



THE EXCHANGE

THE OFFICIAL NEWSPAPER OF THE SY SYMS SCHOOL OF BUSINESS

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The Intrepid Sea, Air, & Space Museum.

Aircraft Carrier Site of Tenth Annual Dinner

by Gavriel Giloni

The 10th annual SSSB dinner will be held on May 5th, 1997. The dinner will take place in the Intrepid Sea, Air, and Space Museum, which is housed on the retired Aircraft Carrier, the Intrepid. The purpose of the dinner is to give students the opportunity to meet and fraternize with fellow students, members of the administration, and recruiters from many leading companies in the business world. The three chairpersons of this year's dinner are Rochelle Butler, Cheri Ochs, and Ari Zoldan.

Each year, a dinner committee is formed to coordinate the effort of inviting representatives of top companies. The dinner is done with the purpose of giving students the opportunity to capitalize on networking; the concept that business hopefuls and professionals find invaluable in "climbing the corporate ladder." Recruiters from all types of business related companies are sent invitations, and the entire SSSB alumni base is invited.

Last year's dinner was held in the Toy Building, and had attendance of approximately 400 people. The committee is hoping for 450-500 people

to attend this year's dinner. Committee member Ari Zoldan commented, "Although last year's dinner was deemed quite successful, we are committed to improving upon every facet of the function." Attendees expected this year are from top firms like Bankers Trust, Goldman Sachs, Morgan Stanley, and all the "Big Six" accounting firms. The committee printed up nearly 3000 invitations, which were sent to recruiters, alumni, and all SSSB students in Y.U. and Stern college. A considerable increase in the number of firms attending is expected. Another member of the committee, Rochelle Butler, commented, "This year's dinner contains every piece of the puzzle needed for success - The Intrepid, top recruiters, a considerable number of alumni, and a high turnout expected from the student body."

Based on last year's figures, the dinner will cost SSSB upwards of \$28,000, of which a majority will be shouldered by the Student Activity Fund of the SSSB Student Council. This money comes from the student activity fee charged to each student at the beginning of each year. A small percentage of the cost is covered by charitable

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Sy Syms Student Council

Race Results

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Midown: Page 15

Electiongate '97

Presidential Election Rescheduled

by Adam Katz & Michael Insel

The cancellation and subsequent rescheduling of SSSB's presidential race on Thursday, April 3rd came as a total shock to the entire student body. It wasn't until the Monday following the election that most students found out that the votes were frozen before they were even tallied. The election's deferment is deeply rooted in a complicated chain of events which ultimately rendered it impossible and unfair for the election's results to be counted.

The complications began at 1 p.m. Wednesday, the day before the election, when one of the candidates, Daniel Berkowitz, unexpectedly resigned from the race. Berkowitz informed Yosef Rothstein of the Canvassing Committee that he felt he and Heshy Willig were competing for the same votes. Additionally, he felt that Willig was better qualified to be President. Said Berkowitz, "Willig's track record and experience in dealing with students' issues clearly speak volumes." Complicating matters further, Berkowitz published a resignation letter that simultaneously endorsed Heshy Willig for President. His action would not have caused such a tumult, except for the fact that Berkowitz's letter wasn't distributed until 11 p.m. There are no formal rules governing how much notice

a candidate must give to his opponent before dropping out of the race. However, presidential candidate Simcha Gissenger learned of the resignation at this late hour, leaving him at a seemingly ten hour disadvantage from a campaigning standpoint. That night, the two remaining candidates met with Bennett Schacter, Jason Buskin, and Yosef Rothstein, chief members of the Canvassing Committee, in a meeting that lasted until early morning. The meeting produced two results that were intended to even out the playing field. First, Gissenger was permitted to put out a letter under the auspices of the Canvassing Committee to counter the apparent upper hand Willig received upon Berkowitz's withdrawal and subsequent endorsement of Willig. Second, a letter would be authored by the Canvassing Committee to be handed out with the ballots to inform voters of all that had transpired until that point. The purpose of their second decision was to ensure that all pertinent facts were fully understood by the student body prior to voting.

Everything seemed to be under control and the previous night's problems were but a memory. However, election day began amid much confusion and many rumors

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Stern Votes Are In

Cheri Ochs Elected President

by Tova Zitter

On Wednesday April 9, the Sy Syms School of Business-Midtown Campus held their elections. The new Sy Syms board will consist of Cheri Ochs as President, Gina Elkon as Vice President, Deborah Waltuch as Secretary, and Tova Zitter as Treasurer. The Exchange extends its congratulations to everyone who was elected.

President elect, Cheri Ochs SSSB 98', said, "I'm very excited for the upcoming school year. I know it'll be a very fulfilling year, in which I plan to have more events and activities. Most importantly, I hope to see more girls involved overall in Sy Syms." Gina Elkon SSSB 98, said, "I hope to get the other business societies more involved, and have more fun activities. I plan to do

my best to make it a great year. Deborah Waltuch SSSB 98, said, "I'm looking forward to a new and exciting year in which I intend to facilitate new programs which will help better both the academic as well as student life." Tova Zitter SSSB 98, said, "I hope we have a great year and I look forward to seeing more student involvement."

The Sy Syms Board expects to accomplish a great deal this year. The college experience allows for many opportunities, and the board would like to heighten students' awareness of different career opportunities available to them now as well as after they graduate. Next year's student council is planning to run more day-to-day activities to help students prepare themselves for what awaits them in the business world.

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From the Editor's Desk

"Difficult to see. Always in motion is the future."

-Yoda

Few of us, aside from pre-med majors, know what we want to do after graduation. While we may have aspirations, plans and dreams, we do not have any real course of action. So throughout college we grope around in the dark, searching for information which will help us identify future opportunities. A select few are lucky enough to stumble onto something they immediately enjoy, which at the same time will serve them well in the future. For the rest of us, though, we spend our first year and half trying out different courses, and our remaining time on campus scrambling to fulfill requirements. Usually, we are left with a degree, but little idea of what to expect in the "real" world.

To fill this void, the Placement Office brings in numerous speakers, both alumni and successful

businessmen, to share their experiences. In addition, workshops are established focusing on specific career paths. Yet, these speakers and events are not sufficient. There is still a sense of bewilderment among Sy Syms students regarding the business world. And as each new student ventures into the the great unknown beyond the gaze of the Sy Syms bust, he must make a leap into uncertainty.

The Exchange aims to bridge the gap between the academic and professional world. While we report on Sy Syms campus news, we do not intend to be another Commentator (How could we possibly compete with their Purim issue?) Rather, our primary goal is to equip the student body with as much information about the business world as possible. The information in these pages can give each student a new perspective, which can only enhance their foray into the job market.

It is with great pride that I am

finally able to write my Editor's message on our own computers. The President's circle's generous donation confirms that *The Exchange* is obviously a vital part of Sy Syms. It is now after our first full year of publication, that I believe *The Exchange* will be permanent part of Sy Syms. It is with this goal in mind that I entrust the next volume of the paper into the capable hands of Michael Insel. Michael is one of the few remaining members from the first volume. His work with alumni has been invaluable. I have the utmost faith in his ability to carry *The Exchange* forward. And despite Yoda's claim to the contrary, I do see *The Exchange* continuing into the distant future.



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EDITORIAL

At the Sy Syms Dinner on May 5th, hundreds of SSSB and YC students will once again have the unique opportunity to spend an invaluable evening of networking with prospective employers while at the same time enjoy one of the social highlights on the college calendar. The annual SSSB dinner is indeed a wonderful and effective event, and those who work so hard to ensure its success are to be commended. However, it is unfortunate that the price tag of the dinner, much more than the \$25 charge per student, is responsible for creating a gaping hole in the SSSB student council's annual budget. As has recently been seen in the SSSB elections, there are many new and exciting programs waiting to be implemented. However, these programs require funds. Yet the majority of the SSSB Student Council's budget, around \$17,000, is used to cover the costs of a single event. A substantial sum of money raised from nighttime revenues at the cafeteria and a contribution from YCSC. While it is to be expected of the SSSB Student Council to cover some of the costs, it is inconceivable why no funds are contributed by the Office of Placement and Career Services and SSSB. This is a major event for job searchers here at Sy Syms and Yeshiva College, and is an event which should be at least partially sponsored by the school. Other colleges have much larger alumni bases, and networking is therefore much easier to do. SSSB should compensate for this disadvantage in order to ensure that its students are

SSSB President's Message

Dear SSSB students,

This being the last issue of the Exchange for this academic year, I would like to take this opportunity to thank all of you for electing me to serve you as president of the SSSBSA. It has been a true honor representing the students, the school, and all for which it stands.

Looking back on my experience at the SSSB and Yeshiva University, only wonderful memories come to mind. My decision to attend Yeshiva over "more prestigious" universities was one that I would make over and over again, given the opportunity. The ideals of the SSSB and Yeshiva University manifest the synthesis of Torah and Maddah. As a student leader, my biggest challenge has been to justly represent this ideal. Whether interacting with people internally or outside the confines of our campuses, I have tried to carry the flag of the SSSB in the proper manner. I hope and pray I have been successful.

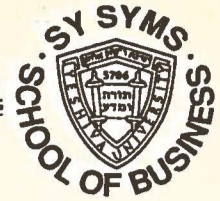
My term as president has been, personally, very rewarding. While meeting with potential benefactors was glamorous, the more mundane responsibilities made all the difference. To be in the position to meet and assist

so many of the SSSB students and actually improve the quality of their college years at the SSSB has been extremely gratifying. However, I could not have accomplished anything during my tenure without the help of the other members of the SSSBSA Executive Board. Tal Sharon, Brian Ness, and Rafi Warburg (Vice President, Treasurer, and Secretary, respectively) have selflessly given of their time and efforts, as have the leaders of the clubs and societies under the auspices of the SSSBSA. Also deserving of recognition are the Deans, the Placement Office, and the "dynamic-duo" of Mayra Bonilla and Natalie Goldman. Lastly, I must thank the leaders of the other student councils who, in addition to their own responsibilities, have provided invaluable help to the SSSBSA.

I am sure the incoming Executive Board will continue to lead the SSSBSA in the right direction and I hope the second decade of the SSSB will be as successful as its first. Thank you again for having given me this wonderful opportunity.

Sincerely,
Bennett J. Schachter
President, SSSBSA

*Don't forget to vote
.....Again*



The Second Most Powerful Man In America

by Dov Emerson

"Irrational exuberance." This seemingly harmless phrase uttered in a speech caused the Tokyo stock exchange to suffer its biggest one-day loss of 1996. Wall Street opened the next day with a 140 point plunge. Markets the world over experienced losses. What single man possesses the power to wreck havoc on the world financial system with the utterance of a single remark? He is not the leader of a major country, nor is he a powerful business tycoon. He is Alan Greenspan, the Chairman of the United States' Central Bank: the Federal Reserve System. How does this government organization which effects the world markets work? And who controls all its power? More specifically, how and why does this organization cause financial markets to rise and fall?

