

CENTER
FOR LEADERSHIP
FORMATION

InSights

Cooperation and Coordination in Business



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Theories of the firm were formulated to answer a few fundamental questions: namely why do firms with employees exist, why hire employees and build an organization, rather than relying on contractors to perform all tasks, giving firms access to contractors with very specific skills and great flexibility at the same time?

According to the transaction cost theory—the most widely-held account of the firm—organizations exist because having employees (as opposed to contractors) brings cost and efficiency advantages. Transaction cost theory assumes, further, that persons are self-interested, and even assumes that some persons are opportunistic. So on this conception of organizations, the role of a manager is to use incentives to align individual employees’ interests in order to achieve organizational- or corporate-level outcomes, and to use sanctions to prevent employees from acting opportunistically to benefit themselves individually. The roots of this theory are in Frederick Winslow Taylor’s original work in scientific management, from the first part of the twentieth century, *The Principles of Scientific Management* (published in 1913). Taylor documented his success at improving productivity by offering higher pay for more work, initiating a series of studies that form the foundations for the field of management.

Organizations composed of individuals whose interests have been aligned using incentives and sanctions in order to



achieve an organizational-level goal—are often described as cooperative. But these firms are better described as coordinated, in the sense that the task of management is to coordinate the decisions and actions of self-interested parties in order to achieve an organizational-level goal.

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PENNY KOCH-PATTERSON

Egypt, Libya, Wisconsin, and the list goes on. The good news seems to suggest that the US economy is rebounding. The stock market is bullish. Although pay is steady, the job market is opening up. Change abounds far and wide. The 'Facebook revolution' seems to have had a strong hand in what ultimately happened in Egypt. We have yet to see what role social media will ultimately play in the upheavals in other parts of the world. What we do know is that social media is here to stay. Molly Seaverns, the Center's Strategic Marketing instructor contributes to this issue of *InSights* with her perspective on how to engage the likes of Facebook, Twitter and LinkedIn. And our *TrendWatch* feature takes a look at how some of our local organizations are currently engaging with social media.

Perhaps trust and collaboration could have played a part in the turmoil we've witnessed over the last few months. Marc Cohen, assistant professor of business ethics, explores in our cover article his concept of coordinated and cooperative organizations. In his view, there is a difference between coordination and cooperation. Ultimately, trust emerges only with truly cooperative organizations. Do you agree?

Rounding out this issue of *InSights* is Dino Falaschetti's view on the implications of the Frank/Dodd financial reform law recently enacted as a result of the "Great Recession." Two interviews also feature key contributors to the Center, Tracy Warner and Madhu Rao.

Tracy Warner, Executive Vice President and Chief Operating & Financial Officer of Washington Dental Service is an alumna of the Center's Leadership EMBA program and a member of our advisory board. In her interview, she reflects on the move from "bean counter" to leader. And Dr. Madhu Rao, associate professor of Information Systems, talks with us about his views about the value of Jesuit education, especially for graduate learners.

Change consistently seems to be on the horizon for the Center as well. A new strategic initiative out of the Center will likely be announced later this spring. We look forward to sharing more with you about this initiative in the near future. I hope you enjoy this issue of *InSights*.

Be well,

Penny Koch-Patterson
Associate Director,
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Social Media – Impact and Implications

Social media is changing the face of marketing, branding and customer interaction. Its power comes from a deeply human trait, the desire to engage and interact. In some ways social media is reminiscent of the bazaar or market square of much earlier times where people gathered, shared information and had direct and personal interactions with the people who provided goods and services as well as other customers, friends, and neighbors. The term social media encompasses a variety of online and mobile websites and technologies, including Facebook, Twitter, YouTube and LinkedIn. Social media enables the free exchange of information and opinion, providing organizations new marketing challenges and opportunities. In this evolving peer-to-peer communication landscape, organizations can benefit from a social media strategy built on authenticity, customer focus, and providing value.

AUTHENTICITY

The road from highly personal interactions with the people who produced and sold goods and services, to the era of facelessness manufacturers and service providers is starting to come full circle. Being connected is the new normal, especially for the millennial generation, ages 10 to 28. The web and mobile phones connect people-- and people talk, tweet and write about things they like and those they don't. Social media makes word of mouth recommendations faster, easier, and available to a wider group of potential stakeholders and consumers than ever before.

