

INSIGHT

Fall 2018

INNOVATION

CHRISTOPHER GEORGE

*fulfills entrepreneurial dream
in subscription box industry*

Encouraging
*an entrepreneurial
mindset*

Investigating
effective leadership

Exploring
new ventures

PROGRAMS OFFER
POWERFUL OPPORTUNITIES
FOR BUSINESS STUDENTS

INSIDE INSIGHT

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MESSAGE FROM THE DEAN

Inspiring Innovation

The Dodge Brothers, members of Oakland's founding family, were significant contributors and innovators of the automotive and manufacturing industries. Their pioneering spirit is infused across our campus, curriculum and programs. Our business students reap the rewards of that rich heritage, and reflect the Dodge Brothers dedication and work ethic, leading them to success in the classroom and in their careers.

With a pioneering passion and a relentless resolve to make a difference, Oakland business alums are innovators, entrepreneurs, change agents, disruptors and leaders. Our programs are the catalyst that empower talented, driven students with the education, experience and skills to make a difference.

From launching ventures that advocate for people with disabilities to leading a burgeoning industry; from defining successful entrepreneurial leadership traits to discovering the unexpected benefits of a wide CEO-to-worker pay gap, the articles in this issue showcase how Oakland's experiential mindset puts leaders on a pathway to transform the business world. ➤



Michael A. Mazzeo, Ph.D.
Dean and Professor of Finance
Oakland School of Business Administration

CONTACT

School of Business Administration
Oakland University
275 Varner Drive
Elliott Hall, Room 432
Rochester, Michigan 48309-4485

EXECUTIVE STAFF

- Michael A. Mazzeo, Ph.D.**
dean and professor of finance
- Nivedita Mukherji, Ph.D.**
associate dean and associate professor of economics
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THINKING INSIDE THE BOX

By Rachel Oakley

Subscription services have evolved into one of the hottest trends. Forbes reports the market has more than doubled each year for the past five years. After successfully breaking into the market targeting a new niche, one company is also working to improve the industry.

Christopher George, MKT '06, entered the subscription box industry in 2014, when he teamed up with John Haji and Paul Chambers as co-founders of Gentleman's Box, a curation-based subscription service that aims to effortlessly equip busy men with stylish accessories and essentials.

George, who serves as CEO, says getting into this industry fulfills an entrepreneurial dream he had since studying business at Oakland University.

"I always wanted to do something in the internet space, the internet was the future," he says. "Launching Gentleman's Box fit right into my goals and it fit in with where the industry was going in terms of e-commerce - people purchasing less in retail stores and more online."

THOUGHT LEADERSHIP

After establishing the lucrative niche service for men, George aspired to improve the network within the industry.

"An entrepreneur always needs to be learning," says George. "We've got two ears and one mouth, so I always say listen twice as much as you talk. That comes with experience. A big part of that is looking at what other successful businesses are doing and evaluating how to incorporate that into your business."

This is the mentality that drove George to seek a forum where members of the subscription box industry could meet and share information. "I wanted to network with others in the industry and meet brand partners to help us grow our business. Nothing like that existed," says George.

Seizing the opportunity, George and his Gentleman's Box co-founders created and hosted the first ever Subscription Summit, or Sub Summit, September 2016 in Detroit.

What started as a one-and-a-half day conference with 175 attendees, 12 sponsors and 15 speakers quickly grew to a three-day event with nearly 800 attendees, more than 75 sponsors and 80 speakers. Sub Summit is the first and only conference where those who work in or with the subscription box industry gather to learn about industry drivers, best practices, scalable business models, marketing, positive impact and profitability.

This evolution positions the Gentleman's Box founders as thought leaders in the subscription space. "We started one business and pivoted to a role responsible for shaping an industry," says George.

INDUSTRY BUILDING BLOCKS

Building on the success of the annual conference, George and his colleagues launched a trade association called SUBTA, Subscription Trade Association. "We did it to maintain the networking and brand-building momentum throughout the year," he says.

In addition, SUBTA's goal is to govern the subscription commerce industry, a radical undertaking which aims to benefit e-businesses as well as their customers by creating an online community, knowledge hub and accreditation process.

"There's no regulation or certification for the industry," says George. "We're building the trade association into something that is significant for members. We're developing certifications and accreditation processes to benefit business and consumers."

George's pride in his business and industry is clear.

"An entrepreneur always needs to be learning."

Christopher George



The Gentleman's Box

Gentleman's Box is a subscription box service for the modern gentleman. Hand selected items are chosen monthly, inspired by specific gentlemen in popular culture, and sent out to members with literature that offers friendly tips and tricks on how to improve on all aspects of their lives. Each box includes items such as socks, ties, grooming products and clothing - with a focus on educating men on how to become a better gentleman.

gentlemansbox.com

© Adam Sparkes

photo above: Christopher George, MKT '06, founded The Gentleman's Box to equip men with stylish essentials and accessories.



PUSH GODDESS DRIVE, DETERMINATION MAKE MARKETING ALUM AN UNSTOPPABLE FORCE

By Liz Lent

At five, Sharina Jones nearly lost her life when a seven year old shot her in the back. Paralyzed since, Jones hasn't let her injury slow her down. Today, the School of Business alumna leads three ventures focused on advocacy and improving the lives of people with disabilities.