According to an official publication of the Federal Reserve System, the "Fed" was created "to provide the nation with a safer, more flexible, and more stable monetary and financial system." The Fed was established in 1913, in response to a need for stability in the markets and currency of the United States. Over time, through numerous modifications, its responsibilities have come to include making sure the country experiences the right amount of economic growth, establishing and maintaining a high level of employment, insuring stable prices, and controlling long-term interest rates. The Fed is composed of a central agency in Washington, D.C., and is represented by 12 regional banks throughout the country. The power lies in the agency in Washington: The Board of Governors, of which Alan Greenspan currently

serves as chairman. The Board of Governors, as well as the president of the Federal Reserve Bank of New York, and the presidents of four other Federal Reserve Banks, make up the Federal Open Market Committee (FOMC). The FOMC is the group which oversees open market operations, which is the main way the Fed influences money market conditions and the growth of money and credit.

One of the primary concerns of the FOMC is the growth of the economy. While growth is good, too much of it will cause inflation in the short-run. Therefore, the FOMC bases its course of action after gauging the speed of the economy's growth. The means by which it eventually affects the world financial markets is through a series of steps, each having an affect on the next. The Fed, through the FOMC, achieves most of its objectives through the regulation of the money supply in the country. This is done in three primary ways, all of which involve direct contact with the 12 Federal Reserve Banks. The Fed controls the money supply, which is defined as coins and paper money in circulation, as well as deposit balances at banks and savings institutions. It does this by determining how much money, or "reserve requirements," these district banks must keep on hand. This is generally measured as a percentage of the total money the bank is in control of, including loans and deposits. If the Fed wants to increase the money supply, it simply lowers the reserve requirements, enabling the banks to pump more currency into the economy in the form of loans. The Fed can also control the amount of money which the



Alan Greenspan, head of the federal reserve.

Federal Reserve Banks borrow from them by adjusting the interest rate, or "discount rate" as it is called, that they charge to the banks. By raising the discount rate, the banks will borrow less and will subsequently have less to lend. It is in this way that the money supply in the country contracts. The opposite can be accomplished through raising the discount rate. However, these methods are rarely practiced by the Fed. The main instrument through which the Fed controls the money supply is known as "Open Market Operations." Through this approach, the Fed can simultaneously change the money supply, the price of Treasury Bills and other government securities, the interest rate, prices in financial markets, and the rate of economic growth the country experiences. This last effect is the main objective the Fed has in mind when making any changes. The Fed begins this procedure by determining if the rate of growth in the economy needs to be raised or lowered. Suppose they decide that the economy needs to grow faster. The Fed first issues a call to the Federal Bank of New York for a purchase of Treasury Bills, or "T-Bills" as they are commonly referred to. This purchase infuses the banks with more money, which puts more funds in the hands of the American public in the form of loans. This results in increased spending, which in itself causes increased economic growth. However, this is not the only effect of this transaction between the Fed and the banks. There are now less T-Bills in circulation, and the decreased supply drives their prices up. This, in

turn causes interest rates to fall. This is because most bonds pay a fixed number of dollars of interest every year. If the price of the bond itself rises, the interest rate needed to arrive at that constant annual payment is less. The result is a drop in the rate of interest. With interest rates falling, the public is less inclined to invest money in banks, and will look elsewhere, namely businesses, for investment opportunities. These investments bring in more capital to the businesses, allowing them to expand and subsequently increase the rate of growth of the economy. This is also what accounts for a gain in the New York Stock Exchange, as well as other financial markets. Stocks are a major venue for investment in corporations. If there is more desire for these types of investments by the American public, the demand will rise, causing a rise in the prices of stocks. A sale of T-Bills by the Fed will have the entirely opposite effect, lowering the money supply and raising interest rates. This gives the public more of a reason to stay away from risky stock investment and reap profits from stable investments in banks. As a result, the rate of growth of the economy will decline because investment dollars have been cut, and the demand for stocks will subside, causing a drop in stock market prices.

It is for these reasons that the world financial community is so attentive to the statements made by Alan Greenspan. In mid-March 1997, in prepared testimony to the Joint Economic Committee of Congress, Greenspan signaled that a rise in interest rates was forthcoming. As he spoke, the Dow Jones industrial average fell 50 points. A hint of a future rise in interest rates by the Fed has a ripple effect, as many investors, anticipating a fall in the prices of stocks, exit en masse from financial markets. This lowers demand for stocks and subsequently lowers their prices. Obviously, the Fed, with Greenspan at the helm, holds a tremendous amount of power. The title of "the second most powerful man in America" has often been bestowed upon Alan Greenspan. He seems to deserve it.

SSSB Registration Process Hoped to be More User Friendly

by Adam Katz

Each registration period, every SSSB student must go to the Dean's office so that Dean Jaskoll can approve their class selections for the upcoming semester. A majority of these experiences end in futility, requiring students to make additional follow-up visits to find the often-busy Dean.

The small corridor outside the Dean's office immediately becomes swamped with students seeking a signature for courses after a new course catalog is put out by the Registrar's office. The task of taking care of registration becomes exceedingly difficult for students. Many times they are compelled to leave their classes for long intervals of time and take a ticket only to wait on line.

In Yeshiva College there are three deans in addition to several advisors authorized to sign for non-SSSB courses. But for SSSB, only Dean Jaskoll is capable of signing. It doesn't take an accounting major to figure out that there is an inherent discrepancy in the registration process. The business school is no longer the small, fledgling project it once was; it has experienced exponential growth since its inception. The time has come to reform the status quo.

Realizing the growing dissatisfaction amongst the students, the Dean's office announced that Dean Harold Nierenberg will now join the effort and begin signing courses effective for the Fall '97 registration. News about expediting the current process has been met with ambivalence by some students. Jonathan Teitelbaum, a finance major, feels that the new system has both advantages and disadvantages. "Obviously lines will move more efficiently and the usual confusion will be alleviated. However, I think additional help will only complicate matters when students come to overtly into classes that fill up quickly. It is going to be difficult for the deans to keep track of class openings when they will be working from different locations."

UPTOWN RESULTS

Vice President: Joshua Klavan

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Cablevision's Powerplay in New York Sports Market

by David Leiberman

For a number of years, ITT and Cablevision have been partners in the ownership of Madison Square Garden, the New York Knicks, and the New York Rangers. Recently, however, the two companies decided to separate their interests. In a mega-deal, Cablevision agreed to buy ITT's portion of the Garden and the two sports franchises for \$650 million in cash and options and \$115 million in assumed debt.

The sale represents a shift in direction for ITT. It will focus on its hotel and casino business while selling off its noncore assets. The purchase represents a huge gain in Cablevision's share of sports entertainment in the New York metropolitan area.

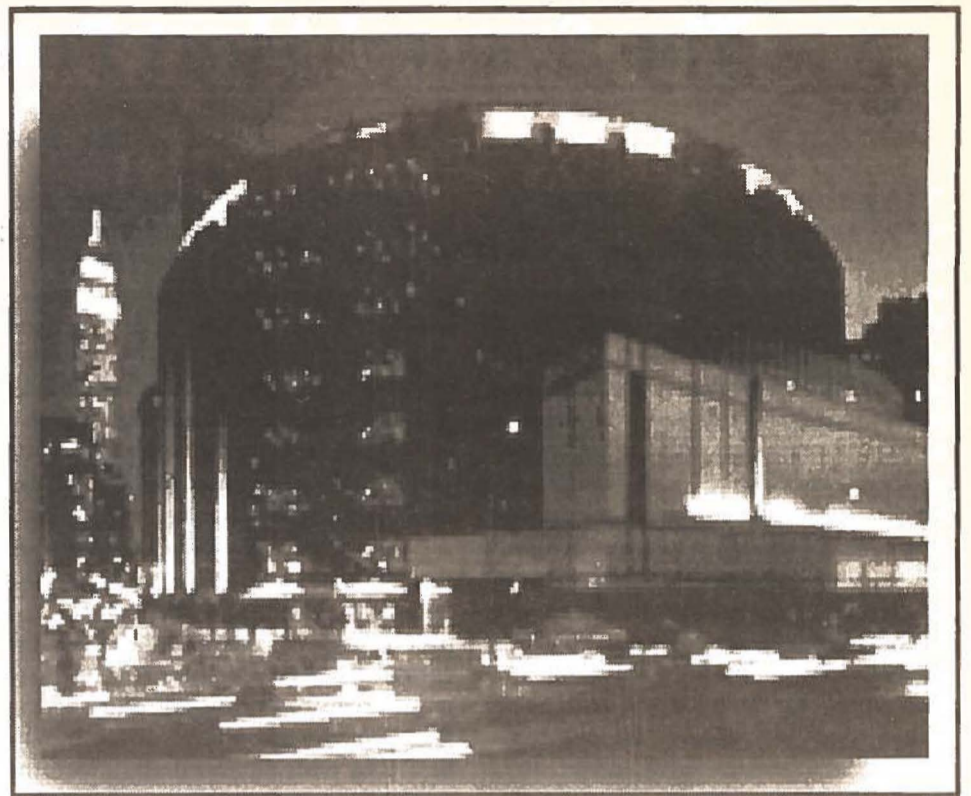
Of the twenty cable subscribers that Cablevision owns, including Sportschannel New York, 1.7 million of the 2.8 million subscribers live in the New York area. With its recent acquisition of the Garden, Cablevision controls virtually all of the sports programming in the New York area, as well as cable systems serving more than 60% of subscribers in the same area.

Cash flows at Madison Square Garden have increased steadily in the last few years, from \$78 million in 1995, to \$92 million in 1996. This gain is credited to an increase of almost 100 nights per year in events

at the Garden, which now includes more conventions and dinners. The cash flow, defined here as earnings before interest, taxes, depreciation and amortization (EBITDA), is cited by entertainment companies as a key indicator of performance.

Since the acquisition, Cablevision has been under mounting pressure from shareholders to reduce some of its debt. With nearly \$4 billion in debt, it is one of the most highly leveraged companies in the industry. This, coupled with an overall weak cash flow for the company has caused shareholders to demand changes in the company. To alleviate the situation and refocus itself, the company recently announced that it plans to sell as much as \$1 billion of its nonessential segments. NBC plans to purchase as much as 27% of Cablevision-owned Rainbow Programming, which will also help reduce some of the newly acquired debt.