When instant communications do not meet a brand promise, there is



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potential for dissonance. The free flow of information signals a fundamental shift in corporate communications and marketing. In essence, an organization no longer controls their brand communications. The way in which people experience the brand, interact with the organization and its people, and learn from others has

more influence on what people think and believe about the brand than what the organization says about itself. This loss of message control makes it imperative that organizations express themselves with authenticity and consistency at each

exciting opportunities for product and service improvement. Companies have unprecedented opportunities to learn from their customers at all levels of their organization—if they are willing to open the lines of communication.

In the early days of internet marketing, one of my former colleagues, David Weinstein, helped write the *Cluetrain Manifesto*, a call to organizations to shed corporate happy talk and to open their organizations to connect with customers directly.

Weinstein observed that *“Employees are getting hyperlinked even as markets are. Companies need to listen carefully to both. Mostly, they need to get out of the way so intranetworked employees can*

WHETHER OR NOT YOU ARE ACTIVELY INVOLVED IN SOCIAL MEDIA YOUR ORGANIZATION IS LIKELY THE TOPIC OF SOMEONE'S CONVERSATION.

touch point and puts those organizations that don't at reputational peril.

Whether or not you are actively involved in social media your organization is likely the topic of someone's conversation. Organizations need to invest resources in reputation monitoring—and have a disaster communications plan in place in the event your reputation is hijacked. This was the case of Domino Pizzeria. A negative viral video took youtube by storm, bringing notoriety to Domino. The company responded quickly, providing clarifications on blogs and important forums, published their own video, and used the incident as an opportunity to reach out and engage loyal customers, who in turn, provided positive feedback about the company.

CUSTOMER FOCUS

Although social media changes the branding power balance from company to customer it also provides

*converse directly with internetnetworked markets. The result will be a new kind of conversation. And it will be the most exciting conversation business has ever engaged in.”*¹.

With the high rates of new product failure, the attraction of co-designing products and services with customers is inescapable. Providing direct input and ways to solicit feedback allows product developers unprecedented opportunities to build what their customers value.

Starbucks uses an online forum to solicit and share ideas for new products and services. *My Starbucks Idea*² is an excellent example of enlisting loyal customers to help improve and expand offerings, which in turn reinforces customer loyalty.

PROVIDE VALUE

Social media is at its core just another form of social interaction. Since

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FACULTY SPOTLIGHT

Interview with Madhu Rao

CLF: Would you share some of your background, leading to your being at Seattle University?

Rao: I was born in Rajahmundry in southern India. I first moved to the States at age 2, because my father did his masters degree at University of Hawaii and his Ph.D. at University of California, Irvine. He later did post-doctoral work in Nanaimo, British Columbia, Canada. We moved back to India when I was about 12 and I stayed until age 29. I liked spending my formative years in India, and completed a graduate program in engineering.

Afterward, I worked as a consultant but wanted more of a big picture view than I could gain at the entry level. So in 1992, I came from Delhi to Bloomington, Indiana — later earning my Ph.D. from Indiana University in Management Information Systems and International Business. When I graduated, I went to American University in Washington, DC as a visiting professor in their Management of Global IT program. Then I went to Salisbury University, which part of the University of Maryland System for 4 years before joining the faculty of Seattle University in 2001.

CLF: You lead two of the Education Abroad programs for the MBA program – China and India. Would you describe how those operate and what goals you have for the programs?

Rao: I've been leading study groups in China every two years since 2002, and began a program in India in 2009 which will now run on alternative years. A graduate student really needs to be exposed to India and China, if nowhere else in the world. They contain roughly two-thirds of the world's population,



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and their economic clout is huge. Forecasts anticipate they will be the #1 and #3 economies within the next ten to twenty years.

As part of the travel experience, we visit a number of companies and universities. The companies are a mix of local firms and local offices of major multinationals. They provide a good overview

of what it takes to operate there and the challenges they face. The highlight of the experience is typically the university visits where students interact with other local MBA students. We arrange for joint case study discussions and a lot of cultural exposure. Typically, strong relationships are formed through this process.

These countries are so complex and diverse. The history for both goes back over 5,000 years and informs how they do business today. Our students write a paper before traveling there on the nature of business and what factors will influence its future there. After the experience abroad, they write an addendum on what they see differently. Most of the changes are around the depth of human capital they find there. For me personally, having led these programs in China for nearly a decade, I've seen amazing change during that time.

CLF: You also teach in our Leadership EMBA program. How do you compare the two student groups?