Jones founded Think Beyond the Chair (TBTC), an organization that provides social support and activities for members, as well as events, educational initiatives and advocacy opportunities, to empower and embolden physically challenged individuals. It matches people – often those who are newly paralyzed – with individuals who have gone through similar experiences, creating one-on-one relationships that prove instrumental in changing attitudes and situations.

"People call us from hospitals all over the world, saying 'I have someone who needs your help,'" says Jones.

Working in partnership with organizations, such as the Christopher Reeve Foundation, the group's peer mentors are certified to help others overcome the emotional, psychological and physical challenges they face.

Next, Jones launched the blog Push Goddess. The name came from something her parents told her growing up. "When I was young, my parents would tell me 'you're beautiful, you're a queen' and I'd say, 'I'm going to be a goddess because everyone loves goddesses.'"

She uses this positivity to inspire women in wheelchairs. "I was very young when this happened," Jones says. "The younger you are, the easier it is to overcome and adapt. My parents did not treat me any differently from my siblings. It would take me an hour to vacuum the living room, but I did it. I've always been independent and I believe my parents were behind that."

Jones' third venture, GNS Medical Supplies, arose out of her disappointment with corporations that do not give back. When reaching out to companies to support a Christmas gift sharing program for children, Jones was shocked by how many firms said no. "The lack of support really blew us away," Jones says.

Jones and her husband started their own medical supply company that would give back to the community. Thirty percent of the company's profits are used to provide support for children and adults with disabilities, including funds for wheelchair hand controls, school scholarships, the Christmas gift program and aid for individuals who cannot afford insurance co-pays. "I don't want anyone to have to choose between food and medical supplies," she says.

Jones credits Oakland University with helping her channel her entrepreneurial drive and spirit successfully into business. After finishing a two-year degree at a local community college, Jones enrolled at Oakland University to earn her bachelor's degree in marketing. "The campus was

really accessible, which was wonderful," Jones says. "I liked OU because I didn't want to be far from my family,"

"OU helped form me into who I am today and encouraged me to take chances," said Jones.

Her experience with Oakland's entrepreneurial student organizations proved transformative, supporting and cultivating her own independent instincts. "I met lifelong friends and it was probably the highlight of my time at Oakland," Jones says.

As her businesses grow, Jones has no intention of slowing down. She and her husband recently returned from Panama where they delivered 160 wheelchairs to a school for special needs. Next, they will be helping an orphanage with wheelchairs and accessibility for their building. She also is guiding expansion for TBTC in Florida where they will work on accessible boat tours and recreation.

With her extraordinary drive and determination, Jones remains focused on using her gift for business to help others. There is no chance of this Push Goddess slowing down. ➤

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Sharina Jones, MKT '03, channels positivity to inspire and advocate for people with disabilities.

"I don't want anyone to have to choose between food and medical supplies."

Sharina Jones



© Phil Carter

Pushing Boundaries EXECUTIVE MBA ALUM LEVERAGES LEARNING FOR ADVANCEMENT, INNOVATION

By Rene Wisely

The rewards came quickly for Dave Hutson, EMBA '18, a senior product engineer who works in filtration for Eaton in Galesburg, Michigan. A month after completing Oakland's Executive MBA program, he teamed up with two partners to launch a new side business, Blue Bridge Properties LLC., a real estate investment company.

The partners came on board after hearing Hutson discuss a project he and his classmates developed as part of their Oakland Executive MBA program.

Hutson and his classmates created a business plan to launch Grand River Cycle Boats, a passenger pedal-powered boat excursion company in Grand Haven, Michigan (see related story). The plan incorporated the skills they honed in the 21-month program, including accounting, data analytics, marketing and negotiation.

"I've proven my business acumen to my new partners and they are confident in my

abilities and that's a direct testament to my Executive MBA," says Hutson, a Kalamazoo, Michigan, resident.

FORWARD-THINKING

Hutson, a Michigan native, long held the goal of joining the c-suite, even as he earned his bachelor's degree in chemical engineering from University of Colorado Boulder in 2008. He then worked in the gas and oil industry in eight different states, including Wyoming, Louisiana and New Mexico.

"I want to sit at the table to help steer a company into profitability in a responsible fashion," he says. "It doesn't matter if the company is a Fortune 500 or a small company, I'd like to be an executive."

Earning an MBA had always been part of his plan. He put it off for eight years, despite being a life-long learner and lover of new adventures — he enjoys whitewater rafting, scuba diving and snowboarding.

Dave Hutson, EMBA '18, advances his career and expands his business interests.



(Top) Grand River Cycle Boats LLC team members (left to right) Shawna Ramsey, Nanette Mapes, Dave Hutson and Melanie Woods.

(Bottom) Kids Kutlery LLC team members (left to right) Stephan Zhukov, Lata Patel and Greg Mazurek.

A Case for Business

Creating a business case from the ground up was the heart of an OU Executive MBA project. Student teams identify a need or problem and attack it with the skills they learned in their 21-month cohort, everything from accounting to data analysis.

Two teams from the class of 2018 are putting their Executive MBA degrees to work in their professional careers and poised to launch their class assignments as startup enterprises.

Grand River Cycle Boats

A private charter passenger-pedaled boat where 16 patrons may bring their own snacks, beverages and music on a guided tour of a Michigan waterfront. The case

That changed after a training session at his employer at the time, Consumers Energy, where he was a gas systems engineer in Clinton Township, Michigan. During that session, a guest speaker from another university outlined its Executive MBA program.

