

THE EDGE

SPRING 2017

ECBU DEPARTMENT NEWSLETTER



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COMMENTS FROM OUR READERS

Even though *The Edge* is only one issue old, we were gratified to receive a number of positive responses to Opus One from the beginning. Here are a few samples.

“I found the publication to be most informative and I appreciate the first-hand look at many activities/initiatives taking place in the Department of Economics and Business at VMI. I am especially pleased to learn about the many real-world experiences the cadets are being exposed to throughout the year.”

–**David L. Miller** ’70, Richmond, Virginia

“Thanks for sharing good stuff. I can attest the Econ department helped me become a better thinker and apply practical experiences to help me succeed in the business world.”

–**William J. Kelley** ’80, Windsor, Connecticut

“This is very well done... and really helps all of VMI, not just ECBU.”

–**General H.B. Peay** ’62, VMI Superintendent

SPRING ANNOUNCEMENTS

There is much to celebrate this spring: end of semester, graduation, promising summer internships, and the annual announcements and awards that accompany the flowers, Dogwood, and Redbud along our roads and fields. Here are a few.

THE MCDOWELL SCHOLARSHIP

Through the generosity of Robert L. McDowell, Class of 1968, an annual scholarship is offered to cadets majoring in economics and business after their Rat year. It is based primarily on academic excellence, although other such factors such as need, character, extracurricular activities, and leadership are taken into consideration. This year’s honorees are Johnson Bennett, Liam Burke, Tze Ting (Alice) Chiu, Austin Rouleau (all Class of 2018), Tara James, Reid Vincentz, and Adam Josephson (Class of 2019).

THE ENTREPRENEURSHIP CLUB

Members of the Entrepreneurship Club gathered to pick its officers for the 2017–18 academic year. Ryan Miller and Andrew Green will share the (CIC) top spot—the vice president for networking will be Mason Worsham.

THE CIG (CADET INVESTMENT GROUP)

The officers and group heads for the CIG club have been selected for the 2017–18 season. They are as follows—Chair: Michael Hulcher ’18, Vice Chair for Education: Alice Chiu ’18, Group A—Large Cap: President Bennett Johnson ’18, VP Patrick Fowler ’19, Group B—Mid-Cap: President Cole Hedge ’18, VP John O’Donnell ’19, Group C—Small Cap: President Andrew Green ’18, VP Victor Kolle ’18.

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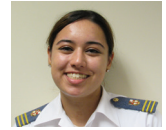
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The Edge is the newsletter of the **Economics and Business Department** (ECBU) of The Virginia Military Institute (VMI) located in Lexington, Virginia. As a registered institute of higher learning and an accredited member of the AACSB, our mission is to educate the young men and women enrolled in this institution. Our courses specialize in all aspects of economics and business with an ongoing effort to provide enlightenment and focus of the world in which our students will emerge after graduation. We welcome readership involvement and are interested in your opinion. We are strongest with your involvement. We encourage students, faculty, alumni, and interested friends of VMI to submit articles and article ideas. Send them to macdonaldbn10@vmi.edu.

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JENNIFER GEROW—MIS EXPERT



BY JESSICA HANSEN, CLASS OF 2018

Major Gerow, an awarded expert in the field of MIS (Management of Information Systems), is currently working on a paper based on understanding the physics and psychological behavior behind why employees in a business environment do not work well together. Developing a strategy to fix inefficient interactions between coworkers, Major Gerow and her coauthor are examining the interpersonal social structure and gaps that lie within those interactions. By understanding what leads to the dysfunctional communication between employees, Major Gerow is hoping to provide all companies and organizations with a strategy to coordinate group efforts more efficiently.



(Association for Information Systems) Early Career Award in 2015, an award where a junior researcher is recognized for “outstanding scientific achievement, service, and contributions across all aspects of the field.” (aisnet.org)

One of Major Gerow’s main concerns is relatability. “How do you introduce something that is completely foreign to people and put it in a language that is accessible to them?” Reaching out to a diverse audience that involves students, teachers, scholars in the field of MIS, and organizations, Major Gerow knows it is a challenge but one that she gladly accepts to further the field of research in MIS.