Rao: They're different! I like teaching MBA students. They're just starting off in their careers, so their enthusiasm is high. They have less contextual knowledge so they're generally eager to learn new content. EMBA students are further along in their careers with a deep understanding of their industries and jobs. They can immediately understand

and apply what you're teaching — but they can also find flaws.

They will tell you, for example, that they would never be able to use a particular idea or recommendation in their companies because it conflicts with standard practices or because of structural factors in their industry. So a lot of the learning comes from discussion — from peers. Faculty must add cutting edge content and direction. But the content also needs to be the framework for discussion and EMBA faculty have to be very proficient at facilitating challenging, higher level discussion. I get more back from teaching EMBA students. I get insight into the reality in companies, and some great examples which, in turn, inform my MBA teaching.

CLF: Can you clarify how this pertains to the course you teach in “Information Systems: The Role of Executives”?

Rao: At the Leadership EMBA level, most students are not going to make IT decisions or manage information technology. But most of them will have to interface with IT. The two groups (business and IT) don't often talk well to each other. The goal of the course is for business managers to understand the importance of IT in a firm and their responsibility to guide IT expenditures. It's also for IT managers (and there are usually a few in the class), to understand business managers' needs. So the course builds a bridge of understanding. Particularly today, you can't survive without understanding the role of IT and its function in a company.

CLF: You also co-teach a course called “Integrating Leadership and Business Practices”. This is commonly called the ‘Capstone’ course. What does that involve?

Rao: To me, it's the proof of concept. In the Leadership EMBA program,

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we are trying to create a certain kind of leader. Students go through two years of content, picking up many pieces of knowledge. At the end, it's important to test what they can do with it. So the Capstone is proof of concept. It asks, "What can you do with what you know?" The projects are individually chosen and executed, under the guidance of faculty. My colleague, Professor Marc Cohen and I lead the course, and other faculty participate as needed and hear the students' final presentations.

The projects are quite varied but fall into different categories. One type is projects that have an immediate impact for the company. For example, a student last year chose to examine a testing procedure for a product his firm produced. He examined financial, strategic, and process issues, as well as links to other parts of the organization. The Capstone requires students to integrate multiple knowledge domains that they've studied in class. In this case, he was able to justify changing the testing procedure and saving millions of dollars for his company in the process through his Capstone project.

Another type of project involves self-evolution. One of our recent students reviewed her job function and set out to more comprehensively develop her staff. She felt this was good for them, and good for succession planning because it built a deeper bench for the organization. However, she believed it also was good for her in that it deepened her leadership capabilities and ultimately freed her up for more senior levels of responsibility.

Finally, there are projects that take on a life of their own, growing beyond their original intent. For example, a student took on a sustainability project within her organization that was defined in scope. As she developed it, she discovered real problems in the production area and the project grew into one involving new policies,

practices, and a very different marketing program for the company.

CLF: Very interesting! Can you tell us a bit about your research interests?

Rao: Most of my research links Information Systems and International Business. I study global IT sourcing, managing cross cultural teams, and developing trust in virtual teams. I am currently working on a book about the future of global leadership coming from the East, not the West. It will center on the emergence of hubs in the East where people come from all around the world to interact and share ideas. They form a natural breeding ground for leaders with a global view.

CLF: Two years ago, you did a lot of work at SU regarding the Opus Prize. Would you describe what you did and the ways a Jesuit education is relevant to Leadership EMBA students?

Rao: The Opus family seeks out faith-based entrepreneurs — people whose faith guides the work they do. Annually, the Foundation grants three prizes: a \$1 million prize for first place, and \$100,000 prize each for second and third place. Two years ago, the Opus family turned to SU to locate suitable candidates and I served on the evaluation committee. It was my best experience in my 10 years at SU, and it was where I finally understood the Jesuit mission and social concerns. We went through huge portfolios of incredibly inspiring work and whittled the pool of candidates down from 30 to 12. We then gave that to the jury, ran the Opus program both at Benaroya Hall and on campus, and hosted the awardees at both places.

I traveled with a student to Nicaragua to do due diligence with one of the applicants. Growing up in India, poverty was ambient noise. But coming from a developed country, it was quite eye opening to really see the needs out there. You may recall that the same student and I later returned

to Nicaragua a few months later to set up solar powered computers in a village school which had no electricity or running water. I've often been inspired by people I've met or listened to — but to "be inspired" is to move the intellect, the emotion. This was really the first time I was inspired to *action*. It's how I want to live, how I want my son to live.