"I wasn't aware programs like this existed," says Hutson. He reached out to the speaker to learn more. After listening to Hutson's goals, the speaker steered Hutson to Oakland's Executive MBA program.

"When I heard about Oakland's program, I knew it was exactly what I needed," says Hutson. In addition to meeting his career goals, the quality of Oakland's program combined with its schedule, location and value stood out.

The program meets every other Friday night and Saturday, which made it possible for him to take a new job and move with his wife, Bobbi, and their two children, to Kalamazoo in the middle of the program. A classmate offered him a spare room every other Friday night to ease his commute.

"I'm not sure what the future will hold for me and I like that," he says. "I know I am better equipped to achieve any goal I set now that I have the Executive MBA in my tool kit. This accomplishment has presented new topics of interest to me and will create opportunities I never knew existed. I'm energized, equipped and ready to make a difference." 🍷

was put together by Dave Hutson, Melanie Woods, Nanette Mapes and Shawna Ramsey.

"We wanted to create something that could be impactful, meaningful and live off the pages of our paper," Hutson said.

Kids Kutlery, LLC

Restaurants offer kid menus, kid-sized cups and kiddie meals, yet only adult silverware. Teammates Stephan Zhukov, Greg Mazurek and Lata Patel, D.O., plan to fabricate kid-sized cutlery and sell it to restaurants, donating 10 percent of the profits to hunger charities.

Both projects are in the prelaunch phase as each work on industry-specific issues.

Funding is secured for the Grand River Boats and the team is investigating marina options. Team Kids Kutlery is exploring suppliers while evaluating the potential impact of tariffs.

"I am better equipped to achieve any goal I set now that I have the Executive MBA in my tool kit."

Dave Hutson



"You simply must not be afraid to step outside of your box and take chances."

Rob Meyer

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EDUCATION, EXPERIENCE LEADS TO CAREER IN SUSTAINABLE ENERGY

By Chris Lewis

Success isn't always a straight line. Connecting the dots between interest, experience and opportunity empowered Rob Meyer, MGT '08, to enter and excel in the competitive electric vehicle industry.

Now a global supply chain manager at Silicon Valley's Tesla, Inc., whose mission is to accelerate the world's transition to sustainable energy, Meyer works alongside some of the best and brightest industry leaders.

"We are truly changing the world. Alternative and sustainable energy sources are the future — and it's happening now," Meyer says. "I am ecstatic and grateful to help make history."

Meyer traces his success to his undergraduate business education at

Oakland University. "Education is absolutely the number one priority at Oakland," he says. "It's also important to branch out of your comfort zone to get involved."

Extending his comfort zone expanded Meyer's worldview. As a sophomore, he enrolled in an anthropology class about China that, in his words, "opened his eyes to how big the rest of the world is." During his senior year, the professor of his business management capstone further encouraged his interest in international business.

"It was then I realized that whatever line of work I did, I wanted to work internationally," he says.

After graduation, he worked as a buyer at Continental Automotive, which led to an international assignment in Shanghai, China. Once he completed that assignment, he transferred to Ford Motor Company's Purchasing Program Management group and worked with its joint venture in China.

While working overseas, he learned how crucial having a thorough understanding of a country's attitudes, cultures and histories is. This knowledge would prove vital for his next position at Tesla where he found an environment that encourages innovative thinking.

"At Tesla, I soon learned there are no boundaries in Silicon Valley," he says. "You simply must not be afraid to step outside of your box and take chances." 🍷

Business and anthropology courses whet Rob Meyer's, MGT '08, appetite for a career in international business.

Entrepreneurial endeavors

These innovative business alums demonstrate an entrepreneurial spirit through new business ventures and ideas.



Eden Abrahamian, MKT/CAS '14, co-founded Kyus Group, a motorcycle import and broker company.



A serial entrepreneur, Andrew Androff, MKT '02, co-owner, ProfessionalMovers.com, founder, MovingCalculator.com, remains focused on improving the customer experience with moving, recently launched RentalCrates.com, which allows customers to rent reusable plastic moving boxes to help pack and move their home or office. The company is the first and only to offer an easier, cheaper, and eco-friendly alternative to cardboard boxes.

Brandon Bahoura, MKT '07, founder, opened his first Pita Way in April 2010 in Clarkston, Michigan. Immediately, Pita Way become known for its food, prices, comfortable atmosphere and friendly service. Seven years later, Bahoura has grown Pita Way to four locations.

Andrew Fusco, ACC/MKT '14, MBA '17, cofounder, with his family launched Fusco Photo Booths while completing his MBA. Fusco Photo Booths strives to be a family-centered company focused on making events picture perfect.



Johanna Gustafsson, MGT '12, founder, Leverage, and co-founder, Future Fitness Lab, develops and publishes virtual reality games focused on fitness.

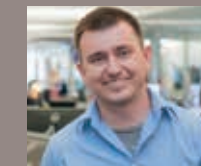
Elizabeta Ilich, MGT '03, owner, Express Employment Professionals offers customized staffing that is solutions driven and people focused.



Matt Loria, FIN '00, CEO and partner, Auxiom, is the Inventor and Chief Smile Officer of The SmileStick.

Mark Mendola, ACC '86, owner, D'Marcos Italian Restaurant and Wine Bar, opened the new downtown Rochester eatery near Oakland University. Mendola is also an active member of the business school's Board of Visitors and Vice Chairman and US Managing Partner at PwC.