As far as sports fans are concerned, the sale to Cablevision does have some major consequences. Because the company that owns the Knicks and Rangers also owns the arena they play in, there will be a major conflict of interest regarding fees and conditions for use of the arena. Since



Cablevision's purchase of ITT's stake in MSG makes it the major player in New York's sports market.

it is all an internal affair, prices may be manipulated by the sole owner of the enterprise. There is also the danger to sports fans that Cablevision will put Sportschannel back onto premium cable, or simply raise their monthly rates. It is the ease with which they could pull off such a maneuver that has caused much talk about a monopoly and anti-trust suits.

The continued corporate ownership of sports teams will allow for a tremendous amount of money to be spent on acquiring the best players, something that is often not possible in a private ownership. On the flip side, corporate ownership brings a certain degree of instability at the top

whereby it's uncertain who will control the team at any point in the future. The reasoning is that the parent company may decide at any moment to divest itself of the unit if they think that it will produce a profit.

One thing remains certain. If Cablevision survives with their high level of debt and anti-trust contests, they will be the premiere cable provider and only major sports television network for the entire New York metropolitan area. Nevertheless, one must say that in the event of an Federal Trade Commission ruling that allows this acquisition to go through unscathed, the idea of free enterprise in a competitive market may lose its meaning for the city of New York and its many sports fans.

Globalization: A Look Ahead

by Eric R. London

In recent months, the concept of 'Globalization' has been frequently mentioned throughout the investment banking world. However, many people often use the word incorrectly, and it is important to understand what Globalization truly means. Globalization is the corporate philosophy that a company must compete in global markets in order to capitalize on as many financial opportunities as possible. Thus, by expanding its operations internationally, a company can establish itself as a global presence by providing itself and its clients access to the most significant issuers and investors around the globe.

According to many Wall Street insiders, Globalization is where the future of business is heading. In fact, many businesses already are implementing their strategic plans for operating around the world, placing different parts of their operations in

different countries to achieve the best competitive product. Global corporations are not bound by geographic and political boundaries; rather, companies with global outlooks view the entire world as potential resources and markets.

Globalization is also a stage of development in international organizational strategy, structure and culture. It is quite distinct from just doing business internationally. As previously mentioned, a global corporation is always looking for potential business opportunities, and the objective of the global enterprise is to reach and penetrate marketplaces before local or international competitors are equipped to exploit the opportunities. As a result, according to Fredrick Shepard, Manager of the Quadral Group, Inc.: "Speed and flexibility, as well as international marketing resiliency, become key factors in their successful management...By

structuring and focusing a company's core competency on a single, worldwide market, it creates growth and profit opportunities through synergies and in sales, purchasing, production and distribution."

Another facet of Globalization is that it directly affects those in the job market since its impact is internal as well as external. Synergizing companies affects employees, customers, and suppliers. Some of the adverse effects of corporate synergies on those in the job market are layoffs, hiring freezes and corporate restructuring. For instance, because of Morgan Stanley's and Dean Witter's global outlook, the financial analyst program at Morgan Stanley has been terminated. Additionally, over four hundred Morgan Stanley traders were fired, and Dean Witter's Investment Banking department was cleared out because of its overlap with Morgan's department. Another example is

Bankers Trust which recently bought the investment banking firm Alex Brown. Since the merger's announcement Alex Brown has sustained huge lay offs. However, Globalization can be created without staff reduction through the forms of acquisitions, joint ventures, co-productions, as well as licensing and other legal structurings.

So what does Globalization imply for those who wish to enter the financial service industry at this time? Tougher competition will develop for jobs in the financial service industry, as well as an increased turnover of lower-echelon jobs, and an overall decline in job security. However, many supporters of Globalization feel that it will serve the greater good on a world level by stimulating world economies and creating new opportunities and ideas by merging varying world corporate cultures.

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Creative Campaigning Dominates SSSB Elections

by Eric R. London

The elections are over, but traces of the SSSB election are still visible as you walk down Amsterdam Avenue. Many of the campaign slogans still linger in our minds, but few of the platforms are remembered.

The Sy Syms election winners were often the candidates who best marketed themselves with catchy slogans and witticisms. The Presidential candidates were actually the only candidates who publicized their platforms in addition to their slogans. SSSB Presidents have the obligation of bettering the school with enhanced job placement, creating more classes, having mentoring programs, and presenting guest lecturers. Another candidate presented the important issue that Sy Syms needs to shed its trade school image, and create a more well rounded college experience for its students.

However, the issue of bettering the school was primarily avoided in the non presidential races. Rather, the other Sy Syms positions mainly consisted of effective marketing techniques. Vice President elect, Joshua "Shuie" Klavan, ran an excellent campaign and was endorsed by his namesakes Chewbacca and Cliff Klavan. Jonathan Tietelbaum used eye catching Spike Lee "Got Milk" campaign, and people may have voted for him out of sheer confusion.

Hopefully, the candidates' creativity will be expressed in their tenure as our Sy Syms representatives. Sy Syms student representatives have the difficult task of representing student needs to the administration, and making events that will attract more on-site recruiting. Maybe the mantra of the incoming council members can be: "You're graduating...got a job?"

G&G Tax Services

By Paul Wechter

The beginning of the calendar year can be a stressful time for many people because it also marks the beginning of tax season. As if students do not have enough to worry about, with exams and papers, the government imposes an April 15th deadline to file tax returns. The average Y.U. student is not required to file a complicated return and could probably file by themselves. However, either due to lack of time, laziness, or fear of messing up, many students do not complete their own returns.

In the past, students have opted to have their parents' accountant complete a return for them or hire an accountant of their own. This year, students have another option. Two accounting students, Mordechai Gasner and Doron Goldschmidt, have offered to complete students' tax returns free of charge. G&G Tax Services has been up and running for the past few months. Like all accountants, they are feeling the pressure of the impending deadline. Yet when speaking to either Mordechai or Doron, one cannot tell that they are literally under the gun.

The idea to offer this service to Y.U. students arose after both attended and participated in the Community Tax Aid Program. This program brings Y.U. students to places throughout the city to complete tax returns free of charge.

The people whose tax returns are completed would otherwise be unable to complete their own returns, and it was at this point that Gasner and Goldshmidt decided to help their fellow students and offer this free service.

Many students have signed up to have G&G Tax Services do their taxes. The degree of difficulty of the returns they have completed range from the relatively simple 1040EZ's, to others that are more complicated and intricate due to investments or place of residence. Ari Gellman, an SSSB senior and G&G client said, "They prepared my return without any problem. My return was a little confusing because I worked in New York City and live in New Jersey. They were very professional and did a great job." Gasner says that taking on this challenge of preparing real tax returns has helped him and Goldshmidt apply their book knowledge of tax law to real life situations. "We have definitely learned some things that just could not be learned in the classroom. We learned the importance of the practitioner-client relationship and how the accountant must always be looking out for the best interest of his client within the confines of the law." G&G has been a very successful service and will hopefully encourage future students to take initiative as well, and participate in the Community Tax Aid Program in the year to come.

SHERRY LANSING DELIVERS ROGOFF LECTURE AT STERN

by Chaim Haas

On Tuesday morning, April 8, the Sy Syms School of Business was pleased to host Sherry Lansing as the speaker for the annual Rogoff Lecture. Miss Lansing is the President of Paramount Pictures' Motion Picture Group.

Following an introduction by Vice President of Academic Affairs, William Schwartz, Miss Lansing kicked off her presentation by showing a video collage of the upcoming Paramount spring and summer films of 1997. Among these were Breakdown, Till There Was You, Night Falls on Manhattan, The Flood, In and Out, and Titanic.

After her presentation she began to address questions from the crowd. The first question was how Paramount deals with a film that bombs in the theatres. In response to the question, she clarified that a successful movie is the exception to the rule. She stated that for every ten films, seven lose money, one breaks even, while maybe two are successful. She continued by saying that it makes no sense for the studio to put itself totally at risk for \$60-70 million on each film; therefore, the industry begins making financial deals for every film that is in production. The deals include seeking out equity investors and selling sole foreign and domestic rights to each picture.

The next question dealt with how she got into the film business. She told the audience that she had a dream to work in the film industry as a child, but was discouraged from this dream by those who told her that there was no place for a woman in the industry.

Ms. Lansing graduated Northwestern with degrees in English, Math, and Theater. She moved to California and got a job teaching math in a public school in the Watts section of Los Angeles. After five years, she began to look for a part time job and finally found a job reading scripts for an independent film producer. She was

soon offered a full time job at the age of 28. Two years later, she began to advance and at the age of 35, she was appointed the head of 20th Century Fox. She stressed, "One must never give up their dreams and not to let anyone tell you it's stupid. It must be a passion for you. If it is, you won't give up and you won't quit on it."

She then addressed a number of questions about the role of a woman in the motion picture industry. She felt that there was the least amount of prejudice in this business because "The industry admires talent and talent knows no gender." She recounted how, when she was appointed to the head of Fox, she was worried about how men would react to having a woman as their boss, but no one resigned because of her high ranking position.

She was then asked what makes a 'good' script. She discussed three qualities that all scripts must have. The first was that there must always be a character that you can root for. The second is that a script must evoke an emotional response (this is due to the fact that filmmaking is not passive). Finally, each script must have content which tells a story.

Finally, she addressed the needs of someone looking to enter the industry. She felt that the business has changed so much from the time she entered it. She said that someone looking to get into the business must first have a college education, and then must take the time to study the business or creative side of the industry. Then, they must be willing to enter at the bottom and work their way up through the industry. "Without this, the odds of success are stacked against you."

Overall, Miss Lansing was very warm and open. She acted graciously towards the crowd and did not shy away from any questions, even those that dealt with industry sensitive materials and her dealings with other competitors. This made all those that attended the lecture very happy that they did, as the speaker rewarded them with an Oscar-like performance.

Sy Syms Dinner

continued from page one

contributions by various companies and alumni who will be attending the dinner.

Perhaps the most notable aspect of this year's dinner is the site where it will be held. In years past, the venue for the dinner was chosen based upon its professional, business oriented atmosphere. This year the committee chose a retired Aircraft Carrier, a popular center for informal parties as the site for the dinner. This decision was made to provide a more relaxed ambiance for the students, contributing to a social environment in which people find it easier to relax and enjoy themselves. Recruiting dinners can be extremely stressful and nerve-racking for students who are hoping to make a good impression on the recruiters. The hope is that the relaxed atmosphere of the Intrepid will help both the students and the recruiters

According to the committee, many of the logistics still need to be finalized. A brief schedule of the dinner is as follows: from 6 p.m. till 7 p.m. there will be a cocktail hour where students will have the chance to meet various company representatives. The committee plans on having the reception on the ship's deck; museum exhibits will be available to the dinner's attendees. From 7 p.m. till 10 p.m. dinner will be served buffet style. Although the event is officially a Sy Syms sponsored function, excellent networking opportunities exist for YC students as well, and every student is strongly urged to attend. Any student who has not yet made reservations should contact the Office of Placement Services or a member of the Dinner Commit-

The Exchange would like to wish all a happy and healthy Pesach.