Through many approaches, our Jesuit tradition challenges students to explore the real needs that are out there, and to reflect on the meaning of this in their own lives. In terms of graduate education, the nightmare scenario is a graduate who leaves having gained technical knowledge, but remaining blind to the deep needs around the corner and across the world. People who want to do business in developing countries have a responsibility to help out — not in an imperialistic way, but from compassion. Maybe the initial goal is to take advantage of low labor costs, but, with that comes responsibility. In the long run, it's advantageous to a firm to help out. It engenders loyalty for the company, and creates larger markets when it nurtures human capital in the areas in which it does business.

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.

Dr. Rao has a Ph.D. in Management Information Systems with a minor in International Business from Indiana University, Bloomington. Before joining Seattle University, he was on the faculty at American University in Washington D.C. as well as Salisbury University in Maryland. Prior to becoming an academician, Dr. Rao was a systems analyst for Tata Consultancy Services in New Delhi, India.

Dodd-Frank Financial Reform: Will Increased Accountability at Corporations and the Fed Weaken Business Judgments and Price Stability?

President Obama recently signed into law the “Wall Street Reform and Consumer Protection Act of 2010”, popularly referred to as “Dodd-Frank”. A considerable portion of the Act, however, might be more accurately named the “Reform of Board-Governance Act”, as Dodd-Frank demands increased accountability from directors in both public corporations and the Federal Reserve System (the Fed). On its face, this reform can appear to be an unmitigated good. But accountability can also go too far — putting at risk, for example, the productivity of business judgments in the case of corporate boards and soundness of monetary policy in the case of Federal Reserve Bank boards.

To begin appreciating this risk, and its implications for legal, financial, and business leaders, consider a long-standing criticism of the Fed’s District Bank presidents. An important part of the problem, it is argued, comes from letting commercial bankers vote for District presidents who, in turn, help regulate those very bankers and directly participate in making U.S. monetary policy. Dodd-Frank attempts to weaken this conflict by revoking the right for bank-nominated directors to vote for District presidents.

This attempt to increase accountability to the public, however, may also compromise an important firewall against inflationary pressures. Commercial bankers have a financial stake in low inflation — after all, their assets are loans, the value of which decreases with the prospect of being paid back with a



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weaker currency. Moreover, other members of the Fed’s monetary policy committee (i.e., Board Governors, who are Senate-confirmed presidential nominees) are already more accountable to the public and, according to academic studies, tend to favor looser monetary policy than do District presidents. By further exposing District presidents to political pressures that influence Board

Governors, this governance reform risks institutionalizing a more accommodative stance on inflation.

Dodd-Frank’s attempt to increase corporate management’s accountability to shareholders similarly creates new risks (or increases old ones). Under the Act, the Securities and Exchange Commission

(SEC) has already exercised a stronger authority to (a) ease shareholder access to corporate proxies and (b) require corporations to give shareholders a non-binding “Say on Pay”. But while these provisions aim to strengthen shareholder monitoring and control of managerial agents, they may also make incorporation a less productive form of business association.

Rather than generally improve corporate governance, the Act’s strengthening of shareholder power may encourage stakeholders to respond in ways that protect themselves at the expense of business performance more generally. Bond market participants, for

example, have been found to demand higher interest rates to compensate for overly “accountable” boards indulging shareholders’ preferences for risky projects. And suppliers of human capital, such as individuals offering managerial talent, have been found to demand insurance-like compensation measures (e.g., golden parachutes), consistent with an attempt to mitigate risks of having their firm-specific investments expropriated.

Understanding how non-market risks evolve when various interests strategically anticipate and react to institutional changes is important for developing legal, operational, and transactional strategies that consistently succeed in a fast moving regulatory environment. Organizational planners, for example, can benefit from measuring the increased risks of going public

UNDERSTANDING HOW NON-MARKET RISKS EVOLVE WHEN VARIOUS INTERESTS STRATEGICALLY ANTICIPATE AND REACT TO INSTITUTIONAL CHANGES IS IMPORTANT FOR DEVELOPING LEGAL, OPERATIONAL, AND TRANSACTIONAL STRATEGIES THAT CONSISTENTLY SUCCEED IN A FAST MOVING REGULATORY ENVIRONMENT.

under a corporate law that now gives shareholders a stronger voice in both governance and business judgments. Planners might also consider how charters and bylaws can mitigate the potential for and consequences of such increased risks.