Recruited by the other writers involved in this paper, her assigned role is to break down unstructured data and organize it into a concept that is relatable and ready to be used by all companies and organizations, big or small. The group of MIS experts that she is currently working with has already gathered the data over a span of one year. Usually, these papers take close to 5–6 years in gathering and analyzing data.

Balancing teaching classes and conducting extensive research (and raising a cute three-year-old girl who is learning to talk) at the same time is not a common occurrence in this field, however, Major Gerow is pleased that VMI is flexible in allowing its teachers to conduct innovative research in their associated fields. She says VMI is a “perfect blend of teaching (which she truly loves) and research.” She has had the opportunity to transition between being a teacher and an expert in researching her field for more than 18 years.

MIS is a relatively new field; it has only been around for 30–40 years. Estimating roughly 2,000–2,500 MIS research workers, Major Gerow is one of the best-known junior researchers in her field. She received the AIS



CADETS STUDYING ABROAD IN SPRING 2017

Thirty-five cadets are studying outside the United States in the Spring Semester of '17. The list of locations is wide and impressive. Chile (one cadet); Spain (fourteen cadets); United Kingdom, Ireland, and Scotland (five cadets); Austria (one cadet); the Czech Republic (six cadets); France (two cadets); Lithuania (one cadet); Jordan (one cadet); Australia (one cadet); New Zealand (one cadet); and China (two cadets). Among these were the following eight ECBU majors:

- **Andrew Campo** – Beijing, China
- **Tze (Alice) Chu** – Oxford, England
- **Ben Fields** – Prague, Czech Republic
- **Zach Herring** – Prague, Czech Republic
- **Evan Hitt** – Prague, Czech Republic
- **Ryan McHugh** – Madrid, Spain
- **Tom Mitchell** – Madrid, Spain
- **Jake Shaver** – Prague, Czech Republic



A GALA NIGHT IN MARSHALL HALL

Marshall Hall was lively, jolly, and full of cadets and their parents Thursday night March 30 when the ECBU department honored achievement in scholarship and leadership. This is an annual event but this year it seemed a bit grander. After the blessing by Col. Jeff Smith, ECBU Department Head Col. Bob Moreschi initiated the proceedings with a short talk—thanking the parents for coming (one couple came from California). Bob was followed by Col. Cliff West who began the awards process by commenting that the only thing a cadet is entitled to is opportunity—opportunity to work hard and be recognized for living up to the high standards the Institute demands.

This was demonstrated amply on this evening when over 60 cadets, from all four classes, were honored for academic achievement. Class by class (beginning with the fourth classmen—Class of 2020) names were called, certificates awarded, and photos taken until we progressed to the next phase.

Col. Sam Allen introduced the ODE (Omicron Delta Epsilon-International Honor Society for Economics) chapter at VMI and the Cadet President Bailey Hutchison. She



spoke briefly, recalling several valuable trips from the year: a visit to the Federal Reserve Bank in Richmond and to the Darden School of Business at UVA in Charlottesville. She then read out the names of the new inductees into ODE—those who have a GPA (grade point average) of 3.0 or more and show evidence of close academic and social relationship with the VMI community.

The next group honored were cadets inducted into the Beta Gamma Sigma (the Business Honor Society) introduced by

Col. Jennifer Gerow. She pointed out the qualities engendered in this group: *Beta* standing for honor, personal integrity, and altruism; *Gamma* standing for wisdom and knowledge; and *Sigma* standing for earnestness and sincerity.

The evening closed with the awarding of the Roberts Medal—an annual recognition going to a single cadet who achieves the highest cumulative GPA. This year's honoree was Stephen Eller with a grade point average of 3.9+.