Tony Prainito, MKT '04, owns and operates several businesses in Mount Clemens and Royal Oak. From the Belgian and American restaurant and feather bowling place Bath City Bistro to the Emerald Theater that hosts events from concerts to weddings, and even the independent coffee shop Atomic Coffee, Prainito's innovative business ventures lets him put his marketing degree to work. Prainito is also the owner and operator of Iron Horse, D'Amatos and Goodnite Gracie.



Kevin Pratt, MBA '14, product owner, Quicken Loans, and co-founder of Motown Aquaponics, aims at providing high-quality produce at an affordable price. The organization teaches others the science of aquaponic farming, the most sustainable form of agriculture that can be done almost anywhere.



Rick Williams, MKT '06, owner, designer and brand manager, Burn Rubber, a fashion boutique entrenched in Detroit's vibrant sneaker community known for its creative custom collaborations that pay homage to Detroit's history and iconography; co-owner and creative director, The Distinct Life, a creative agency with clients such as Reebok, Beats By Dre, General Motors and Shinola; co-owner CREAM blends, with his wife, Yolanda, CAS '05, who created a natural skin care product line, now available in Whole Foods.



Tej Yale, MKT '13, MBA '16, founded ThinkImpact Inc., a digital marketing organization based in Rochester Hills.

Compiled by Starr Brown



ENTREPRENEURIAL COMPETITION REWARDS IDEA GENERATION

By Rachel Oakley

Equipped with three slides and four minutes, five finalists of a school-wide business idea pitch competition, sponsored by OU's School of Business Administration, presented their ideas to a panel of experienced entrepreneurial-minded professionals for the chance to win cash awards.

"Unlike other business plan competitions, the focus of this competition was idea generation. Unfortunately, many business plans go to the trash can because they start from ill-defined ideas, or uncreative ideas," says Assistant Professor of Entrepreneurship and competition coordinator Jae Kang, Ph.D. "This event was designed to help students with the initial idea."

Of the 25 proposals submitted, judges selected the finalists who participated in a development workshop preparing for the last phase of the competition. Finalists then

presented their ideas to a panel of experienced, entrepreneurial-minded professionals.

"As judges, we focused on how well thought out the idea was, the clarity of the presentation and the feasibility and approach to solve the stated problem," says Ray Gunn, MGT '80, president, Blake's Orchard Inc., who served as one of the judges. Gregory Doyle, manager at Oakland County One Stop Shop Business Center, and Jim Roberts, CEO, Jim Roberts Enterprises, also served as judges.

Fawaz Alkhudhayr, engineering junior, took home the \$2,000 gold award. His proposal aimed to add diverse food options on campus by introducing a Middle Eastern food, snack and juice truck.

Samantha Roberts, MKT '18, captured the silver award with her PodU proposal, a podcast-based app to connect students to

lectures and class materials. Patrick Adamus, marketing junior, received the bronze award for his idea to create an Oakland Network app, which would include sections on parking availability, professor ratings, discussion boards and petitions

Judges were impressed by the imagination and work that went into the finalists submissions.

"There's an awful lot of talent at Oakland University and I'm sure I was only seeing the tip of the iceberg," says Doyle. "There were some brilliant students and I'm looking forward to next year's competition. It was just a great experience for everybody who participated." 🐾



Top: Professor Jae Kang (far left) and competition judges Ray Gunn and Greg Doyle (far right and second from right) congratulate pitch winners Fawaz Alkhudhayr, Samantha Roberts and Patrick Adamus. Bottom: Judges Greg Doyle, Ray Gunn and Jim Roberts



Leadership Lessons

EXAMINING LEADERSHIP, INNOVATION AND SUCCESS

By Susan Thwing

Early in his career as a Change Management Consultant for Accenture's Korean organization, charged with developing a project plan to divide a government-owned energy utility into multiple private entities, Jae Kang, Ph.D., witnessed the power of different leadership styles.

"My supervisor at Accenture was a very charismatic leader," Kang says. "He pushed me; he said 'Jae, I want you to be a mountain climber, not a wanderer.' He supported my efforts and also challenged me to innovate and excel."

Struck by the immense influence leadership style has on employee behavior and organizational success, Dr. Kang, assistant professor of management and entrepreneurship at the OU Business School, began constructing the foundation of his expertise in change management, leadership, innovation and entrepreneurship.

Combining his business experience with an MBA and Ph.D. in organizational behavior and entrepreneurship from the University of Maryland and George Washington University respectively, Dr. Kang joined the Oakland University Business School in 2013. Since then, Dr. Kang has explored change management and the leadership methods that promote company and employee innovation and success.

Assistant professor of management and entrepreneurship Jae Kang, Ph.D., explores the impact of leadership styles on employee innovation.

"There are leaders who promote creative and innovative behaviors capable of transforming an organizational climate," he says. "But there are different kinds of leaders who excel."

A research study by Dr. Kang highlights transformational and transactional leadership styles in small, young entrepreneurial firms.⁽¹⁾

Knowing which style works for each organization is key. "The practical implication is that there is an invisible force within an organization that makes the organizational climate and culture innovative and creative," Dr. Kang says.

"Great leaders have a strong passion for challenging goals, and they inspire that in others," he says. "But if the leader does not work with the follower to achieve this goal, they will not be successful. Leaders, no matter how skilled, cannot achieve their goals alone."