Other leaders with risk management responsibilities can also benefit from a deeper understanding of Dodd-Frank’s reforms to board governance. For example, modified loan covenants may help protect against changes in corporate strategy that would favor newly empowered (and less risk-averse) stockholders at the expense of lenders. Various hedging

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strategies may also deserve re-evaluation, with an eye toward increased inflationary pressures on monetary policy.

Finally, proxy advisors may benefit from considering the new law's risks in this light. Dodd-Frank's easing of proxy access, for example, may broaden the interests that compete for a board's consideration, and thus weaken the stability of corporate policy. In addition, both the Act's "Say on Pay" and easing of proxy access risk turning de jure non-binding votes into de facto binding votes, thereby changing how management should bargain with potential dissidents before-the-fact.

Dodd-Frank may have increased governance-risks on at least two dimensions. First, the Act reforms the Fed's organization in a way that facilitates more inflationary monetary policy. Second, it strengthens the voice of shareholders in a way that may benefit owners at the expense of other stakeholders (rather than improve business performance more generally). Business leaders should gauge exposure to these risks before the fact, and develop strategies in anticipation of how the numerous rule-making processes and judicial reviews that promise to follow the Act can further reshape the non-market environment in which business operates.

DR. FALASCHETTI is the author of *Democratic Governance and Economic Performance: How Accountability can go too far in Politics, Law, and Business*, and previously served the President's Council of Economic Advisers. Currently, he is the Associate Professor of Law and Economics at Florida State University's College of Law, and Special Consultant to Economists Incorporated, a premier economic consulting firm in the fields of law and economics, public policy, and business strategy. From 2010-2012, he is also serving as the Gleed Chair in Business Administration and Visiting Professor of Finance and Business Law at Seattle University's Albers School of Business and Economics.

Social Media CONTINUED FROM PAGE 3

people don't like to converse with poor listeners or engage with those who never reciprocate, your social media strategy should include ways your organization can provide value. Business to business firms can offer industry insight and analysis, webinars, or professional networking opportunities to help customers stay current and connected.

Firms can leverage industry forums and special online interest groups as long as they are transparent and open about their participation. Organizations need to commit resources to keeping content fresh and topical without dominating the conversation or becoming intrusive.

Forrester Research recently awarded Archer Technologies, a provider of risk and compliance solutions, the Groundswell Award for B2B social media. Archer created two online destinations. One site, the *Archer Community*, is an online forum for industry best practice sharing. It also provides an opportunity for direct feedback to Archer product developers. The second site is the *Archer Exchange*, an online marketplace with downloadable applications developed by other clients and by Archer. The two sites provide direct value to prospects and customers while inspiring customer loyalty and new product development ideas.

CONCLUSION

Social media done right leverages the power of word of mouth marketing and helps organizations design goods and services that provide exceptional value to their target audience. If you haven't done so already, get started. Initiate the conversation or join existing conversations about the topics your audience cares about and provide compelling reasons to engage. Think of social media

in terms of welcoming a guest—don't hesitate to be entertaining, ask good questions, facilitate introductions, and listen attentively—because ultimately markets don't recommend or purchase products, people do.

ENDNOTES

1. <http://www.cluetrain.com/>
2. <http://mystarbucksidea.force.com/> networking opportunities to help customers stay current and connected.

MOLLY SEAVERNS brings over twenty years of experience in developing strategic communications, marketing programs and distribution relationships for the global technology and telecommunications markets.

Founder of Natural Affinity, a strategic marketing firm Ms. Seaverns works with emerging and established companies, delivering pragmatic guidance, compelling communications and marketing programs. Prior to developing her consulting practice, Ms. Seaverns was the Manager of International Sales and Operations for Attachmate Corporation and the International Product Marketing Manager for Interleaf, Inc. of Cambridge, MA. In these roles, Ms. Seaverns managed all aspects of the marketing mix, from defining product requirements, to pricing, promotion and distribution.

Ms. Seaverns holds a Master of International Management from American Graduate School of International Business and a BA in Diplomacy and World Affairs from Occidental College.

ALUMNI SPOTLIGHT

Interview with Tracy Warner

CLF: Let's explore a bit of your background. You had previous experience in public accounting and passed the CPA exam. Why did you choose to pursue the Leadership EMBA degree?

Warner: I always saw myself as a financial professional. That was my career focus. As a finance professional, I became known as something of a re-engineering expert. Seattle U's leadership focus appealed to me. The reputation of the program and school is excellent, and the leadership component of the EMBA degree was strongly appealing to me. Through Jim Dwyer, our CEO, I also had insight into SU. I looked at the local competitor program, but it didn't click for me. I felt at home at SU.

