low — much lower, in fact, than the likelihood she, like 20% of all girls in India, will be married and pregnant sometime between turning fifteen and celebrating her 19th birthday.

So, if its not the infrastructure and not the education system that attracts billions of dollars in foreign direct investment, what is it?

It's certainly not the security or stability of the region. An imploding Pakistan to the west, a civil war in Sri Lanka to the South, and skirmishes with China on the east combine to make India the relatively stable, if somewhat tense, eye of a southeast Asian cyclone. Internally, India has seen religious riots, terrorist attacks, and the rise of moral fundamentalism. Just days after the November 26 attacks in Mumbai,

MADHU T. RAO is an Associate Professor of Information Systems in the Albers School of Business and Economics at Seattle University. Dr. Rao is an expert in areas of global IT management and the control and coordination of dispersed teams. His research has been published in widely-used textbooks as well as in respected academic journals such as the *Journal of Management Information Systems*, the *Journal of Global Information Technology Management*, *Information Systems Management*, *Small Group Research*, and the *Academy for Educational Leadership Journal*. Dr. Rao has served as an expert commentator for both the Seattle Times as well as public television in areas related to global offshoring. His current research relates to leadership and knowledge management in global virtual teams.

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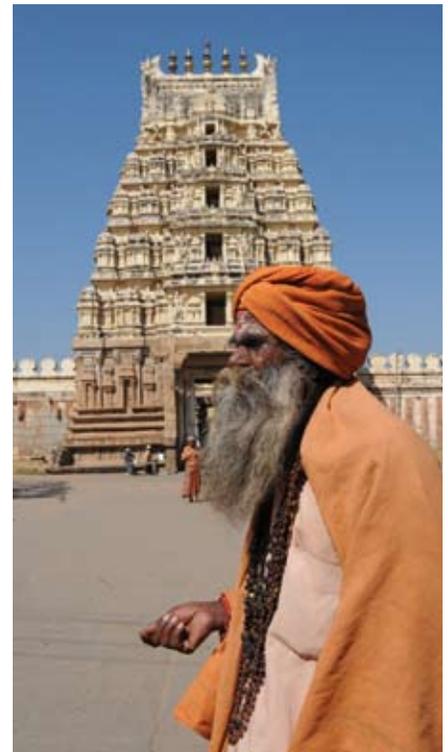
senior officials with the Indian Insurance Regulatory Development Authority met to discuss raising terrorism insurance rates by as much as 50%.

And it's probably not an issue of physical or cultural proximity. With over a 12 hour time difference with Seattle, coordination of activities (with the possible exception of call centers) remains difficult. Culturally, India is a complex, pluralistic society that has, over several thousand years, found a way to get its multiple religions, languages, and races to co-exist.

Perhaps the fact that India is the world's largest functioning democracy somehow eases business concerns of operating in unfamiliar environments. As the upcoming April-May elections will likely show, democracy can be a messy thing. India's revolving-door governments can present policy-continuity challenges for any business, particularly those from the west. Unlike in China, where a few can make sweeping decisions and changes can be made quickly, India must and will hear the voices of the affected.

Despite all its challenges and potential pitfalls, India remains an irresistible temptation for a business world struggling to control costs and starving for new markets. Over the past four months I have spent in Bangalore, I have been amazed at the energy and drive of the people around me. Companies see difficult times ahead but recognize opportunities will present themselves and all I've spoken to seem prepared to work harder to meet the challenge. Already, Accenture India has mandated 45-hour workweeks, up from the standard forty. Several companies have asked employees to work in three shifts to reduce space requirements. The central government has asked businesses to reduce salaries and bonuses rather than lay off workers. Turnover rates have dropped as Indians hunker down for what is being termed as "Growth Phase II".

After thousands of years of history punctuated by invasions, floods, droughts, disease, and famine, India certainly knows how to weather a storm. And a global recession.



TO THE CASUAL OBSERVER TODAY, IT WOULD APPEAR THINGS HAVEN'T CHANGED MUCH.



ALUMNI GOLF TOURNAMENT!

Friday, July 17, 2009

Gold Mountain Golf Complex, the Olympic Course.

For more information, contact Rob Bourke at (206) 296-2277 or bourker@seattleu.edu.