Interview With Lawrence Askowitz:

Mergers, Acquisitions, & Municipal Finance

by Michael Insel

In the sink or swim environment at Lazard Freres, it takes a combination of skills to get the job done.

Lawrence Askowitz is a Vice President at Lazard Freres, the investment banking firm known on The Street for its superb Merger & Acquisition (M&A) advisory services. One of a shrinking number of bankers who can say that they have spent their entire career at one firm, Mr. Askowitz has been at Lazard for the past ten years, and has served in a variety of functions at the bank. "The small, flexible environment at Lazard has enabled me to pursue projects both in and outside of my direct realm of expertise," Mr. Askowitz explains.

Mr. Askowitz completed a 3/2 program at Yeshiva and Columbia with respective undergraduate degrees in mathematics and operations research. In 1987, Mr. Askowitz accepted an offer at Lazard and immediately began working on deals in their municipal finance department. "Lazard is a sink or swim environment. The formalized training program found at bulge-bracket investment banks is practically non-existent here," he explained. "At Lazard, an analyst is thrown on to projects and

he either excels at them or he doesn't. As such, this environment works for some individuals while not for others."

Working with the municipal finance team, Mr. Askowitz gained exposure to debt offerings for city and state government projects. After two and a half years he was promoted to associate, and after another three years he became a Vice President. He also headed up a quantitative group which focused on providing analysis for the mathematical dynamics on the deals.

A year and a half ago, Lazard decided to get out of the municipal underwriting business. The municipal finance department was drastically curtailed and almost everyone that worked in it was let go. Mr. Askowitz is one of the two remaining people still in municipal finance at Lazard, where they principally provide M&A advice to airports and electric utilities (the latter of which is in a rapidly deregulating, consolidating phase). At the same time, they have become integrated with the M&A department and are doing M&A utility deals. The flexibility at Lazard enables them to accomplish this type of maneuver, wearing two hats at once and fulfilling multi-tasks for the firm.

In an industry dominated by

immense investment banking empires dotted by thousands of bankers, traders, and research analysts, Lazard Freres distinguishes itself as the small, efficient M&A powerhouse on Wall Street. This has major implications for its 800 worldwide professionals. Most importantly, every banker has to be capable of delivering on every aspect of every deal simply because they may only be working with one other banker on each deal. This is very different than most heavily staffed banks which typically send in teams of five or six people to work together on a deal. "Every person here is responsible for everything, from the numbers, to the pitches, to the strategy and process," Mr. Askowitz explained. "While this provides an excellent environment for people with entrepreneurial spirit who like to advance ideas, it is not a good place for people who prefer operating in a classroom type setting and bouncing ideas off many people." It also provides for great experience for analysts coming straight out of undergraduate programs. Lazard's small size forces it to delegate great responsibility to each of its people, seasoned bankers and first year analysts alike.

The benefits of greater

responsibility and exposure to deals does come with a downside, namely, long hours and weekends spent at the office. "A career in investment banking in general is not kind to social life," says Mr. Askowitz, who can recall stories of nights spent sleeping on a couch outside his office and nights without much sleep at all. "During one of my first years at Lazard there happened to be a lull in the deal flow so I decided to go out for dinner. Upon seeing so many friends of mine in the restaurant I assumed that there was some kind of holiday for which people were taking off. When I learned that this was something people generally do on any given night of the week, it was a very upsetting realization." Still, investment banking provides quite lucrative rewards to those who endure its hardships, and the field evidently does not encounter problems drawing top talent to its ranks.

For current undergraduates in the midst of contemplating a career path, Mr. Askowitz has a word of advice. "Students should try to talk to as many people as possible within the respective fields that they may be interested in pursuing. Speaking to people is the best possible way to learn about what really interests you, as well as which firms cater to those interests."

Alumni Looking For Student Involvement

by Gil Bloom

In the past, it has been a valid gripe of Yeshiva University students that the Office of Placement and Careers Services doesn't provide sufficient information regarding prospective fields and professions. With the inception of The Resource Network at Yeshiva University, it is apparent that this problem is being addressed.

This program, veritably unknown to the majority of YU's internship-ravenous student body, has been in existence for nearly a full year. The Resource Network is the brainchild of Yechiel Zucker, who occupies the position of President, and who is assisted by vice president Chad Friedman. The network is, in the words of Mr. Zucker, intended "to allow students to see what the profession they are interested in really is, what it entails, and to give students an idea of where they are going."

Using an interactive website, the Resource Network will employ two newly-established programs: The Career Network and The Mentor Program. The Career Network is designed to be a virtual version of the current Placement Office bulletin board, removing the hassle of sorting through nebulous pink and yellow sheets of paper, which offer vague internship or entry-level positions. The Career Network will have the flexibility intrinsic in an online service, enabling those people who are already established in the working world to post available jobs, and those interested in such jobs to simply peruse

students to e-mail their resumes to various corporations, curtailing a process that would ordinarily require days, and sometimes weeks, to run its course.

Zucker maintains that the current bulletin board is simply not adequate to suit the needs of serious, business-minded students. "The process is too lengthy. The advertisements for a job... will say 'Great Job in the advertising industry.' What does that mean?" asks an incredulous Zucker. "They give you this big book, and you've got to find...where this ad is, and [the job] could be gone already. I've seen jobs in there from 1987." In response to the continuously changing job market, the Resource Network website will be updated on a weekly basis.

The Mentor Program will also be available online, with its aim to allow those interested in a specific occupation to contact those already employed in those fields. The two parties can then correspond and students will be able to glean information vital to their prospective occupation, and, more importantly, to determine whether or not the job is the right one for them.

"You could be in school, with the intent of becoming a financial analyst. You could be acing all your tests, but you could have no idea what a financial analyst really does; you could have no clue," said Zucker. "If you sat down with a financial analyst, a guy who graduated four years ago, or even someone who's been in the business for thirty years,

very valuable information." This is the precise objective of the Mentor Program, to facilitate one-on-one meetings between those interested in working and those interested in helping.

Most of those people looking to aid Yeshiva University students via the Mentor Program and Career Network are Yeshiva Alumni themselves. "The alumni are enthusiastic; they want to help," asserts Zucker. Moreover, there are over 40,000 names in the alumni office database. According to the Resource Network, there are roughly 600 Yeshiva students desirous of a boost into the business world, or just a little encouragement from the proper representative of that world. "You have to figure that with that sort of ratio, there is a good chance that out of those 40,000, there will be one person out there willing to speak to at least one student at least once."

Despite its fledgling facade, the Resource Network has been in existence for over a semester, and is receiving the much welcome aid of several deans, the Placement Office, and the Yeshiva University Office of Alumni Affairs.

When asked why he thinks the Resource Network has not received the attention it would have been expected to generate, Mr. Zucker cited lack of student feedback as a primary rationale. "It's understandable that students are sick of hearing of projects that are 'in the works'," he stated. But without student feedback on which professions spur their interest, the

where in the job marketplace to focus their efforts.

Despite its as-of-yet lack of cyberspace capabilities, the Career Network and Mentor Programs are in effect and waiting to be utilized. So far, there have been many requests from alumni to be able to help students from their alma mater, and all that remains is student involvement in the program.

A seminar is planned for next semester. It will be different from the Job Fair in that it will be significantly less formal, with a more relaxed atmosphere, and for a very good reason; unlike the Job Fair, the representatives at the event will not be hiring. Rather, they will serve as knowledgeable sources of information on specific occupations. Zucker cites the example of the student who approached the Placement Office with the desire to enter the import/export business. "Their response was basically 'what?'," Zucker related. It is the aim of this seminar to be able to cover all the occupations a student might be interested in entering, minus the pressure or the need to impress.

"The Placement Office and the Dean's offices have admittedly been trying to pull this off for years. If it works, this will be adapted for the entire Yeshiva University. This can be taken as an indication of how seriously this is being taken by the administration. Now we want the students to take it seriously."

The Resource Network can be contacted by phone at 212 705 2508 or

1997 President

Election Update: Daniel Berkowitz

In the interests of the student body of Sy Syms, as of 11 PM Wednesday April 2nd, I am removing myself from the Sy Syms presidential race for the sole reason of endorsing Heshy Willig. Not only is Mr. Willig a true Ben Torah, but he is a dedicated and experienced leader that clearly will *get things done* for Sy Syms students.

I firmly believe that under Mr. Willig's leadership, Sy Syms will grow, and without question he is the finest man for the job.

I thank you for all your support, and in your own best interests I implore you to vote Heshy Willig for SSSB President this Election Day, April 3rd.

Thank you,
Daniel Berkowitz

TO ALL STUDENTS OF THE SY SYMS SCHOOL OF BUSINESS:

- Last Evening Heshy Willig's campaign distributed a letter from Daniel Berkowitz that contained numerous lies
- The alliance between Heshy Willig and Daniel Berkowitz actually began earlier than the time published in the letter
- It is probable that Heshy Willig's campaign manager was working on Daniel Berkowitz's campaign simultaneously to his work on the Willig campaign
- This would mean either a conflict of interests or a very suspicious alliance between two candidates that were supposedly running against each other
- This is not the manner in which we, as Bnei-Torah, hope to conduct ourselves, and certainly not the proper behavior of a student leader
- The handout that you are currently reading has been approved and stamped by the Canvassing Committee and the appropriate student councils

They dissed the Giss, now its time to support him.