When you're a finance person, people tend to pigeon-hole you as a bean counter. They don't envision you in a leadership role. Especially as a female, many individuals see you as Comptroller, but not as a CFO. Getting the degree helped solidify and enhance my capabilities.

CLF: Your role has grown substantially over the past few years. Would you describe what it was when you began the program and how it has evolved?

Warner: I was CFO for Washington Dental Service when I started the program. Originally, I had responsibility for Accounting and subsequently picked up Billing and Eligibility, Property Management, and Program (i.e., project) Management. During the leadership phase of the program, I picked up IT,



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then Operations (claims processing and customer service). At that time, I was promoted to Sr. VP, Chief Operating and Financial Officer.

This year, I was named Executive Vice President, Chief Operating and Financial Officer. Corporate planning and strategic development report to me as CFO. Although I oversee approximately two-thirds of the company, I do not have responsibility

for sales and marketing, professional services, or HR.

CLF: How did the Leadership EMBA help you advance or lead better?

Warner: The Leadership component of the program was profound — life changing, really. I came into the program feeling like I was four different people: a Mom, the size of a kid, doing a man's job, while trying to be a woman. The program helped me understand how to integrate those and not put them into four different silos. It also helped me become more authentic in all my roles. The program helped a lot with this because it essentially asks the question: "Do people follow you because you're a leader or because of your title?" The leadership components of the program helped me grow into an integrated and more authentic self which allows me to be more authentic with people at work.

The business core of the program helped also. It broadened and deepened my knowledge of business strategy. I have an undergrad degree in business economics so I have to force myself to get off 'the dance floor' and move beyond tactical

concerns. I am now more successful because I do get 'on the balcony' and maintain a strategic focus now.

Another benefit of the program was the one-on-one coaching component. My coach helped me understand that, as a younger CFO, I had a need for approval. I wanted people to be OK with decisions I made. My coach helped me see that it's important for people to understand why a decision was made but not necessarily to be OK with it. This was significant for me. I now feel more confident making the tough decisions. My coach also helped me feel more confident reaching outside and asking for help. I learned that I don't have to do it all! I now ask peers and others for *input*. And I've come to see that this is not a negative, but something OK to do.

Finally, I asked our CEO if he saw a difference in me. He saw major change from the leadership portion of the program. Specifically, he said he sees me as more comfortable with myself, less conflicted, and therefore people are more comfortable around me. I can process things pretty quickly and I used to try and move people quickly which led to some people feeling I didn't listen. The program led me to slow down and bring people along. I now pay more attention to process.

CLF: How did you manage the time commitment of LEMBA as a Mom and a VP?

Warner: I'm a single Mom, but my daughter was old enough that she and I were able to do homework together! She really supported my being in the program. In fact, Shelby was the loudest person cheering at graduation! Because of the way the program is structured, the time away from her was limited to

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WHEN YOU'RE A FINANCE PERSON, PEOPLE TEND TO PIGEON-HOLE YOU AS A BEAN COUNTER. THEY DON'T ENVISION YOU IN A LEADERSHIP ROLE.

my monthly weekend class. The biggest challenge was that I have an athletic child. So I had to miss out on some of her games, but we talked about it up front and she supported me.

In terms of my 'day job', of course, my employer supported me. I had some schedule flexibility, but much of my responsibility remained and I just had to handle it. So it was a juggling act between my daughter, their job, and school. Still, getting an MBA was always a goal of mine. That helped me get through the program — the fact that it was a personal goal. I also got better at delegating, and my study group helped me get through. For example, when my Mom died, I thought of quitting, but the group and the entire class held me up and supported me so I could continue.

CLF: What was of greatest value — the biggest take away — of the program for you?

Warner: The Board sees that I've broadened in my knowledge of how to handle business. I'm confident in making bigger decisions and justifying them. For example, we had started a new enterprise, but it wasn't making sales projections and it was running out of cash. I saw no sales line to profitability and made the recommendation to wind down the business. Of course, others were involved in conducting further analysis before the decision was finalized, but I made the initial recommendation, confident it was the right thing to do.

I wanted to be able to give more back to WDS. I love this place, the people, and the leadership here. I have the best boss and the best Board! We are almost a \$1B company, but with a small company feel. Even though we are a non-profit, we run the company with a for-profit mentality so we can fund our service mission. The program has helped me serve the company much better.