Questions from the Balcony

Each edition of *InSights* includes a question from local business leaders and C-level Executives. Questions answered, provide viewpoints based on the research and work of two Albers School of Business & Economics Faculty.

Question: Government money to support the financial sector has been used to pay millions of dollars in corporate bonuses. The most recent case is AIG. This is contrasted with people losing their homes because they cannot pay the extra \$300 a month on a refinanced mortgage. Is the leadership of corporate America unable to consider the good of the whole verses one's self? Is this the downfall of our current corporate structure? Should the government establish greater controls to prevent these abuses?

ANSWER: JOHN DIENHART, Ph.D.

There are three ways to look at this problem. First, we could focus on the leaders involved: Are they greedy, unable to see the big picture? Should government enact laws to punish this kind of behavior? Second, we could focus on the incentive systems in organizations, the pressure from Wall Street, and other systemic factors that surround business. This is the level President Obama is focusing on when he talks about corporate pay and the independence of rating agencies like Moody's. The third way to look at this problem is as a symptom of the breakdown of the checks and balances between government and business. Politicians require enormous amounts of money to run for office. Until the most recent election, the only sources of this kind of money were businesses. This gives the business sector an enormous amount of control over government. History teaches us that when one sector has excessive power or religion, bad things happen.

Laws that punish people will generally be ineffective in changing behavior. We need to work at the second or third level of analysis. It is probably best to begin with moderate changes for two reasons: First, it will be very difficult to enact radical change in the democracy that we have. Second, even if we were able to enact radical change, sudden, drastic changes in the basic structure of society often have consequences that are much worse than the problem with which we started.

JOHN DIENHART is the Frank Shrontz Chair for Professional Ethics and Professor of Management at Seattle University. He is the Director of the Northwest Ethics Network, an independent group of ethics and compliance officers from the business, non-profit, and governmental sectors, Director of the Albers Business Ethics Initiative, a three year program to promote ethics in organizations; and an Invited Fellow of the Ethics Resource Center in Washington DC. He is on the Advisory Board for the Seattle Chapter of the National Association of Corporate Directors. Professor Dienhart's comments on business ethics have appeared in newspapers across the country, and has published four books, several articles, and made many presentations on ethics and leadership in business.



ANSWER: SHARON DALOZ PARKS, Ph.D.

We cannot settle for simply dismissing a particular set of individuals as “greedy,” although that played a role. When we look into the human heart, what we find also is a profound need to belong. Each of us is affected by the social milieu—the network of belonging—in which we swim. If, as in this instance, the shared expectation is a certain level of bonus income, it will be difficult for any particular individual or company—to significantly modify their expectations, especially when a shift would affect one's capacity “to belong.” This aspect of human behavior becomes magnified when there is little direct exchange among people at the polar ends of the economic spectrum—as is increasingly the case both within our society and in our wider world. Personal unfairness becomes invisible and systemic injustice becomes tolerable. Divided into classes, sectors, generations, markets, labor, management, and other factions, we become less conscious of the fundamental reality that we are each integrally woven into the life of the shared commons upon which we all depend.

This interdependent life of our shared commons requires both commerce and governance. In order to function both freely and justly, business—and specifically markets—need government (that is all of us within a democratic society) to set the rules—the laws and policies—that establish the terms of engagement.

SHARON DALOZ PARKS is director of *Leadership for the New Commons*, an initiative of the Whidbey Institute. Formerly, for more than sixteen years, she held faculty and research positions at Harvard University including a senior research fellow at the Harvard Business School and in the Leadership Education Project at the Kennedy School of Government. Among her publications: *Leadership Can Be Taught: A Bold Approach for a Complex World*; *Big Questions, Worthy Dreams: Mentoring Young Adults in their Search for Meaning, Purpose, and Faith*; and she is co-author of *Common Fire: Leading Lives of Commitment in a Complex World*. She speaks and consults nationally for a wide range of professional organizations and institutions.

CORPORATE BEST PRACTICES

Surviving and Thriving in New Economic Times

Today's economic environment is creating the need for a new game plan — one that involves a greater emphasis on effective strategic planning and execution. As management consultants, my colleagues and I often fill critical roles in client organizations that offer us a unique vantage point from which to observe a variety of strategies for success.