VOTE
SIMCHA GISSINGER
SSSB PRESIDENT



APPROVED

SSSB Presidential Elections Cancelled

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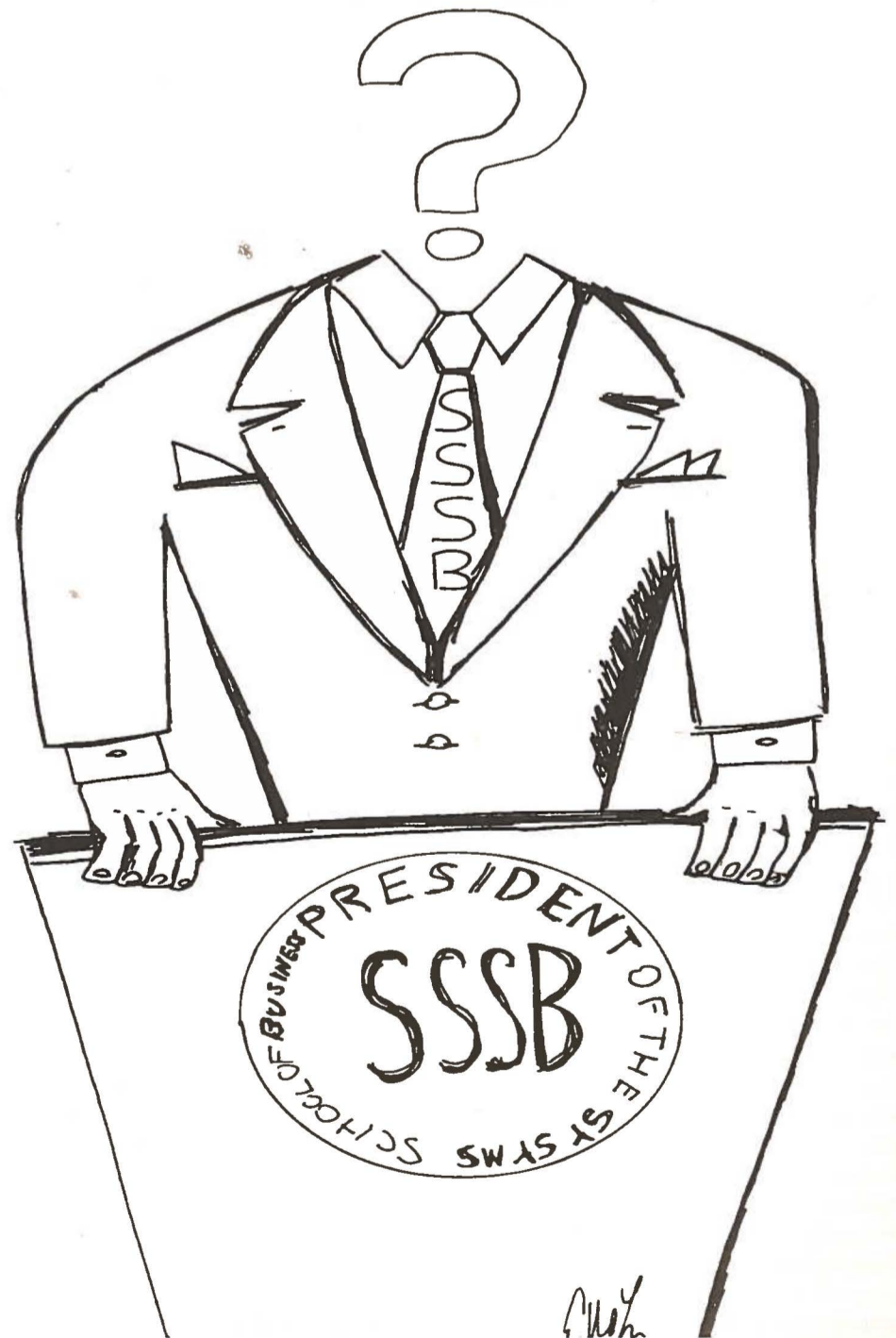
permeating the Y.U. campus. Allegations of illicit campaigning practices began to emanate from both camps, exacerbating the situation. Yet the elections went on as planned. Following a strong voter turnout, the ballots officially closed Thursday at 6:30 p.m. While the results from the Vice President, Treasurer, and Secretary elections were being counted, the Canvassing Committee decided at 6:45 p.m. not to tally up the votes from the presidential race. It appears that the committee felt that Gissinger's letter was too harsh in suggesting some type of conspiracy theory between Willig and Berkowitz and Willig's campaign manager, Michael Sussman. Furthermore, an understanding was reached that the committee played too active of a role in the election process. They could not gauge who had been given an advantage; all that was known was that the committee was unsuccessful in "leveling out the playing field." Bennett Schacter, the outgoing SSSB President, admitted it was mostly his fault the elections were canceled. As one of the proponents to freeze the votes, Schacter admitted, "The committee strayed from its primary function of overseeing the elections and interfered

with the election's outcome."

The election for SSSB President has been rescheduled for Wednesday April 16th. Wary of the factors that caused last week's fiasco, Sy Syms students are determined to get on with the vote, focusing on the issues relevant to the candidates' capabilities. Seth Grossman, SSSB Senior, remarked, "The whole thing was blown out of proportion. We are selling the students short if we believe that one guy's throwing support could sway the outcome of the elections."

Echoing the students' concerns, Heshy Willig said, "What I think is important now is for the student body to put this entire episode behind us. The voters should evaluate the candidates based on their ideas, abilities, and their commitment towards building a better SSSB."

Presidential hopeful Simcha Gissinger stressed similar points in stating, "I believe that the entire series of events stemmed from a lack of consideration given to the real issues at stake in the election: Who is the candidate that students would be proud to have representing them honestly to a potential employer."



The managing board would like to thank Professor Aaron Brown for being the faculty advisor of volume two of the Exchange.

**The Managing Board of
The Exchange
would like to
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establishment of a permanent
office for the University's
business newspaper.
The foundation of an
independent office for
The Exchange confirms our role
as the official voice of the
student body of the
Sy Syms School of Business.**



ntial Elections



Simcha Gissinger Major: Finance

To be a truly productive student leader one must have the ability to simultaneously play on both sides of the field. The student leader must be able to fully grasp student wants and needs, but at the same time he must be capable of effectively communicating and compromising with the authorities that be, regarding these issues. Perhaps most importantly, the student leader must have the ability to sit down to a conversation with such an authority, (be it a university official or a potential on-campus-recruiter), and have the authority walk away impressed by the student's character and personality, in addition to being awed by the student's persistence.

In serving as Vice President of the Joint Business Society this past year I and my associates observed and remedied a student need. Students were tired of the status quo of being forced to pay expensive prices for products in a Caf Store that wasn't even open on a completely regular basis. We brought the student concerns to the university authorities, and because of our dealings with them in a respectful, yet persistent manner, Morg Mart was eventually opened. Since its opening the store has encountered much success. Perhaps the ultimate evidence of its success has come of late, with the talk of opening a Muss Mart, a project that I am confident I can

accomplish. I have also served as Managing Editor and a Board member of the Max Investment Club, and am currently the club's President-elect. My experience in the business world includes positions at Dow Jones, Dean Witter, Merrill Lynch, and Gerard Klauer Mattison. These positions have provided me with the interpersonal skills that are so imperative to being an adept student leader.

The area that I will consider my highest priority, if elected, will be student-alumni relations. I firmly believe that I will be successful at instituting a mentoring program between SSSB students and YU's successful alumni in the business world. I also intend to complete my efforts to create a pact between SSSB and at least one major corporation, whereby SSSB students will be assigned projects on a volunteer basis. The projects would provide the corporations with free work and a sampling of the high quality of SSSB

students. They would also provide the students with a foot in the door that could potentially lead to summer or full time employment. I'd also like to arrange for more classes to be offered based on student request and participation, and a more practical, software oriented MIS course outline. I'd like to move the Community Tax Aid program to the YU campus, and deal with YU's administration regarding the abolition of the exit paper requirement for students taking the CPA or CFA exams. I hope to arrange for more interview preparation and advisement, and for the Sy Syms registration process to be more orderly, with more than one dean approving courses. I intend to further design the Stock Market Challenge to be more in accordance with student preferences. I believe that as a means of providing students with an education that is more in agreement with their intellectual pursuits, that the Operations Research and MIS requirements should be interchangeable with Calculus and Computer Science respectively.

The purpose of the SSSB President is to serve as both a role-model to SSSB students, and a positive representation of those students, to others. It is the job of the president to develop student interest and student spirit. The president must represent the students not only as competent potential employees, but also as moral and honest "Bnai Torah". It is my fervent hope that in representing the student body of SSSB I will exude an aura of confidence and integrity while remaining an approachable and respected member of the senior class.



Heshy Willig Major: Accounting

The job of the SSSB President encompasses three key areas: improving Sy Syms as a business school; arranging and coordinating extracurricular and club activities; and creating programs to enhance students' professional development and career opportunities. A student leader by definition is someone who prioritizes the student body's interests and dedicates himself to working on the students' behalf. It is essential for student leaders to work well together, know the administration, and be goal conscious.

The Guide to the Perplexed is one of the most valued publications in the school. Perennially, students complain that they receive their copy of it after Thanksgiving, and that it really doesn't help them because they already have their friends' phone numbers. When I was appointed Editor-in-Chief of the Guide this past year, my staff and I set a goal where I would distribute the book on the first day of school and the directory the day after Succos. Our teamwork and dedication as a unit enabled us to distribute the Guide to every student upon their arrival in August. However this goal would not have become a reality had I not established clear organizational goals and ensured that they were met. Additionally, in order to bring you the best ever Guide, it was essential to raise additional funds. I was successful in doing this by representing the school and the publication to members of the business community, and applying my marketing and sales talents. The perseverance which I honed while working on the Guide is but one of the traits I will bring to work for you as your SSSB President.

To run successful events, it is imperative to work with student leaders, faculty, and the administration. My successful dealings with current leaders

with future student leaders on every level will enable me to work effectively with them in planning and coordinating programs. I have proven my ability to work with student leaders in producing the Guide, in my work on the Exchange, as Business Manager for the Chanukah Concert this past year. Similarly, to be effective the bureaucratic maze that makes up Yeshiva University must be navigated; whether it be the dean, security, or facilities management my rapport with the administration enables me to smoothly plan, coordinate, and run events such as the Yeshiva College Arts Festival.

As SSSB President I will work to improve the quality of the academic environment. Student registration forms will not have to be individually approved by Dean Jaskoll. Instead, an SSSB academic advisement center will be created. It will be

supplemented by an improved tutoring program, including teachers' assistants providing supplemental review classes. I will arrange Student-Faculty Mixers to promote faculty and student interaction outside of the classroom. This serious, academic business atmosphere will be further enhanced by a lecture series on current business issues, such as the Flat Tax, Balanced Budget Amendment, and Inflation and Money Control.

I will also improve the scope and relevance of extracurricular activities. For instance, I will bring Community Tax Aid, a program to help low-income families with their tax returns, to the YU Campus. I will also establish a "Muss Mart" so that students in Muss can enjoy the same level of convenience as their peers in Morg and Rubin currently do.

I will further work to have SSSBSA help ease students' transition into the working world by establishing a mentoring program with Alumni and Professors. I will push for workshops on interviewing and writing skills to be included in the portfolio of the placement office's offerings. I will arrange a series of shiurim from prominent Rabbanim discussing Halachic issues relevant to the Jewish businessman, issues such as ribbis and ono'ah. I will also organize lectures by religious businessmen on how they dealt with the real-life issues that confronted them upon their entry into the business community.