Another of Dr. Kang's studies focuses on employee innovation.⁽²⁾ Dr. Kang discovered companies must establish multiple organizational climates that promote proactivity, risk-taking and innovation for employees to behave more innovatively.

The passion and knowledge Dr. Kang exhibits for entrepreneurship and innovation advances the Oakland University community. In addition to his research, Dr. Kang teaches entrepreneurial courses and advises the minor program. He directed Oakland's campus wide idea pitch competition (see story opposite page) and is actively involved in the Ideas 2 Business program, to equip small businesses with targeted assistance from mentor-led student teams. 🐾

(1) CEOs' Leadership Styles and Managers' Innovative Behavior: Investigation of Intervening Effects in an Entrepreneurial Context. *Journal of Management Studies*, 52(4), 531-554, Kang, J., Solomon, G., Choi, D. (2015).

(2) Interactive Effects of Multiple Organizational Climates on Employee Innovative Behaviour in Entrepreneurial Firms: A Cross-Level Investigation. *Journal of Business Venturing*, 31(6), 628-642, Kang, J., Matusik, J., Kim, T., Phillips, M. (2016).

METRO DETROITERS DRIVE INNOVATION

Metropolitan Detroit produces high value inventors at a rate greater than most other areas.

From the steam engine to the search engine, innovation is the engine of economic growth. As the birth place of the automotive industry and Motown, entrepreneurship and innovation is ingrained in Detroit's DNA.



A recent insight from Oakland's Southeastern Michigan Economic Data Center (SEMEDC), presented by Flagstar, looks at how the Detroit region stacks up against areas synonymous with innovation.

Drilling deeper into a nationwide study of "Who Becomes an Inventor in America?*", Jonathan Silberman, Ph.D., professor, economics, and director of Oakland's SEMEDC, found Metropolitan Detroit produces high value inventors at a rate greater than most other areas.

"The Detroit region invests heavily to grow innovation and entrepreneurship by improving STEM education, promoting autonomous vehicle research, and offering tax incentives and research funds to attract and retain innovation companies," Silberman says.

Over the course of the study, that investment has paid dividends. Consider, Detroit:

- Ranks first for highly cited childhood inventors
- Is fifth in the nation for childhood inventor rate
- Childhood inventors receive patents in a more diverse set of technologies than those from other regions

The data shows people "who grow up in the Detroit region become inventors at a high rate compared to other regions, and those Detroit-born inventors make a bigger difference as measured by citations," Silberman explains. "Though they do not necessarily become inventors in their hometown."

This analysis raises two important observations:

- Supporting the childhood innovation with mentoring programs and innovation internships should be a priority.
- Nurturing an environment and providing amenities may encourage Detroit-born inventors to remain in the region. ➤

STRENGTH

Unleash your leadership potential and accelerate your career with a graduate business degree from Oakland University. Prepare to tackle the challenges businesses face with strategic insight and executive-level understanding through expert-led courses, lively discussions and real-world practice of contemporary management theories and strategies.

With an Oakland graduate business degree, you will be well-equipped to meet the challenges of today's global economy with technological expertise, savvy business know-how, cross-functional knowledge and strong communication skills. Learn how at oakland.edu/business/grad.

Passionate about meeting the needs of mentally ill, developmentally disabled and substance abuse populations, Jacqueline Barber enrolled in Oakland's MBA program to strengthen her business skills and her ability to create solutions that make a difference.

JACQUELINE BARBER
Social Services Specialist and Business Manager,
Detroit Wayne Mental Health Authority
OU MBA Student
BA Economics, Howard University



SCHOOL OF BUSINESS
ADMINISTRATION

INVENTION AND INNOVATION

INVENTOR RATE



1. Detroit
2. San Francisco
3. Seattle
4. Minneapolis
5. Chicago

TOP INDUSTRY PATENTS FOR DETROIT INVENTORS



1. Computers and Communication
2. Mechanical
3. Electrical and Electronic
4. Drugs and Medical
5. Design and Plant

TOP INDUSTRY PATENTS



- Silicon Valley: Computers
- Minneapolis: Medical Devices
- Madison: Pharmaceuticals, Medical Imaging
- Seattle: Computer and Peripheral Equipment
- Chicago: Pharmaceuticals, Electrical Equipment

CHILDHOOD INNOVATION RATE



1. San Jose
2. Madison
3. Minneapolis
4. San Francisco
5. Detroit

Read the full SEMEDC insight on this topic and others at oakland.edu/semcdc.

*Who Becomes an Inventor in America? The Importance of Exposure to Innovation, Alex Bell, Raj Chetty, Xavier Jaravel, Neviana Petkova, John Van Reenen, NBER Working Paper No. 24062, December 2017



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Sha Zhao, assistant professor of accounting, explores the relationship between CEO pay ratios and employees.

INNOVATIVE STUDY YIELDS UNEXPECTED RESULTS ABOUT CEO PAY RATIOS

By Susan Thwing

Sha Zhao, Ph.D., doesn't believe in assuming. When looking at the intense policy debate over income inequality in the U.S., Dr. Zhao, an Oakland University Assistant Professor of Accounting, did not make the standard assumption that CEO pay was skyrocketing — as the gap between leadership and worker salaries widened — with little benefit to the company.