CLF: Who do you believe is qualified for and would benefit from the Leadership EMBA program?

Warner: The program would benefit individuals who are struggling between managerial and leadership roles — and those who don't recognize the different. There are a lot of managers like that. These are people with lots of single threads of knowledge in an organization but who need broader understanding. The program is also good for those who want to further themselves. I have more fulfillment having gone through the program — both in my personal life and my professional life. As I mentioned, I learned from the program that I am one person. I found the common core, or the core of me.

CLF: As you finished the program what did you intend to be your leadership legacy? Are you living it? Working it?

Warner: I wanted to be the type of leader who would unify. Someone people seek out — someone who is open and collaborative. My impact is in decision making. We are quicker and more thoughtful now. I'm in charge of committees that force the organization to go through a discipline in decision

making that increased the quality of our decisions.

One committee is the Business Oversight Committee that reviews all cross-departmental decisions. The other is the Business Integration Steering Committee that looks at prioritization of resources. This also brings the discipline of project management. We used to rely heavily on external consultants. We'll still bring them in occasionally but do most project management in house. I co-chair both committees so we get outside input and analysis, but I maintain the integrative view.

TRACY WARNER is Executive Vice President and Chief Operating and Financial Officer at Washington Dental Service. She is responsible for WDS's operations, finance, information technology, corporate development, strategic planning, financial reporting, budget and forecast development, investment management, internal auditing, quality assurance, contracts and program management. Prior to joining Washington Dental Service in 2002, Ms. Warner served as CFO/vice president of finance/secretary/treasurer for Briazz, Inc. She also served as controller for Oberto Sausage Company, assistant treasurer/controller for Philip Services Corporation and as a senior audit supervisor for Coopers and Lybrand. Ms. Warner received a Bachelor of Arts degree in business economics with an accounting concentration from the University of California in Santa Barbara and has passed the CPA examination. She received a Leadership Executive Master's of Business Administration from Seattle University in 2008.

TrendWatch

This issue of InSights features an intriguing article about social media. Although many organizations have a robust social media plan, many others are still feeling their way around this communication channel. This month's TrendWatch asks three alumni from the Center for Leadership Formation about the efforts underway in their local organizations.



In what ways is your organization engaging in social media strategy?

Social media is one of many ways for the Foundation to communicate with people around the world. We feel that a purposeful use of social media can enhance our reputation and raise awareness about the Foundation's mission and charitable objectives by encouraging an exchange of ideas and healthy debate. At present, one can become a Facebook Fan of the Foundation, follow the Foundation on Twitter, enjoy our photostream on Flickr, and visit our YouTube channel for additional information about our work. The Foundation-branded pages on these sites are not designed to be a space for direct interaction with the foundation but rather a forum for information sharing and an opportunity to engage participants and facilitate meaningful dialogue.

Adrienne Burns, Global Health, Bill & Melinda Gates Foundation

As a Digital Solutions Agency, FILTER is invested in social media and we continually review how we, our employees, and our customers use it. We use the popular social media sites heavily—particularly for recruitment and sales—and we have an active company Blog, Facebook fan page, and Twitter accounts. We also advocate that our employees use and promote our company on their personal networks.

We have received a lot of value from social media. It helps us keep up with industry changes, helps our sales efforts, and quickly distributes information about our company. It is important enough that it has become the biggest focus of our marketing initiatives, and if a campaign isn't driven by social media, it's a big part of it. We've found it takes a lot of constant refinement to keep it productive, and its usefulness will vary across industry and by company.

Trent Gillespie, Chief Information Officer, Filter, LLC

At Costco Wholesale we're using social media for employee engagement, but are definitely in the testing phase. The big question continues to be: Do employees want to interact via corporate-sponsored social media, or do they want to leave work behind after the day is done? I think the answer lies somewhere in the middle. Our focus is on remaining authentic and active, and creating a dialogue with employees through Smartphones, SMS (text), podcasts, and blogs. So far, the numbers are small, but promising.

Employee communication professionals agree that the move to social media is inevitable, but still mysterious. For Costco, I think we're finding our voice, but do our employees want to hear from us in this way? Given the statistics on social media adoption out there, it would seem like a no-brainer, but it's not.