Deploying effective strategies in this economy requires a new approach — specifically, one that involves a high degree of critical analysis, external market interpretation, and measured risk taking. While instinct may tell you to hunker down and simply execute on current plans, an organization's best defense requires playing great offense. Here are a few tactics to consider to thrive in this new reality:

1. STRATEGIC PLANNING – REVISITED

Strategic planning in times of great uncertainty is different than business as usual. Applying ongoing, critical thinking will help you know when to revise your strategy as conditions change.

Start with your long-term vision at the center, and then determine how to balance planning between the short- and long-term. Short term strategies and tactics should: focus on high-value, high-probability opportunities, enable



PAUL LAMBERT, SEATTLE
PRACTICE DIRECTOR,
POINT B

you to innovate to meet emerging customer needs, and allow for testing before making a significant investment. Seek objective, external perspectives to ensure your approach is tightly aligned with the opportunity.

At Point B, we recently worked with a healthcare firm that had come to the

conclusion that there was no single solution to the challenges of the primary care crisis they were facing. Rather than invest in a long-term strategy in this uncertain environment, they decided on a structured approach to rapidly develop, test and fund several different initiatives proposed by those closest to the problem. They piloted each in an iterative fashion, consolidating

LOOK FOR WAYS TO INNOVATE THAT REPRESENT NEW OR INCREASED REVENUE STREAMS AND MAKE YOUR BUSINESS STRONGER.

feedback so that they could address different challenges and diversify their opportunities and risks.

2. EXECUTION MEANS EVERYTHING

Tight times create a critical need to execute on your strategy. When capital is scarce, your investments and initiatives

must deliver hard dollar returns — and with fewer resources. How well and how quickly you execute will differentiate the winners and losers in this economy.

One of our clients recently asked us to help them assess which projects represented the best opportunities for investment. We worked with them to help put the right mix of analysis, discipline, and strategic focus into their business case development process so they could better anticipate benefits, quantify outcomes and tie expected outcomes to business strategy. We then worked with the senior management team to reprioritize their project roadmap to ensure they were focusing on efforts that will deliver the best ROI.

3. BALANCE YOUR PLAYBOOK

Organizations naturally focus on cost reductions in a down economy. It is equally important to consider the other side of the income statement. Look for ways to innovate that represent new or increased revenue streams and make your business stronger.

One tactic could involve identifying new customer needs or emerging lines of business that extend your brand. For example, health insurers have recently begun offering new, more affordable individual plans to meet the growing needs of people who find themselves unemployed — and uninsured. Organizations willing and able to enter a new space during tough times could reap benefits of early entrants.

Point B is working with a large insurance provider faced with the possibility that one of their largest offerings could cease to exist. We helped the client develop and manage a business planning process to help visualize new lines of business that align with their

PAUL LAMBERT is the Seattle Practice Director for Point B, an employee-owned management consulting firm that specializes in providing objective leadership and deep expertise to help clients transform strategy into reality. Founded in 1995, Point B has since grown into a \$90 million business across seven markets employing 400 associates and completed more than 800 projects for clients last year. Paul has a degree in Industrial Engineering from the University of Wisconsin ('85) and an MBA from Seattle University ('97). He serves on the Advisory Board for the Albers Center for Leadership Formation and on the board of NPower Seattle, a non-profit technology services organization.

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ALUMNI SPOTLIGHT

T. Kyle Quinn

CLF: Shortly after finishing the L-EMBA program, you were promoted to CIO at PACCAR. Tell me a bit about what you're doing now.

The promotion was a pretty significant change; what's dramatically different is the scope or breadth of my responsibility. Before, I was oriented toward one function, "Applications", for the

company. Now I lead the organization with responsibility for all IT functions and IT projects around the world. Also, PACCAR is an excellent company and the opportunity to work at this level is great. That level of excellence is created by a passion for details and business knowledge. The job is very intense and fast paced, so I had to learn fast.

CLF: How did the L-EMBA program prepare you for this?

The L-EMBA was a case of something being very well timed, although I could have asked for more of a break! The program was about more than business acumen — it developed improvement on the leadership side. Leadership is a lot about courage — knowing when to stand your ground vs. knowing when to be flexible and accommodating. The work we did to understand ourselves as leaders helped clarify what's important and how to use my leadership skills to accomplish business requirements. Moving into a larger role required me to think on a much larger scale.