Instead, a recent study conducted by Zhao, along with Professors Qiang Cheng of Singapore Management University and Tharindra Ranasinghe of the University of Maryland, concluded that higher CEO-to-employee pay ratios can mean a more successful business.

The paper, *Do High CEO Pay Ratios Destroy Firm Value?*, was presented at the American Accounting Association conference in 2017 and received extensive media attention including from MSN Money and MarketWatch.

"A group of us were discussing the mandate by the Dodd-Frank Wall Street Reform and Consumer Protection Act, that requires a public company to disclose the ratio of its CEO's compensation to the median compensation of its employees," Zhao says.

Zhao says the increasing CEO pay ratio is a key catalyst of controversial policy debate over income inequality in the U.S.

"The Dodd-Frank rule provides transparency to shareholders about pay disparity between senior executives and workers, but there are other questions to ask as well. Do the high pay ratios depress employee morale? If so, is the demoralizing effect sufficiently large to harm the overall firm value and performance?" she says.

In the study, Zhao and her co-authors used information on worker salaries to examine how the ratio of CEO compensation to that of average workers relates to firm value and performance. The professors examined CEO pay ratios for 817 firms, whose CEOs had an average annual compensation of \$7.8 million, and whose workers' mean pay was about \$74,000. They then measured the firm's profitability and the market value of company stock and debt to its book value.

What they found, oddly enough, was that the higher the gap is between CEO pay and that of the median worker, the better the company performance.

"Taken together, these findings indicate that reductions in worker productivity (if any) due to high disparity between CEO pay and average worker pay are not

significant enough to have firm-wide value and performance implications. They are also inconsistent with the notion that high CEO pay ratios signal governance failures and CEO rent extraction. In contrast, our results are consistent with the argument that firms with high CEO pay ratios are likely to be managed by more capable CEOs," the paper says.

Importantly, the professors do not contend that the higher pay ratios cause the better performance, but the higher pay may reflect the search for better-performing CEOs who do lift company performance.

"The results are consistent with the argument that high CEO pay ratios are an outcome of market competition for scarce CEO talent," Zhao says.

Using the results in many of her classroom discussions, Zhao says that opinions vary widely among her students, including conversations about what is fair pay, the balance of pay ratios and what it means to public perception. Zhao notes that the study focuses on economic aspects of pay disparity and does not allude to broader social norms such as fairness and social equity. Zhao hopes the findings will lead to further research, and in-depth discussion about these unresolved issues. ➤

"The results are consistent with the argument that high CEO pay ratios are an outcome of market competition for scarce CEO talent."

Sha Zhao

BUSINESS FOUNDATION YIELDS LIFELONG RETURN ON INVESTMENT FOR MBA ALUM

By Rene Wisely

© Adam Sparkes

"[Oakland's business school] was fertile ground for the mind, with easy access to real-world lessons."

Ken Janke

Kenneth Janke, MBA '85, recognizes a good investment. When the insurance industry expert joined the Oakland University business school Board of Visitors in 2017, he figured the returns would be plentiful. He was right.

"I'm really enjoying this role," says Janke, who has quickly become an advocate for the school, sharing advice and introducing many members of his network to the school.

In return, he's reconnected with a favorite OU instructor and met like-minded business leaders who gather several times a year in his native state to guide the business school in reaching its strategic vision.

Ken Janke, MBA '85, credits his OU business education for his success.

Janke retired this year after a storied career at Aflac, which sells supplemental life and health insurance policies. Janke joined the company as manager of investor relations and moved to its headquarters in Georgia one month after earning his MBA.

At Aflac he focused on investor relations for 25 years before moving into finance. A valuable member of the organization, Janke served as president, deputy chief financial officer, treasurer, head of corporate finance and development, senior advisor and senior vice president of investor relations. In 2010, Janke, then senior vice president, was named on the list of America's Best Investor Relations Professionals and Aflac was named Best Investor Relations Company.

"At Aflac Ken earned a reputation as a well-respected leader and strong advocate for thorough disclosure and transparency in Aflac's approach to the investment community," Kriss Cloninger III, then Aflac president and CFO, said in a press release for one of Janke's promotions.

Janke credits his Oakland University business education for his success.

After graduating from the University of Michigan with a bachelor's in political science, Janke joined the National Association of Investors Corporation (now BetterInvesting) as director of corporate services. That's where he discovered his passion for investor relations.



Ken and Kim Janke visit Oakland's campus.

"Investor relations was my calling, my dream job. It was the reason I went back to school. I needed a firmer foundation in business," says Janke.

While researching business schools, Janke discovered the Oakland MBA program met all his criteria: professors working in or connected to the surrounding business community; convenient evening courses that allowed him to continue getting experience in investor relations and a great location close to home and work.

"It was fertile ground for the mind, with easy access to real-world lessons," he says.

A LASTING LEGACY

He relied on those lessons throughout his career. He fondly looks back on one from Special Instructor Frank Cardimen.

"I distinctly remember him complimenting me after a presentation. Then he reminded me to keep my hands out of my pockets,"

Janke says. "He observed that I jingled my keys when I was nervous. In investor relations, you give presentations every day, whether to one person or a roomful. I always remember his advice."

Cardimen chuckles at Janke's story. He's doled out that wisdom to many students since he started teaching at OU in 1979. Cardimen recalls Janke as "bright and quiet, but when he spoke he had a lot to say."