Stephen Eller and Col. Bob Moreschi



Austin Rash and his mother



The many diners

THE ROAD TO 2019

Future plans and reaffirmation of AACSB accreditation in 2019 were the subjects at the ECBU department's annual Business Advisory Committee (BAC) meeting in March. We met in the Turman Room of Preston Library, March 4. After a continental breakfast, fifteen BAC members and eleven faculty discussed the future of the ECBU department.

Because the department faces the need to renew our status in the AACSB process in two more years, Bob Moreschi wanted to solicit ideas from the BAC members. Bob reviewed and discussed examples of faculty engagement illustrated with specific examples and how it fits into the ECBU Strategic Plan. Then Cliff West discussed curriculum integration into the business capstone course and Entrepreneurship; the challenge being to have cadets demonstrate an understanding of how economics and the many business disciplines are interrelated.

Col. West updated the group on the new structure of the Capstone Course (BU 440) and what we have done for integration, and then posed two questions to the BAC:

1. How can we shorten the vetting time (time required for Cadets to come up with a business plan)?
2. When or how should we start the process of integration (The Capstone course needs to be the last, not the first step in this process).

Cliff West described the way he presented this project to the cadets—telling them to think entrepreneurial, to create a new legitimate, reasonable business, not simply a mobile bar, or a “pot farm.”

Here are a few responses from BAC members.

William Seifert (an officer with PricewaterhouseCoopers): “Can the student project be dual track—meaning one option could be a merger and acquisition plan (of two real businesses,



perhaps?) Secondly, you might focus on how to grow an existing business rather than on establishing a new business.” He argued that there were more significant lessons buried in an existing business trying to expand than in a startup.

Edward Tomlinson (professor in the Department of Management and Industrial Relations with West Virginia University) said: “Adding EC340 (the number for a potential new course on Entrepreneurship) will not make it into an effective entrepreneurship program for ECBU—any more than a finance course leads to a finance degree.” He suggested, instead, the idea of requiring a stand-alone Entrepreneurship course as a step to integration.

Nate Salatin (General Manager with Luck Ecosystems-Richmond) commented that we should try to get the cadets to think outside the box and come up with something totally different and added that the instructions for Cliff’s project would benefit from being:

- Less structured setting an atmosphere that would facilitate creativity, and
- To not start with all the things they are not allowed to do.
- Start the business model before senior year, when they are less locked into traditions and structure.
- Scale up the plans, if cadets propose a food truck, scale up to a restaurant.

John Cabell (Director, First Guaranty Mortgage Corporation, Tysons Corner, VA) observed: “Being creative is a

challenge not just at VMI but in business in general—it is a common challenge to get students to be creative.”

He offered a framework in which cadets could find projects or needs:

- Identify what the customer wants or needs from the marketplace.
- Find and focus on under-served markets.
- Find and identify a problem that needs solving, like, “wouldn’t it be great to have a backyard machine to mow your yard as the Roomba vacuum (a robot vacuum) can do in your house?”

Todd Brickhouse posed the question that entrepreneurs were not necessarily business integrators—that many are focused on a simple idea. For example, a dentist is one—he can go blind into an office and build his own business. Bruce Summers (professor with ECBU) commented that it is a challenge to have cadets be innovative, whether they start a small business, go into the military, or work for a large corporation. Bob Moreschi summarized this discussion with the admonition that “the goal of the ECBU business plan is to integrate what cadets learn, not to necessarily breed new entrepreneurs.”



William Seifert and Adam Kruitof

THE ROBERTS LECTURE



This year's Roberts lecture was February 20 in the Gillis Theatre—before a full house. Col. Bob Moreschi introduced Thomas J. Watjen '76, recently retired Chief Executive Officer of the Unum Group—a large international insurance company headquartered in Chattanooga, TN, and London.

The Unum Group was created by the 1999 merger of Unum Corporation and The Provident Companies and comprises three distinct businesses—Unum US, Unum UK, and Colonial Life. Its underwriting insurers include the Paul Revere Life Insurance Company and Provident Life and Accident Insurance Company. Unum is the top disability insurer in both the United States and the United Kingdom and offers other insurance products including accident, critical illness, and life insurance. Tom Watjen joined Unum in 1999 and became CEO of Unum in 2003 serving as Unum president and chief executive from that year until his retirement in 2015. Today Tom continues as Chairman of the Unum Board of Directors but will retire in May of this year.