I looked at the Leadership Plan we built in the final quarter of the program in preparation for this interview. I can see that, almost concurrently, I was finishing my coursework; getting comfortable with



T. KYLE QUINN,
CHIEF INFORMATION OFFICER,
PACCAR

myself in the new role here, and using the new things I have learned to make things happen. My growth has been huge in the past 6 months. I've solidified my views and can state them. The program really helped me do that.

CLF: Tell me a bit about your career background.

I did my undergraduate work in mechanical

engineering at Washington State University. I've always enjoyed learning new things and trying to understand why and how things work. Engineering gave me powerful tools needed for this. After a few years with Boeing as an engineer, I set new goals for myself. Along the way, I discovered software engineering and the expanding field of information technology. This was a great opportunity for me. There was a good alignment of my skills and personality with the undefined nature of IT. Business problems combined with IT possibilities get me excited. One of the things that most interests me is the people element of change.

Ultimately, I was recognized for my capabilities and management potential, so I was promoted and grew into new roles. In 2005 I had the opportunity to join PACCAR and play a major role leading the Applications organization. What a great step this was for me. PACCAR is a leader in applying technology to our business and I have thoroughly enjoyed learning the about all facets of PACCAR's operations.

CLF: What do you feel was the most rewarding professional experience you've had in the past 3 years?

I'd have to say the achievement of

being promoted to CIO of PACCAR. I've aspired to this role for quite some time. It's the culmination of years of education and preparation. I know it is a big step and I am excited by the challenge and the confidence that senior management placed in me. When people congratulated me, I said, "Don't give me credit for being promoted. Give me credit for delivering results."

I feel good about the change but I know I still have a lot to learn. There are several things I feel proud of: bringing the team together in a collaborative way, taking decisive action, and adapting the strategy to changing market conditions. For me, the act of stepping up to the plate and making things happen — that's when I feel good. That's when I know I'm leading.

CLF: What prompted you to go back for the L-EMBA degree, and can you talk about the timing?

My manager and mentor at Boeing had recommended I continue my education for executive growth. I did the Executive Leadership Program (ELP) in 2001. I grew by the exposure to ELP and wanted more. PACCAR encouraged me to finish my MBA because it would help me grow into larger roles. I saw that the L-EMBA

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KYLE QUINN joined PACCAR Information Technology Division (ITD) in May, 2005 as Senior Director of Applications and Global Operations. In June, 2008 he was promoted to ITD Assistant General Manager and to General Manager and Chief Information Officer in September, 2008. Prior to joining PACCAR, Mr. Quinn spent 19 years with the Boeing Company. During that time he directed Boeing Commercial Aviation's Enterprise Application Center, eBusiness initiatives and engineering information systems. Mr. Quinn holds a Bachelor of Science in Mechanical Engineering from Washington State University and an Executive MBA from Seattle University. He currently makes his home in Bellevue, Washington.

The Financial Meltdown in Iceland – or *Kreppa*

As world capital markets froze in October 2008 and trust in financial markets evaporated, Iceland became the first western nation since 1976 to request a bail-out from the International Monetary Fund (IMF). The collapse of the banking and financial system in Iceland was remarkable, and the IMF called it the biggest banking failure in history relative to the size of Iceland's economy.

In late September 2008, Icelandic banks found they were unable to refinance many loans and the country's debt had risen to over 900 percent of its GDP. Iceland's three leading banks (which accounted for 85 percent of the banking system) were swiftly nationalized. As investors pulled out of the banking system, problems spilled over to the krona. The currency dropped by 70 percent and one of the shortest lived currency pegs in history was adopted. Additionally, the stock market dropped by 80 percent and the national stock exchange closed for three days. For a country that is dependent on imports, this had devastating consequences — a financial meltdown that became known as "*kreppa*". Iceland's efforts to find more financial support abroad have been hindered by a paucity of foreign exchange reserves and a high trade deficit. In addition to an unemployment jump from 0.8 percent to over 10 percent, there were protests in Reykjavik by the end of January 2009 as well as the removal of the government coalition.

With a population of only 300,000, Iceland is the smallest sovereign state in the world with an independent monetary policy and has consistently ranked as having amongst the world's highest living



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standards and most transparent markets. Initially, Iceland sought US \$2.1 billion from the IMF, which was granted in late November 2008. This has been topped up by a further \$4 billion request made to Nordic countries and \$5 billion guaranteed from Britain and Holland. The recent fall in creditworthiness of the country has also refocused attention as to whether Iceland should seek euro membership.