Despite Janke's many visits to the Oakland University Business School over the years, including twice to deliver commencement addresses, he and Cardimen didn't reconnect until Janke joined the Board of Visitors. Now they talk frequently. "It's clear from talking with him that he wants to play a role in helping his alma mater," Cardimen says.

Recognizing the long-term value of an OU business education, Janke and his wife, Kim, are hoping to help future business students reap similar benefits. Together, they

made the first pledge to support expanding Elliott Hall, home to Oakland University's Business School, to allow more room for business courses, experiential learning, research activity and career services.

Janke knows giving back is a good investment in the future. ➤

*"Investor relations was my calling ...
It was the reason I went back
(for my MBA)."*

Ken Janke



Summer Camp HIGH SCHOOL CAMPERS DIVE INTO BUSINESS

By Liz Lent

Nearly 100 high school students explored the intricacies of business in three pre-college summer camps hosted by Oakland's business school. Diving into leadership, the various business disciplines, career-related skills, college readiness, financial literacy and actuarial science, campers discovered the myriad of ways in which business could influence their future.

One of three camps, the Summer Business Institute (SBI), offered campers a residential option to the Explore the World of Business camps, giving them a taste of campus life in addition to a business foundation.

The b-school's SBI leaders partnered with local educators and youth organizations to ensure students from throughout southeast Michigan had a chance to attend. The SBI camp welcomed 38 students from throughout Metropolitan Detroit, including students from Pontiac, Flint and the City of Detroit.

Led by Oakland business professors, the camp introduced students to leaders from some of Detroit's top firms through

on-campus lectures and corporate visits. The field trips brought camp lessons and lectures to life, whetting campers' appetites to learn more about careers in business.

Campers spent a full day at Quicken Loans, hearing from executives, learning about marketing and management information systems, and seeing the real-world results of corporate investment and community involvement on a two-hour walking tour of Detroit. Other excursions included Lear and Krispy Kreme.

"Quicken Loans was my favorite," says Jacque Miller, senior, Dakota High School in Macomb Township. "We got to learn about so many different countries and see how they work together in business."

This glimpse of the business world in action piqued many students' interest in business careers.

"I learned there's much more to business than I thought," says Jalen Person, senior, Detroit's Cass Technical High School. "It changed my impression. I'm considering studying it in college."

"Learning about social media marketing made me want to study more about business," says Michelle Scott, senior, Chippewa Valley High School in Clinton Township.

This type of feedback is a reward for the OU business professors and administrators who organize and lead the camps.

"It's the joy of an educator to see that light switch on," says Frank Cardimen, special lecturer, who co-led the camp. "We're here to help them think about what it would take to get into business school, gain some new skills and think about business as part of their future."

Underscoring the value corporations place on educating youth, corporate sponsors welcomed the opportunity to help youth explore leadership, careers and college. SBI sponsors included: Ally, Chemical Bank, Ernst & Young, KPMG and Quicken Loans. ➤



Sponsors support tomorrow's leaders through summer camps

Corporate social responsibility and community engagement takes many forms. For the OU Summer Business Institute (SBI) summer camp, corporate partners played a pivotal role in helping prepare the next generation of business-savvy employees and entrepreneurs.

Thanks to the support of sponsors Ally, Chemical Bank, Ernst & Young, KPMG and Quicken Loans, dozens of Metropolitan Detroit high school students gained insight into business, met executives and experienced campus life.

"We genuinely appreciate the support of our sponsors," says Michael A. Mazzeo, dean and professor of finance, Oakland School of Business. "The support and involvement truly enriched the experience for these future business leaders."

From donating funds to support the camp and funding camper scholarships to

providing transportation and speakers, sponsors helped bring business to life for dozens of campers.

"Not every young person has a role model in the business world," says Brittany Zeigelbauer from KPMG's Campus Recruiting department. "This program exposes students to potential business career paths that they may not have considered otherwise. We need to educate our young people to foster a more diverse and inclusive workforce."

For Ally, Oakland's SBI offered a way to educate young people on financial

opportunity. "Ally believes in giving back to our communities and helping people achieve their financial dreams by supporting efforts that increase economic mobility," says Ally's Caitlin Palumbo. "A key component of economic mobility is education. Supporting education initiatives such as the OU Summer Business Institute allows us to invest in students in our community and foster the development of future business leaders."

Partners also hosted campers at their location and lent their experts to lead workshops. Quicken Loans hosted the campers for a full-day excursion



downtown, while Ally, Ernst & Young and KPMG participated in sessions focused on professionalism and financial literacy.

"Early exposure to both financial education and career guidance can provide a jumpstart to personal and professional achievement," says Palumbo. ➤

Faculty Briefs

CONGRATULATIONS



Janell Townsend

Professor of Marketing Janell Townsend, Ph.D., was named Department Chair, Management and Marketing.

Associate Professor of Economics Ron Tracy, Ph.D., was named Chair of the Economics Department.



Karen Markel

Karen Markel, Ph.D., professor of marketing and former department chair, accepted the position of Dean of the College of Business and Public Policy at The University of Alaska.

IN THE NEWS

Following Starbucks' announcement that it would close stores across the nation for one day to conduct racial bias education, The Detroit Free Press talked with Dr. Townsend about customer relationships and brand reputation.



Research co-authored by Assistant Professor of Management Caitlin Demsky, Ph.D., on how working with rude people can destroy your sleep — and how to stop it, received international media attention on radio, TV and in publications such as *Newsweek* and *Woman's Day*. The research was published in *The Journal of Occupational Health Psychology*.