Guy Silver, Employee Communications Director, Costco Wholesale

Cooperation and Coordination in Business CONTINUED FROM PAGE 1

In contrast, genuine cooperation goes beyond coordination, in that cooperation involves shared goals, mutual accountability, and considerations of mutual benefit, measured on its own terms and not in terms of self-interest from participating in a coordinated scheme. Coordinated organizations require only the careful alignment of incentives in order to keep interests aligned; but in a cooperative organization employees can interact as teams, and this is only possible in a corporate culture that cultivates and supports trust among employees.

Underlying these two conceptions of the task of managers is a deeper question: do we perceive business activity as coordinated or cooperative? And of course the same question applies at the level of the social order: do we see society as a fair system of social cooperation, or as a collection of self-interested individuals that function more like a crowd? According to Aristotle, humans are political animals in the sense that we need communities in order to be fully human. We see echoes of this in the thought that work should create community through collaboration with others. And when work fails to do so we feel alienated, not from the products of our work but from other persons. This line of thought suggests that as humans we can only realize our potential in cooperative work settings and in cooperative society.

In the business context, this line of thought also raises important—and difficult—practical questions about the management task, about how to build corporate cultures that support cooperative relationships. One deep insight is that trusting others makes them more trustworthy. I want to conclude with a philosophical point that can explain why this is the case.

As noted, coordinated organizations

require incentives and sanctions in order to keep individual interests aligned; they do not require trust. That is one of the jarring insights here. And the point shows just how impoverished coordinated organizations are—from the perspective of inter-personal relationships—even if organizations of that sort are effective and even efficient at achieving corporate-level outcomes. Cooperative organizations do require trust, but how do we best understand what it means to trust another person?

Trust is defined as a willingness to work with another person or organization in a way that makes oneself or one's organization vulnerable, but with confidence that the other will not exploit that vulnerability. Trust so-conceived is a strategic calculation that the potential benefit of working with another person exceed the possible risks, but that strategic calculation cannot support cooperative relationships, with a commitment to shared goals, mutual accountability and group-level benefit. We might want to know those probabilities, the strategic calculation might be important in a decision of whether to work with and to trust another, but trust is more than a willingness to act given those probabilities and that strategic calculation.

Much of my own research concerns an alternative conception of trust as an invitation: When I trust a co-worker, in effect I invite the co-worker to be part of a moral relationship, one that involves moral commitments, not probabilities, not calculations about the likelihood that another will exploit vulnerability. Moral relationships can support shared goals, mutual accountability and a commitment to group-level benefit. So when I trust an employee to manage resources efficiently, the relationship itself takes on moral weight, and helps create

an environment that supports shared goals. Trusted persons in relationships of this sort will no longer view vulnerabilities as situations to exploit, because the trusted person is now part of the group—or really, part of the team—that shares the vulnerabilities. That is why trusted persons become more trustworthy.

It is suggested trust reduces the need to monitor relationships, that teams built on trust are more productive, and so on. But the point here is that cultivating trust is more important than instrumental gains of this sort. Genuine cooperative relationships are essential for fostering human development, both our own and that of our employees and coworkers; cooperative relationships are part of what it means to treat a person with respect, in that respect requires attention to the other person's or the other organization's goals (beyond our own or our organization's goals); and work can only fulfill its function of creating community if it supports cooperative relationships.

MARC A. COHEN is an Assistant Professor in the Albers School of Business and Economics at Seattle University. He earned a doctorate in Philosophy from the University of Pennsylvania, and holds a joint appointment in the philosophy department at Seattle University. His academic work concerns social contract theory and exploitation in business ethics; emotions, decision-making and rational agency in moral psychology; and more general questions in moral/ political philosophy about what makes society more than an accidental crowd. Prior to joining Albers, Dr. Cohen served as Vice President and Corporate Strategist at Branch Banking & Trust Co. (North Carolina), as Assistant Vice President in the Bank's middle market commercial lending group, and as a management consultant at Mercer Management Consulting (now part of Oliver Wyman). He also served as adjunct faculty in the philosophy departments at George Washington University and Wake Forest University.



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Upcoming Events

ALBERS SCHOOL OF BUSINESS AND ECONOMICS EXECUTIVE SPEAKER SERIES

(Free and open to the public)

Time: 5:30 to 6:30 PM

Location: Pigott Auditorium

- **April 20 (Wednesday)**
Kim Harris
President, Puget Sound Energy
- **May 19 (Thursday)**
Kurt DelBene
President, Microsoft Wholesale

EMBA INFORMATION SESSIONS

Time: 5:30 PM

Location: Pigott 146

- **April 6 (Wednesday)**
- **May 5 (Thursday)**
- **June 6 (Monday)**

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