The SSSB President represents the student body to three distinct groups: the administration, potential employers, and the student body itself. In his dealings with the administration, the Sy Syms President must push for new programs and vital academic changes. To potential employers, the president demonstrates that SSSB students are truly qualified and competent in their respective fields of study. Finally, he encourages participation, dedication, and responsibility in the student body. The SSSB President does this by creating options for the student body while encouraging and motivating them to participate in the programs. The Sy Syms School of Business Presidency is about providing additional opportunities for students to enhance their education and make themselves more marketable to

The candidates were requested to respond to the following questions:

- 1) What qualifications do you possess to be a SSSB student leader?**
- 2) What would you like to accomplish in this position?**
- 3) Define the role of the SSSB President as you see it, related to what the President can accomplish and do during**

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student body of the
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Export Market Research Resources on the Internet

by Dr. John J. Capella

This article examines a number of WWW sites which are particularly useful for undertaking general country screening and export market research. For international marketing students, the sites reviewed are an excellent resource for student assignments and project work. For practicing international marketers, especially in small and medium sized enterprises, the sites provide a very low cost, but reliable, method for undertaking preliminary export market research. Numerous studies have shown that effective export marketing research is a critical success factor discriminating successful from unsuccessful exporters. However, the evidence also suggests that few adopt systematic procedures in this respect. Reasons suggested for this include the view that export marketing research is too expensive; the scope of the task is too complex and difficult; the exporter is too concerned with day-to-day problems and has little scope for adopting a longer-term strategic perspective; and that exporters lack in-house marketing research personnel, knowledge, or resource. The use of the Internet for marketing intelligence is one of the most important ways in which connectivity can assist the firm. The sites reviewed below provide a very useful starting point, either for students in doing project research or the small business in assessing new market opportunities.

International Business Resources on the WWW (<http://ciber.bus.msu.edu/busres.htm>)

This site, which is maintained by Michigan State University's Center for International Business, provides extensive and comprehensive links to a wide range of information sources relevant to international marketing and international busi-

ness. It is recommended as a "first port of call" for those unfamiliar with the Web or for those wishing to assess the wealth of international marketing related material available on the 'Net'. Links are provided to numerous newspapers and journals (including academic journals) throughout the world; an extremely large number of country/ market reports; information on various regional trading blocs; academic papers on international marketing/ business; and numerous other linkages. The site is updated regularly and is very easy to maneuver within.

Stat-USA/Internet Site Economic, Trade, Business Information (<http://www.stat-usa.gov/>)

Hosting the US National Trade Data Bank, this site contains hundreds of product/service specific market research reports covering most countries of the world. The site is keyword searchable, allowing you to find the specific information needed very quickly. One of the main strengths of the site is its Trade Leads and Procurement section which alerts companies to trade opportunities globally. The site is well worth the very low subscription charge levied (approx. \$150 per annum).

While the IB Resources on the WWW site provides numerous sources of information of a general nature (e.g. general country reports), the reports provided by Stat-USA are of a more focused nature, covering specific product and service markets.

Worldclass Supersite (<http://web.idirect.com/~tiger/supersit.htm>)

Worldclass Supersite provides "free access to and step-by step commentary covering 600 top business sites in 70 countries, chosen on the basis of usefulness to world commerce,

timeliness, ease of use and presentation". The site comprises seven main sections covering:

Reference (Market Guides, Regional Institutions, US Government Megasites); News (World Business Dailies, World Business Magazines, Business Mags by Country); Learning (Global MBA Elite, Notable Business Institutes); Money (World and US Stocks, Stocks by Country, Foreign Investment); Trade (World Business Directories, Cargo, Business Tools); Networking (Gathering Places, Bilateral Organisations, Leads and Tenders); World Beaters (MNC Manufacturers, MNC Service, SMEs, Trade Services).

International Trade Links (<http://mercury.saic.com/dolphin/tradelnk.html>)

This site, which is maintained by Dolphin Marketing International, provides links to and comments on a sample of International Trade Sites on the WWW including the Electronic Embassy Page; International Trade Law Project; Russian Trade Connections Online; the US International Trade Commission; NAFTA Online; Asian Development Bank; International Monetary Fund; the UN Trade Development Site; the International Small Business Consortium; and several others.

Global Export Marketing Information System (<http://lcweb2.loc.gov:8081/glin/x-gem-1k.html>)

This page provides a link to the US Department of Commerce Global Export Marketing Information System (GEMS), including links to the BEMS "Big Emerging Markets", BISNIS "Business Information Service for the Newly Independent States" and CEEBIC "Central and Eastern Europe" databases. The GEMS Web Server provides country profiles covering the economic, business

and trade environment of selected countries including articles dealing with government procurement, openness to foreign investment, intellectual property rights, tariffs, customs laws etc.

Internet Resources for Exporters (<http://www.exportusa.com/resources.html>)

A comprehensive list of export related resources on the 'Net' including links to MegaSites; Country and Company Information; Trade Finance, Shipping and Logistics Resources; International Legal Sites; Chamber of Commerce; International Trade Forums; and Export Reference Resources.

The World Factbook (<http://www.odci.gov/cia/publications/95fact/index.html>)

As the title suggests, macro and micro-economic data provided, this time by the CIA, including economic overviews of 260 countries, sectoral briefings, government and defence information.

Strategis: Industry Canada Online (<http://strategis.ic.gc.ca/engdoc/main.html>)

This site aims at providing a Canadian version of the National Trade Data Bank and contains over 50,000 reports covering various aspects of doing business in and exporting from Canada.

The Web of Culture (<http://www.worldculture.com/>)

While the other sites reviewed here focus on the economic, business and trade environments of different countries, The Web of Culture page is devoted to improving executive's understanding of cross-cultural communications which is a "critical success factor" in international marketing. The site would be a useful starting point for those seeking to better their understanding of different national cultures before visiting overseas markets and for students studying the cultural aspects of international marketing.

Market Safety

continued from back page

them. In fact, some ask you for information to determine this amount before you start looking at houses (like a doctor who wants to know what kind of insurance you have before feeling your pulse). Of course, this is nonsense, unless there is an emergency you should restrict yourself to a sensible amount of debt, far less than the maximum a bank will allow you. Car salespeople are experts at making overpriced options sound reasonable through credit. If you were paying cash, you would know that \$1,500 is a ridiculous price to pay for a mediocre stereo system. But if it only adds \$30 a month to the payment, less than a dollar a day, it seems cheap. Hotels, restaurants and stores, all know that it is just as easy to sign a charge receipt for \$100 as \$50 and that lots of people do not even look at the total.

Leasing is very similar to buying on credit. Most car dealers offer leases with all-in costs similar to buying. In general, these can be pretty good deals if you know you are going to drive approximately the allowed miles and you would buy a new car at the end of the lease term anyway. If you drive much more or less you will get a bad deal. And no lease can compare to buying a car, taking good care of it, and keeping it for many years.

Nobody pays the list price when

list lease rate. This makes dealers happy. If you do decide to lease you should negotiate the price (also the miles allowed, make sure it is close to what you expect to drive). But most important, you should treat it with the same care as borrowing money.

Debt and Marriage

Some married couples use debt to avoid facing up to financial disagreements. Each spouse thinks they are the sensible one, because the household income can easily support their expenditures. But it cannot support both spouses' expenditures at once. However debt can solve this problem for a while and a little debt is better than a fight.

Eventually, the interest payments on the debt grow large enough that the household income can no longer support either spouse's expenditures. Now they have the debt and the fight. And it may not be a little debt at that point. It may not be a little fight either. Every married couple in history has fought about money, my advice is to do it early, keep it constructive and remember that however foolish the resolution, divorce is even more expensive.

Over Your Head

What if all this advice fails and you find yourself with more debt than you can handle? This can happen through medical or other emergencies, a business

The good news is that you have several legal options, several types of bankruptcy proceedings and several options for relief without bankruptcy. The bad news is that none of these options are very palatable. None of them will kill you but none of them are pleasant.

Still, the worst choice is to do nothing. Some people, often the most honest and responsible, struggle along under enormous financial strain. In the process they wear themselves out and use up their assets, only to see their debts mount. They may make themselves and their families miserable, sometimes they involve friends and relatives in their problems. If you are going to ask for relief from your creditors, the sooner you do it the better off you will be.

You must also be extremely careful about the advice you take. A lawyer may seem a luxury when you cannot pay your rent, but doing things on your own can be much more expensive in the long run. Unfortunately, many sources of free advice are biased. Organizations funded by big national creditors can help you with budgeting and payment management, but they will downplay or ignore your full legal options.

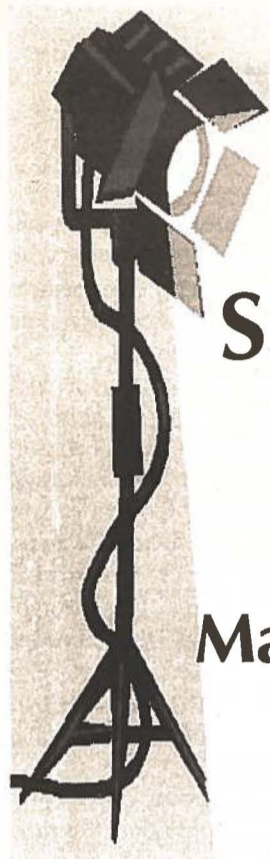
Far worse are people who prey on debtors. Some offer home-equity loans or credit lines that do you much more harm

that take your money and give nothing.

One popular scam consists of charging \$195 for a "credit repair system." I will teach it to you for nothing. You apply for a taxpayer identification number from the IRS, then apply for credit using it instead of your social security number. Since this TIN has clean credit, you will be able to borrow money at low interest to pay off all your old bills. The monthly payment on this new debt will be much lower than the old debt because you have eliminated all the high interest rates and late charges. So you can either pay it off or use your new credit to go on a new binge.

There are a few problems. The basic one is that even if things like this worked, they would be illegal. Obtaining credit under false pretenses is fraud, there is no legal way to fool people into lending you money. Another problem is that although your TIN number will have no defaults on it, it will also have no assets, income or credit history. That will not get you any loans. Finally, only the most careless lenders ever lent money on the sole basis of a TIN number, even those careless lenders that learned about this scam long ago, and any lender that didn't, doesn't have any money left for you.

The best advice is the oldest, "Be not made a borrower by borrowing money."



Spotlight On The Job Search:

Management Consulting by Michael Spivak

Management Consulting is a wide-ranging career area that encompasses many diverse fields of business expertise. Management consultants typically are outside contractors who help a client company improve its efficiency and structure by examining its problems and difficulties and suggesting methods of improvement. Some popular areas of management consulting include: reengineering, human resources planning, information technology, and team building, among others. A business professional will enter the field of consulting typically after a number of years of experience in a particular field, such as human resources or management information systems.