BY 2003 HOMEOWNERS IN ICELAND WERE AMONG THE RICHEST IN THE WORLD, BUT THEY WERE ALSO AMONGST THE MOST HEAVILY INDEBTED

Ironically, the three leading Icelandic banks — Glitnir, Landsbanki and Kaupthing — had largely avoided direct exposure to much of the U.S. subprime mortgage market. Historically, Iceland's economy depended on its fisheries, farming and geothermal industries. The banking system had traditionally been quite conservative and had undergone consolidation and reform prior to 2000. However, after 2002, deregulation and privatization of the Icelandic banking system allowed

the top three banks to diversify away from traditional core activities. Financial deregulation, a stock market boom and a surging currency, all helped Icelandic entrepreneurs go on a global acquisition spree with investments ranging from pharmaceutical companies and telecommunications firms to significant stakes in airline and retail companies.

International investors also enjoyed strong returns from Icelandic assets due to a "carry trade" strategy. This means that an investor borrowed in low-yielding assets (such as the Japanese Yen) and invested in higher yielding assets. Domestic residents also found they could borrow cheaply overseas and were advised to take out mortgages in US dollars, Japanese Yen or euros. Thus, debt tended to be denominated in foreign currency and/or was indexed to inflation. But this had a huge downside risk since it meant if the Icelandic krona depreciated, debt became more expensive. By 2003 homeowners in Iceland were among the richest in the world, but they were also amongst the most heavily indebted — approximately 213% of disposable income.

Soon Iceland's geographical isolation quickly became irrelevant but the financial exposure was substantial: for Germany it was worth \$21.3 billion; UK \$7.5 billion; Netherlands \$1.6 billion and the US \$1.5 billion. Some local UK councils have lost sums of up to £40 million in failed Icelandic banks.

In 2006, warning signs about the rapid growth and fragility of the Icelandic financial system were first signaled and included criticism regarding bank dependence on short term market funding, earnings qualities and governance issues. Responses included changing deposit ratios, eliminating cross-holdings and various stress testing

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The Financial Meltdown in Iceland

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models. Around this time, the largest banks in Iceland also established internet banks to attract foreign deposits. The cost savings from online banking were used to offer higher interest rates to international investors. Bluntly stated, an oversized banking system had developed in Iceland and its size outstripped the authorities' ability to act as a lender of last resort when the banking system ran into trouble.

Like many other nations responding to the global financial crisis, Iceland has shifted its attention to stabilizing and reforming the country's financial system. The IMF loan is estimated to fill about 42 percent of the country's 2008-2010 financing gap, but clearly other steps need to be taken to move forward. One more immediate step the new Icelandic government will need to undertake is to make institutional reform a priority — not just regulation, but banking supervision as well. This is essential to reestablish confidence in the country's institutions domestically and abroad.

BONNIE BUCHANAN, an Assistant Professor of Finance at Seattle University, has taught courses in International Finance, Financial Institutions, Cases in Finance and Corporate Finance. Bonnie received her Ph.D. from the Terry College of Business, University of Georgia has published in *Emerging Markets Review*, *Accounting Research Journal*, *Research in International Business and Finance*, *Investment Professional* and *Journal of Financial Education*. Apart from her work in law and finance, Bonnie is currently conducting research in international shareholder activism and corporate governance.

FIONA ROBERTSON, an Associate Professor of Finance at Seattle University, has taught courses in Corporate Finance, Financial Risk Management, Institutions and Markets and Managerial Economics. Fiona received her Ph.D. from Queen's University in Canada and has published in *Journal of Empirical Finance*, *Journal of Financial Planning*, *International Business and Economic Research Journal*, *Journal of Financial Education and Advances: Financial Education*. Fiona has been the Chair of the Department of Finance since December 2006. Her current research interests are in socially responsible investing and financial regulation policy.

Surviving and Thriving

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mission and vision. The effort resulted in the launch of a new business that is enabling the organization to expand its footprint in critical customer segments.

4. ESTABLISH SHARED OWNERSHIP

Make sure to engage your greatest asset — your people. Channel anxiety among employees into tangible action and encourage them to personally take steps to help the organization solve its biggest problems. For example, we have challenged our associates to take two to three *additional* actions each week to help Point B deliver better results, establish deeper relationships, and expand our business.