Tom Watjen attended the Virginia Military Institute where he earned a bachelor's degree in economics in 1976. Following graduation, he went on to

the Darden School of Business at UVA for his MBA and then worked at Aetna Insurance Company in Hartford, CT, before moving to New York to work at Morgan Stanley. He joined Provident insurance prior to its merger with Unum in 1999. The amalgamation of these two large firms created opportunities for Tom and he soon found himself among the officers in positions of considerable influence (and potential). Tom feels that it was his VMI years and lessons learned there that prepared him best for the demands and pressures he encountered when he became CEO in 2003.

In his talk, he told us of many moments from his career, moments of triumph and of wisdom gained—but perhaps none so testing as when he learned that he and Unum were about to be the subject of an investigative story for CBS's highly regarded and watched show *60 Minutes*. The issue under consideration was whether his company was properly rewarding claimants who had suffered losses in property or health. Tom successfully defended his company in a private dinner meeting in New York by being open, frank and informed—but declined to go on air. He explained that he felt the best defense was to demonstrate consideration for insurers and being willing to demonstrate it through results. Moreover, it worked and resulted in more flexibility in the insurance business as a whole.

As he put in in the Roberts talk, “We had to protect our brand, and that meant sometimes paying a claim that wasn't really fully covered by a policy—for the very fact that it is the ‘right thing to do.’” The aftermath of the *60 Minutes* show affected the insurance business as a whole and evolved into a much more sensitive and flexible system that is now in practice by all the large insurance providers in the U.S. and the U.K.

With regard to running a business, of any size, he had this advice to pass on to the cadets that morning:

- There is a difference between the military type of leadership and the business type of leadership. One is command and control, the other is engagement and involvement—don't lose sight of that.
- Be willing to be a sensible risk taker, adjusting your business plan as you learn more and more about the situation.

As a business leader, he believes in three principles of management:

1. Let your employees know that what they do makes a difference. Having and giving them a sense of purpose is critical.
2. Let your people appreciate that each has a role in helping the organization.
3. Let your employees know, as well as the customer, that you (and your management team) practice evaluation, that we measure our product for quality issues and our employees for performance results.

His summation was serious, but without being maudlin: “In today's world, there is an enormous distrust of business—with low consumer confidence now. In addition, information is being disseminated so rapidly, so much so that it robs us of reflection and the necessary time to create a strategy, which leads to the potential that bad things will happen because we can't anticipate or ultimately control them.”

Finally, he said: “Bottom line, ladies and gentlemen, please remember that we are in a challenging environment and good leadership, *your* good leadership, is more critically needed than ever before.”



WORK IN THE WOODS

The Appalachian Trail Conservancy of Virginia was the beneficiary this April when fourteen cadets decided to help Professor Bruce J. Summers repair damaged sections of the trail as their FTX project. Four cadets from the ECU department took part, as well as professor Sam Allen. The section they worked on (near Mount Pleasant) had been the victim of a twelve-thousand-acre fire last Thanksgiving resulting in significant trail erosion and rock displacement. Five professional AT guides supervised the work, provided the necessary tools, and guided the cadets in moving rocks, placing new ones, and making the

trail safe again. The project lasted from Saturday through Monday afternoon and meals were provided by Crozet and Blue Sky Bakery in Lexington.

Bruce Summers' report included the following observations:

- There was lots of teamwork, especially when moving large rocks.
- There was lots of hiking, including some brave cadets who climbed out to the sheer rock ledges and fell asleep in the sun.
- Most cadets camped out overnight on Monday at a site near the trailhead that has been used by others for a long time, including Native Americans; the cadets searched for and found quartz shards from primitive tool making at the site.