Consulting began to be recognized as a major component of business development in the early 1960s. The formation of new business conglomerates necessitated increased use of consultants at the top levels of corporate management. These "super-corporations" would employ both independent and employee consultants at the CFO and CEO levels to advise company management on the most efficient method of business combination. Companies would utilize outside consultants to examine its organizational structure and advise on how to improve organization, production, efficiency, and waste management. Additionally, these consultants would advise on how to best make use of limited company resources.

Today, one of the most popular "core" areas of large management consulting firms is known as *business processes management*. A management consulting firm will take responsibility for, and improve the performance of, one or more of a client's business processes. This is accomplished by improving service and decreasing cost under a long-term contract according to defined levels of performance. The skills and knowledge of the consultants involved drive business process management's success in delivering performance improvements to clients. Characteristics of a business process management relationship are: long-term agreements for ongoing services, transition of people (in most, but not all, cases), services that integrate strategy, people, processes and technology, and services that produce continuous improvement for the client.

There are several different subcategories of business processes management: business process outsourcing, information technology outsourcing, and application management. Business processes outsourcing includes managing and continuously improving an entire business process or a major subset for a client. Business processes which are candidates for outsourcing typically include financial management and logistics services.

Information technology outsourcing involves managing and continuously improving the entire information technology process for a client, including applications, data centers and networks in a mainframe or client/server environment.

Application management usually involves developing, managing and continuously improving sets of applications or newly-built applications for clients, such as financial or human resources applications.

Organizations typically decide to use business process management as a solution when the organization is set for, or in the process of, change; when the organization is looking to focus management attention on competitively critical core processes; when the organization is in an intense competitive environment, requiring world-class performance for most processes; when the entity is struggling to fix a business function; when the company is searching for an opportunity to reduce overhead or to gain economies of scale; when the organization needs to amortize reengineering costs over several years; or when a company recognizes that long-term business needs offset short-term transition discomfort.

The majority of business process management professionals work at the client site, enabling individuals to fully understand the long-term needs of their clients and to observe the impact of their work. Working in business process management means sharing responsibilities within a team environment. Each member of the team is challenged to help the team meet and exceed the established level of service, producing continuous improvement for the client. (Source: Andersen Consulting)

STREET SMARTS

by Michael Spivak

George Clemenceau, French Premier during World War I, once said that war was too important a matter to be left to the generals. In Stanley Kubrick's 1964 satire film on nuclear war, *Dr. Strangelove*, General Jack Ripper says that war is too important a matter to be left to the politicians. If the crazed General Ripper had witnessed this year's SSSB elections, he might have remarked that the election of an SSSB President was too important a matter to be left to the students.

What transpired these past few weeks in the campaign leading up to the SSSB presidential elections was nothing less than an embarrassment to the entire SSSB student body. The acrimonious atmosphere and the disdain for even the most basic forms of decency caused this election to stand out from all the others.

Let me make one point clear. I do not wish to assign blame in these pages to any one particular person or party. The blame falls on everyone. All who were in a position to act and did not do so in time to avert the unprecedented crisis which now faces the SSSB election process should face criticism. Not to mention the almost-consummated back room deals that made a mockery of the election process by attempting to subvert the will of the student body by offering students political appointments in exchange for certain actions

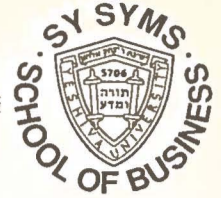
concerning the elections. Whether it be the candidates themselves, the Canvassing Committee, or even high YCSC officials who reportedly attempted to influence the election process through quasi-legal means, all parties directly or indirectly involved in the process should have made a greater effort to ensure a fair and amicable election for all parties.

The near-fraud of an election that occurred in SSSB was also mirrored, in a way, in the other elections held on this campus. Nearly one quarter of campus elections were one-candidate races. For the first time in memory, the most powerful position in the school, that of YCSC President, was sought by only one candidate. All who know Ira (Sruli) Tannenbaum recognize that he is the most capable person for the job; however, one cannot help but imagine if the interest of the students would have been better served, in the long-run, if there had been at least a token opposition candidate. The image that the school will earn from the numerous elections held this year that involved only one candidate harken back to the "elections" that occurred in the countries that fell under the influence of Soviet Communism during the Cold War.

I hope that the lessons learned from this year's election fiasco will serve to direct future generations of SSSB leaders to work toward fairness and accountability for all candidates and especially for the student body.

Top Ten Signs You've Been Studying Too Long:

10. The textbook has fingernail and teeth marks on it.
9. Your calculator sets off the smoke alarm.
8. You're at the beginning of what looks like a long lit tunnel and at the end of it are the beckoning forms of loved ones who passed away years before.
7. You find yourself digging up your old 'New Kids' tapes.
6. You introduce yourself to people as "Jones.... Dow Jones".
5. The people at Mondo start to seem intellectual.
4. You find yourself saying things like "this course is, like, stupid. . . uhhuhuhuh".
3. You trip on your two-day-old beard and find stray animals nesting in it.
2. You have a near-death experience with your own saliva.
1. You're enjoying it.



ISRAEL REPORT

Vocaltec Introduces Telephony Gateway 3.0

Signs Distribution and Licensing Agreement with Motorola

by Ilan Scharf

Vocaltec, Ltd. (NASDAQ:VOCLF) is a producer and developer of Internet telephone technology which allows people to make two-way telephone calls over the internet. The company has experienced a number of exciting developments since it was featured in the December 2, 1996 issue of the Exchange. Firstly, on March 3, the company introduced Telephony Gateway 3.0, the first Internet telephony server software featuring integrated voice and fax capabilities, scalability, billing and quality of service features for corporate intranets, Internet enabled call centers, and intranet telephony enabled call cen-

ters. The Telephony Gateway 3.0 server is the first application of telephony technology that can be applied to mainstream corporate and service providers, solving the problem of delays in calls in earlier versions. Some of the major new features of Telephony Gateway 3.0 include real-time fax and fax-mail capability for transmitting faxes inexpensively over the Internet, the Desktop Dialer for dialing phone calls to anywhere in the world from a desktop computer, and multiple features to reduce the Internet's inherent transmission delays and to optimize audio quality.

On the same day that Vocaltec

unveiled Telephony Gateway 3.0, the company also announced that it signed a memorandum of understanding with the Internet Software Product Division of Motorola Inc. (NYSE:MOT) for a licensing and distribution agreement. Motorola will market Vocaltec's Internet Phone by bundling the product with the Motorola Power class 28.8 kilobit-per-second modem. "We believe that our partnership with Motorola can contribute to the development of the market for Internet/Intranet telephony", said Elon Ganor, Chairman and CEO of Vocaltec. It is a significant endorsement both of the importance and potential of this market and of Vocaltec's technical

and market leadership.

Vocaltec also signed agreements with Cirrus Logic, Telecom New Zealand and South Korea's Dacom International. Cirrus Logic will sell Vocaltec's voice-over-the-Internet software with the audio and modem chips it sells to PC sound card manufacturers. Telecom New Zealand and Dacom will each distribute the telephony software to their long distance subscribers in order to allow them to utilize the Internet to reduce phone bills. In the wake of the announcements, Vocaltec stock rose from \$7 per share on Feb. 28 to \$9 per share on March 4. It has since returned to trading at about \$7.



*You are cordially invited to attend the
Sy Syms School of Business
Yeshiva University
Annual Reception*

Monday, May 5, 1997

Intrepid

Sea · Air · Space Museum

Intrepid Square, West 46th Street

(at 12th Avenue)

6:00 pm

7:00 pm

Cocktails

Dinner

For more information contact:

Rachelle Butler

(212) 213-4495

Cheri Ochs

(212) 545-9371

Ari Foldan

(212) 928-8483

The Real Estate Challenge

Michael Gewirtz

This semester over 40 uptown students, a majority of whom are Finance majors, had the unique opportunity to take a course in the principals of real estate. The course was taught by Professor Laizer Kornwasser. The Sy Syms School of Business alumnus, stated that the course dealt with "all types of real estate from all types of investors."

Kornwasser, originally from Los Angeles, attended Kerem B'Yavneh, before coming to Yeshiva University. He graduated from Sy Syms in 1992 as SSSB President, with a Bachelor's Degree of Accounting, and was as he put it: "actively involved in student life." After two years with the Real Estate Division of Coopers and Lybrand, he attended Harvard Business School where he received an MBA in general management. Only after Prof. Kornwasser decided to take a year off to sit and learn in YU, while at the same time starting a Chai Life Line on the West Coast, did the idea of teaching an introductory real estate course here in YU enter his mind.

Prof. Kornwasser noted that "from my experiences, of going to Harvard Business School coming from a Sy Syms education, I felt that my education was comparable to my fellow colleagues coming from Harvard and Wharton. YU's education is on par with the rest of the top schools, however, the only difference

is what you make of it.... YU is like a raw piece of land that has a lot of nutrients in it, and you are going to plant in that land. Depending on how much effort you put in to it, will make the difference of how much you are going to get from it."

"Real estate is in my blood," remarked Kornwasser referring to his families strong background in the field of real estate. Prof. Kornwasser purchased his first piece of property at the age of 12, with money he had won on a television game show. Additionally, Prof. Kornwasser worked every summer for his father, who is in real estate development, and for the company that his father is affiliated with.

While Prof. Kornwasser is able to list the "various types of real estate" that the course will covers "including: apartment and office buildings, industrial parks shopping centers, private homes and undeveloped land" and the "the investor, owner, seller, broker and lender," as the perspectives through which these properties will be analyzed, he was unable to suggest an exact method through which to examine them. Prof. Kornwasser explained that "in other classes you teach a theory and either you get or you don't, but in real estate you can not teach a right theory because there is no right theory." Similarly, he added that there is "no single formula that will determine whether you are

successful in real estate or not. There are numerous variables that one needs to consider. This class is trying to expose to the students those variables, so that they know what they need to consider."

For this reason Prof. Kornwasser relies heavily on class participation to help his students see every angle of each problem. He explained: "in class we will read a case and I will ask people what they thought about it and direct them in the right way, and because there is no right or wrong answer, two people might have the correct thoughts but still reach different conclusions. So the only way to get these two conclusions out is by having class participation and getting different peoples opinions. Usually, there will be enough proof to argue each conclusion successfully, but you always have to keep in mind the pros and cons of each."

Additionally, Prof. Kornwasser assigns group projects that tend to require a lot of computer work because: "in the business world that is how things are done, very little is done individually,... and you can not leave YU without knowing computers."