Finally, explore how you can establish or reinforce an “ownership mentality” inside your organization. Treating employees like owners encourages them to think and act accordingly, nurtures entrepreneurialism, and promotes business efficiency at all levels of the organization. Transparency, two way communication, and sharing the economic rewards with employees are a great place to start. Point B recently rolled out an employee stock ownership plan (ESOP) that reinforces the ownership mindset and enables associates to share in the long term success of the business.

There is no crystal ball for this economy, but companies that execute well on their strategies best position themselves for success in any market condition.

Kyle Quinn

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would fill out the financial side and continue with leadership development. I really liked the idea of reconnecting with Seattle U and finishing what I had started with ELP.

CLF: What key things did you take away that you are applying now?

One of the critical pieces is seeing the big picture of the organization and understanding what is needed to move forward. My approach is to talk with people and listen to feedback to understand what's going on in the organization. By taking the feedback of customers, dealers and employees into decisions, the quality of outcomes is improved.

Another is financial management — understanding your business from a financial perspective and knowing where you can exert influence to affect results. Within IT, we must always balance cost control and long term growth. It's the difference between managing the

numbers and knowing that you must understand their impact — that's the value of the degree.

CLF: It seems you found L-EMBA professionally beneficial. For whom do you think it is most appropriate?

ELP and L-EMBA are not for everyone. They are for leaders who are aspiring to strengthen their capabilities, that strive to be authentic and strong when tested. The unique combination of curriculum and self learning put students through extensive development. The process can be a difficult thing. Yet when I look at the population of young managers and executives, I see that strong people are needed who are committed to the responsibilities of leadership. I saw the value of becoming a more capable leader. These programs are for *that* kind of person.

Seattle University's Albers School Program Achieves Top-25 ranking in *U.S. News & World Report*



Albers' Leadership Executive MBA (LEMBA)
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Leadership Executive MBA

20-MONTH GRADUATE DEGREE PROGRAM

The Leadership Executive MBA maximizes core business expertise, executive leadership and social responsibility. The compressed schedule allows Leadership Executive MBA students to graduate in only *six* academic quarters. Classes meet once a month in compact, 3-day modules. Participants leverage faculty expertise and the mindshare of their classmates in a cohort-based classroom setting, and the resulting impact is immediate, profound, and sustainable.

Founded on the principles of our Executive Leadership Program, the first two quarters of the Leadership Executive MBA focus on leadership, enabling deep learning about the complexities of leadership and requiring each student to reflect on his or her place at work, at home, and in the larger society. This is followed by three quarters emphasizing advanced business education — principles, tools, and practices. The final capstone quarter synthesizes the leadership and core business curriculum and challenges participants to explore and elevate their positions of social responsibility and impact in both their professional and personal lives.



CENTER FOR LEADERSHIP FORMATION UPCOMING PROGRAM INFORMATION SESSION

Wednesday, June 24, 2009

5:30 p.m. – 7:30 p.m.

Contact: Interested individuals can RSVP by emailing emba@seattleu.edu or calling 206-296-2529

Executive Leadership Program

8-MONTH GRADUATE CERTIFICATE PROGRAM

The Executive Leadership Program provides an intensive exploration of leadership and its personal meaning in each participant's life. The outcome is a deeper knowledge of leadership, greater confidence, and a keen awareness of the values that guide executive decisions. Executive Leadership Program broadens leaders' perspectives through multi-disciplinary and multi-industry exposure, as well as from coursework, reflection, and rigorous application. The program is particularly well-suited for individuals who already hold an MBA or other graduate degree or those who may not be able to pursue one at this time.

Executive Leadership Program is an 8-month cohort program encompassing 20 credits over 2 quarters. The program complements executive schedules with courses offered in compact, 3-day modules that meet monthly.

Executive Development Short Courses

Our short courses are designed to take organizational leaders from their current positions of responsibility and elevate them to the next level for increased impact and significance.

LEADERSHIP SKILLS AND APPLICATIONS

This program provides managers leadership 'skills and applications' to immediately implement at the organizational level. The curriculum builds a theoretical foundation of leadership knowledge and fortifies it with a comprehensive assessment tool and personal reflection; the result is a personal understanding of one's distinct leadership strengths and developmental areas. Additionally, the variety of participant organizations and job functions provides participants with new views and outlooks on situations and offers fresh ideas for managing change and conflict.