Finally, the activity that seemed most attractive to the cadets, and probably the hardest work was crushing rocks with a sledgehammer. We needed volumes of small rock to stabilize the large rock steps we built—making them on site. It was not unlike the work of a prison chain gang. For some reason, it appeals.



CENTER FOR LEADERSHIP & ETHICS

Dr. Atin Basuchoudhary and Professor Tom Duncan (Radford) helped facilitate a discussion colloquium on “Markets and Morality” this spring at VMI’s Center of Leadership and Ethics. It was sponsored by the Institute for Humane Studies and the Charles Koch Foundation with support from the John Templeton Foundation. This day-long discussion colloquium centered on an informal, yet serious, discussion of questions and challenges raised by a set of readings (each totaling around 150 pages) on the topic of markets and morality. We had students and faculty from VMI, Radford University, Washington and Lee, and Roanoke College attend. We hope to make this an annual event.

THE ANNUAL ETIQUETTE LUNCH

All the ECU Firsts gathered in Moody Hall Monday, March 27, for a three-course lunch—served elegantly and with style. There was a purpose behind this seemingly pleasant experience—it was to drive home the necessity of proper table manners in social situations. Mrs. Peggy Riethmiller (wife of Chemistry Professor emeritus, Steven Riethmiller) lectured and demonstrated to the cadets the proper behavior and use of utensils, of napkins, and overall demeanor. She covered such ancillary, but important subjects as:

“Don’t hold your knife and fork like swords.”

“Don’t blow on your soup or coffee if it is too hot.”

“Don’t forget to write a thank you note and do invest in nice stationery.”



OPPORTUNITY IN GHANA

BY ERIC SHAVER, CLASS OF 2017



Dr. Dee Mornah is working on an exciting new program for the ECBU department, which still must go through the VMI approval process. Once this happens, it presents a great new opportunity for cadets to immerse themselves in a culture very different from home. VMI currently offers a range of different opportunities to learn abroad, covering multiple locations from Paris to Shanghai. Now with the support of a grant from the Jackson-Hope Fund, Economics and Business Professor Dr. Mornah is developing a brand new opportunity, this time in Ghana.

On Post, Dr. Mornah is best known by his students for his Entrepreneurship class where students are challenged to find a realistic opportunity in the market and develop a course of action to both address the need and to sell the value of a new product. Because of his success at VMI and his student's affinity for him and his courses, Dr. Mornah decided to create a brand new opportunity for cadets, an opportunity that will provide far more life and business experience.

The African Business Entrepreneurship Program will be an experiential and culturally immersive program that will be unique with its three different pieces.

First, cadets will research the history, culture, governance, and economy of Ghana while, at the same time, auditing private American firms/investors that wish to enter Ghana.

Second, cadets will actually take an internship with the American firm. For the third stage, following the internship, cadets will be paired with students in the host country and will take six weeks to create a comprehensive report of economic opportunities and cultural experiences that are relevant for American companies looking to bring their businesses into Ghana.

These students will explore economic, entrepreneurial, market, and investment opportunities in Ghana for interested U.S. entities. Industries that are currently growing quickly in Ghana are real estate, infrastructure, finance, and energy, to name a few.

Dr. Mornah, a Ghana native himself, will be coaching cadets alongside two professors from the host institution to lead the students in auditing private firms and investors who are interested in these areas. VMI cadets who are selected will have the opportunity to earn academic credit for the African Business Entrepreneurship course and will walk away from this program with far more experience than the majority of students their age. VMI is known for giving its cadets challenges and allowing them to turn these challenges into unparalleled opportunities. The African Business and Entrepreneurship program will provide VMI cadets the chance to take on a real-life challenge and to learn unmatched lessons in life and business.



The Republic of Ghana, is a unitary presidential constitutional democracy, located along the Gulf of Guinea and Atlantic Ocean, in the sub region of West Africa. Spanning a land mass of 238,535 km², Ghana is bordered by the Ivory Coast in the west, Burkina Faso in the north, Togo in the east and the Gulf of Guinea and Atlantic Ocean in the south. *Ghana* means "Warrior King" in the Soninke language.