Professor of Economics Jonathan Silberman, Ph.D., shared his expertise with local news outlets on trending issues such as stock market reaction to tariffs, gas price increases and tax reform impact on the mortgage industry.



In the wake of the Facebook data privacy issue with Cambridge Analytica, Professor of Management Information Systems Tom Lauer, Ph.D., talked to WDIV-TV4 about internet privacy. The interview was picked up on stations across the nation.

Business Briefs

MARKETING MAJOR PUTS OU EDUCATION TO WORK IN WHITE HOUSE

Thousands of college students across the U.S. apply to the White House internship program each year. Only a fraction are accepted. In fall of her senior year, Savanna Habba, MKT '18 joined that elite group.

Thanks to her professional preparation combined with her Oakland business education, she was ready. "The opportunity the Oakland business school provides to learn how to operate in a professional environment and how to act in different situations helped," Habba says. "I wouldn't have been as comfortable in the White House without that."

Working with senior counselor Kellyanne Conway compiling polling data and collecting press clips on the White House's policy agenda, Habba assisted other departments giving her a unique perspective on the different elements of governance.

The three-month internship solidified her professional skills, leadership and confidence. "I'm a lot more organized and confident that I can tackle work, school and everything else in my life," she says. "If I was able to do well in the White House, then I can do anything."

Habba says she realized the importance of engaging in work that inspires. "I learned you have to do something you love with all your heart," she says. "I left at the end of each day feeling more inspired."



GRADUATE BUSINESS PROGRAMS RECOGNIZED INTERNATIONALLY

U.S. News & World Report's 2019 edition of the Best Graduate Schools names Oakland University's School of Business Administration in the Part-Time MBA Program specialty.

The ranking is based on average peer assessment scores; average GMAT and GRE scores; average undergraduate GPA; average years of work experience; and the percentage of the total program enrollment in the part-time program.

"Recognition from U.S. News & World Report reaffirms the quality of our MBA program, the impactful contributions from our expert faculty and the success of our students," says Michael A. Mazzeo, dean and professor of finance, Oakland University School of Business Administration. "Students come to the Oakland MBA program with diverse experiences and knowledge that allows them to take full advantage of a top-notch curriculum while balancing work and life demands."



INTERNATIONAL BUSINESS PERSPECTIVE

Professors Joy Jiang and Frank Cardimen led a group of Oakland undergraduate business students on a whirlwind trip to the Czech Republic and England where they learned about the European Union and the Euro.

In Prague, students got a feel for the renewed sense of entrepreneurship following the country's transformation from communism to capitalism. In England, the group gained perspective on how Brexit will affect the economy of the UK and EU, as well as visited businesses.

"It's an eye-opening experience, especially for our students who tend to be local, they tend to be born and raised in this area and don't have actual exposure to a foreign culture," says Jiang.

The students agree the trip opened their eyes to new cultures and experiences, allowing them to see the interconnection of globalization, business, culture and politics. "Before this trip I didn't think a career abroad was an option. But after this trip it became a lot more realistic," says Jahnvi Gudi, finance major.

BUSINESS SCHOLARS PRACTICE SKILLS

Three OU Business Scholar teams faced-off in a case competition that challenged them to deliver monetization strategies for a start-up called PassionConnect. Each team had three hours to develop a business plan and presentation, then present to the judges.

The case asked each team to develop a plan for PassionConnect, an Indian startup, that provides web-based service to help people seeking a non-traditional career path. "It's similar to the business model for LinkedIn," said Jae Kang, Ph.D., assistant professor of management and entrepreneurship. "The student teams had to present the implementation strategy, outline how to attract investor funding and explain the reasonable next step."

The members of the winning team each received \$350 in tuition credit. The OU Credit Union sponsored the OU Business Scholars program, including case competitions, this year.

"I and the rest of my team are very thankful for the support of the OU Credit Union," says Dave Bork, FIN '18. "Not only do we appreciate the financial support the OU Credit Union offers the Business Scholars Program, we also value the great feedback and guidance judges from the OUCU provide."



OAKLAND COUNTY 40 UNDER 40

The Oakland County Executive's Elite 40 Under 40 class of 2018 included three people associated with the business school. The list highlights 40 individuals each year who are under 40-years-old and exemplify great accomplishments in their fields within Oakland County.

Alexander Ayer, ECN '03, serves as an attorney specializing in commercial litigation at McDonald Hopkins. He also serves as a multi-term member of the Judicial Advisory Committee for the United States District Court for The Eastern District of Michigan.

Cheryl (Bartlebaugh) Boodram, MGT '17, vice president, sales and marketing, Chief Financial Credit Union, who leads strategic partnerships between her organization and its community.

Maria Willett, MBA student, is a founding member of the Young Professionals of Rochester, chief assistant to the City of Rochester Hills mayor and is involved with the Woman in Municipal Government Organization. As chief assistant, Willett has organized a partnership between city hall and Life Remodel to clean up blight in Detroit.

SCHOOL OF BUSINESS ADMINISTRATION

AKANKSHA PATIL

Business Analyst, Demand/Supply Analytics, General Motors

Internship at BorgWarner

MS, IT Management, Business Analytics '17, Oakland University

MBA, University of Pune

Bachelor of Engineering, Computer Science, MIT College of Engineering

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