ADVANCED LEADERSHIP DEVELOPMENT

Advanced Leadership Development is an intensive, residential program for mid- to senior-level managers. The program develops advanced leadership skills to immediately implement at an organizational level through a combination of expert instruction, comprehensive peer- and self-assessment tools, dedicated one-on-one executive coaching, and a classroom focus on leadership competencies and values. Program curriculum includes work on strategic leadership, creating vision, aligning strategy, managerial decision-making and development of personal strengths.

FACULTY SPOTLIGHT

Sharon Daloz Parks

CLF: You've been part of the Executive Leadership Program (ELP) since its inception. Why do you enjoy working with ELP and now the Leadership EMBA programs?

Parks: Transformative learning takes time. Although my coursework occurs on a compressed schedule, the program extends over time. I'm able to be part of the orchestration of transformational learning and to see that.

Also, there is value for me in investing in my own region. Working in ELP allows me to affect organizations that have local influence and global reach. Many of our greatest societal challenges are issues of scale and scope.

ELP is explicit about learning that directly includes moral and ethical value questions. We can address the commitments that are here for us as individuals and as a society at this point in time.

CLF: What changes have you seen in the program over the years?

Parks: Both continuity and evolution are significant to me. The basic framework and orienting purposes of the program have remained constant. However, certain elements of design have been amplified and deepened. Dimensions have been added that make the program in many ways a new creation. The most dramatic example is how the service programs have evolved from volunteer work and charity to become a true leadership challenge. Now it must include excellence in teamwork and leadership to create something sustainable that explicitly addresses social justice.

Secondly, as we have grown in numbers of students and become the foundation



SHARON DALOZ PARKS, Ph.D.

for the Leadership EMBA program, there has necessarily been an enlargement of staff. Yet the quality has remained high in terms of the program's ethos, professionalism, and commitment.

Finally, the alumni community has become very vibrant and engaged. This

allows greater networking and extended impact from our teaching.

CLF: How has your experience at Harvard and the Whidbey Institute shaped your understanding of leadership?

Parks: The work at Whidbey Institute has helped me have a compelling and rich understanding that we live in a time of profound cultural change — and what that asks of us. My work at Harvard has given me an appreciation for what excellence requires and that, in a time of significant cultural change, we need to reconsider some of our deepest, unexamined assumptions of what we suppose leadership to be.

CLF: What are the top two or three capacities that leaders need?

Parks: First, we need to be able to engage the whole planetary commons and not defer looking at the whole to someone else. For example, wherever I am located, I need to be aware of the larger frame (i.e., watch the whole board), and the piece for which I am immediately responsible (i.e., mindful of my larger citizenship as well as my role).

We must also distinguish between leadership that maintains familiar patterns and leadership that must help us move through disturbances to a more viable pattern of working. The latter means that the artistry of adaptive leadership

asks everyone to work on the edge of what they know and don't know. So the capacity to learn from failure and experimentation is enormously important.

Another capacity is the need to move away from Lone Ranger images of management. Leaders much recognize that, in a complex and unfamiliar terrain, we can't do the work without partners, allies and confidantes.

CLF: How do you address these as a leadership educator?

Parks: We have to first recognize that we live in a new commons that is global in scope. There is opportunity both for personal impact and to become mindful of the participation of our organizations in the wider commons. Particularly in larger organizations, we can lose sight of this. So one question I ask students is where they are located in that larger commons.

Instead of using published cases, I ask them to work with cases of their own leadership failures. This allows them to recognize their own failures and become practiced in speaking publicly of them and learning from them. Throughout the program, we work in ways that each participant and others in the class become partners in learning. In turn, we invite them to consider how they do and don't use partners or allies in their own organizations.

SHARON DALOZ PARKS is director of *Leadership for the New Commons*, an initiative of the Whidbey Institute and an Adjunct Professor at Seattle University. For more than sixteen years, she held faculty and research positions at Harvard University including a senior research fellow at the Harvard Business School and in the Leadership Education Project at the Kennedy School of Government. She speaks and consults nationally for a wide range of professional organizations and institutions.

Her most recent book, *Leadership Can Be Taught* is available through Harvard Business School Press.



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