Over the next several weeks, Prof. Kornwasser will be bringing in three businessmen to share their views with the class. Prof. Kornwasser's father, President of Price REIT, a half a billion dollar public real estate company, will be the classes first

speaker. The second speaker, a 24 year old alum, will discuss his role in a multi-million dollar real estate development company in an emerging market. After Pesach, Josh Waltuch, a SSSB alumnus and investment banker at DLJ will also talk to the class.

Besides the general material usually covered in most college introductory real estate classes, Prof. Kornwasser plans to discuss several of the Halachik perspectives pertaining to the laws of property that are found in the Gemarah.

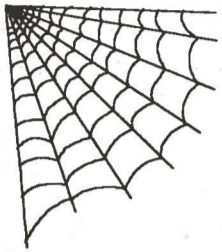
Due to the fact Prof. Kornwasser will be returning to work next semester and not teaching this course again, many students like finance major Daniel Cohen expressed a concern that "a lot of other students will be missing out on a unique opportunity to take such an interesting course,... rarely do you find a course in Sy Syms that requires you to think and participate in class as much as this class does." Graduating senior Douglas Rothchild added, that "Professor Kornwasser has also been a help outside of the classroom, making many thoughtful suggestions, and giving numerous helpful hints on the entire job application process." Realizing the great success of the course SSSB Assistant Dean Ira Jaskoll assured that "we hope to give Principles of Real Estate again, but while we may not offer it next semester, because we will want to cycle it in, we will at least now have a model from which to work with."

Attention All Students:

The EXCHANGE is currently looking to fill staff writer positions for Volume Three beginning in the Fall 1997 Semester.

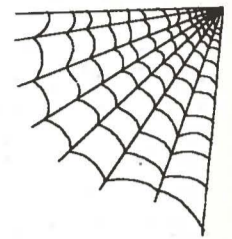
Anyone interested in writing for the Exchange should contact either:

**Michael Insel @ 928.5135, Ru 518 or
Adam Katz @ 568.8725, Ru 213**



April Means Sports! Even on the Web

by Chaim Haas



As we enter the month of April, we can already hear the crack of the bat as the new baseball season begins. Along with this comes the tail end of the basketball and hockey seasons. It is for this reason that I will deal this month with sports information available on the web.

This topic is dealt with in many different ways online. There are home pages for your favorite team, as well as web sites representing each of the major sporting leagues, and other sites that are sports news services. All of the major sporting leagues have represented themselves on the web. The sport sites offer sports news, league rulings, statistics, and other tidbits of information to the sports fan.

The two most popular sporting news services are ESPN and CBS Sportsline. ESPN brings much of the favorite ESPN personalities to your computer desktop, with columns, commentary, and sports news and updates. There are also downloadable highlights and sound clips. Sportsline has differentiated itself from other sites, by running numerous contests and giving

away tons of merchandise signed by sports greats such as Muhammad Ali and Joe Namath. Finally, there is the Fox Sports web site where one can get tons of sports facts and up to the minute news. The National Hockey League is represented by two sites, NHL.com representing the league office and another site representing the Players' Association. At the league site, there are up-to-the minute updates, as well as the ability to listen to the radio broadcast of every game of the season. Also available are video clips, full audio clips of games, articles and photographs. A real-time scoring system is currently under development in conjunction with IBM.

The National Basketball Association is also online with its NBA.com site at which one can find scheduling, stats, news, and more. Also available are video and audio clips, as well as chat groups, information about the WNBA, and the NBA's move to spread out globally.

Major League Baseball has had its @Bat site up and running for the past two seasons. The same types of

information available at each of the other leagues' sites are found here. There is also a special section dedicated to Jackie Robinson, as this year is the 50th anniversary of his breaking the color barrier in the game. The National Football League also has its own site at NFL.com with an overview of the upcoming NFL draft, as well as sections dedicated to each of the professional franchises.

Of course, there is always your favorite team's official site on the web. My favorite baseball team, the 1996 World Champion New York Yankees has built a site which updates fans as the game goes on, allows them to order tickets online, and lets them hear their favorite organ music played by the world famous Eddie Layton, and read the monthly issue of Yankees Magazine. My favorite hockey team, the New York Rangers, does not have an official site, but has many fan sites, as well as those at the various sports news sites. The New York Knicks are online at Knicks Home Court. Finally, the New York Giants are online on the NFL Web Site.

List of Links:

[ESPN](#)
[ESPN.SportsZone.com](#)
[CBS Sportsline](#)
[www.sportsline.com](#)
[Fox Sports Online](#)
[www.foxsports.com](#)
[National Hockey League](#)
[www.nhl.com](#)
[NHL Players Association](#)
[www.nhlpa.com](#)
[National Basketball Association](#)
[www.nba.com](#)
[Major League Baseball](#)
[www.majorleaguebaseball.com](#)
[National Football League](#)
[www.nfl.com](#)
[New York Yankees](#)
[www.yankees.com](#)
[New York Knicks](#)
[www.nba.com/knicks/](#)
[New York Giants](#)
[www.nfl.com/giants/](#)

Is the Big Six Soon to Become the Big Seven?

by Avi Karesh

Since 1990, American Express Co. has acquired approximately eighty accounting and business advisory firms in its quest to become a major presence in the industry by the turn of the millennium. As AMEX continues to grow, the company is planning buyouts of twenty firms by year-end.

Over the last few years, American Express has abandoned many of its major brokerage and investment banking units to concentrate on its charge card and travel business, as well as to focus on the lucrative business of financial advice. It is in the area of financial advice that American Express believes its acquisitions of accounting firms will complement the financial services currently offered.

As a result of the increasingly demanding and competitive market for accounting firms, it is in the best interest

of small accounting firms to link up with American Express. American Express is able to provide a full range of cash-management consulting and investment advice to the ailing smaller firms. Arthur Bowman, editor of Bowman's Accounting Report, says that many small accounting firms are suffering from the burden of tax-form preparation and therefore are willing to sell to American Express. "It is conceivable (through its acquisitions) that American Express could become the seventh biggest accounting firm in the nation."

Robert Basten, President of American Express' Tax and Business services unit in Minneapolis, says that it is possible that AMEX will "acquire enough small accounting firms over the next three years to add \$250 million to our annual revenues." American Express

Tax and Business Services, a subsidiary of American Express Co., is one of the nation's fastest growing business advisory firms, with more than fifty offices in twenty-one states. With its most recent acquisition, a buyout of the Advisory, Tax and Business Technology divisions of Checker, Simon & Rosner LLP, Chicago, AMEX took control of its first Top 30 accounting firm.

There is an obvious question reflecting the nature of the direction that AMEX is headed: Will American Express be within the ranks of the "Big Six" perhaps forcing an expansion to the "Big Seven"? Currently, the seventh biggest firm is Grant Thornton, with an estimated \$250 million in annual revenue. However, it is still a far cry from the smallest of the "Big Six" - Price Waterhouse - with an estimated annual

revenue of \$1.6 Billion. So even if American Express could surpass Grant Thornton for the number seven spot, the company is still a long way from taking over any of the top six firms in the country.

There is one interesting distinction, though, between American Express's rapidly growing accounting division, and most major accounting firms. AMEX is barred from doing auditing work. (An audit is a formal financial statement backed by the written assurances of a CPA that the statements given adhere to generally accepted accounting principals.) This is because state and federal laws require that outside auditors be independent of their clients, which American Express is not. However, the company offers something they call compilation services, which are similar to audits, but do not meet assurances of professional standards.

Stern Election Results

SSSB Student Council:

President: Cheri Ochs

Vice President: Gina Elkon

Secretary: Deborah Waltuch

Treasurer: Tova Zitter

Accounting Society:

Vice President: Danielle Victor

Secretary: Jennifer Prince

Informations Systems Society:

President: Eta Katsman

Joint Business Society:

President: Rachel Butler

Personal Investment Strategy

Incurable Consumption

by Professor Brown

I can get no remedy for this consumption of the purse: borrowing only lingers and lingers it out, but the disease is incurable. William Shakespeare, Henry IV, Part 2

1996 will be remembered as a great year for the economy. Business was good and inflation was tame. The stock market set all-time records. However there were two other all-time records that should provoke a little reflection. In this good year of rising asset prices and wages, over 1.1 million Americans went bankrupt, the first million-plus bankruptcy year ever. And total consumer debt passed the \$1 trillion mark, up to \$1.2 trillion by December 1996.

As a finance professor, I have a love/hate relationship with consumer debt. On one hand it drives the economy. Two-thirds of the economy is consumer spending. When consumers borrow they spend more, the economy soars, new jobs are created, wages go up, and consumers earn back the money to pay off those loans. If consumers insisted on pay-as-you-go, then they wouldn't spend as much money, there would be fewer new jobs, and consumers might never earn the money to buy things. The whole economy would slow down, possibly spiraling into recession. On a more personal note, without student loans it would be much harder to run the University.

On the other hand, we take debt very seriously in finance. It should only be used in emergencies, or to acquire an asset with a rate of return higher than the interest rate on the debt. Using debt

to buy consumables is unsound. And consumer debt suffers from a major disadvantage because the interest payments are not tax deductible.

Fins to the left, Fins to the right, and You are the only bait in town.

College students and recent graduates are particularly vulnerable to running up large debts. Many are poor today, but expect to have good incomes soon. Credit card companies aggressively market their products, usually with deceptively low rates and fees. As credit standards tighten (5.49% of credit card balances were late in December 1996), competition increases for the more desirable customers. In fact the majority of new non-mortgage debt taken out between 1992 and 1996 was by 25 to 45-year-olds with household incomes from \$50,000 to \$100,000. If you're in this group, and many students will be soon, you are in the cross-hairs of some of the most skillful and least-principled marketers in the world.

In this dangerous environment, it is important to understand exactly what is wrong with debt for consumption. Most people object to the interest you pay. But consider the following example. You want to buy something that costs \$1,000. You could buy it today with an 18%-interest-rate credit card, or you could save up for it in a savings account that pays an (after-tax) rate of 3%.

With the savings account, you would have to contribute \$82.21 per month to get \$1,000 by the end of the year. To pay off the credit card balance, you would have to pay \$91.05 per month

to pay off the charge in a year. Buying now only costs about 10% more. In return you get use of the item for a year. If you buy things of lasting value and take care of them, that could be a bargain. If you wait you might lose your 10% advantage if the price of the item goes up, or if a sale opportunity expires.

When you look at things this way, buying on credit might be a little wasteful, but a much smaller problem than failing to shop around, failing to buy things of lasting value, or not taking care of the things you buy. And with things that last for many years or go up in price, buying on credit might actually save money.

The Problem

The problem with this example is that it assumes you are going to spend the \$1,000; it is just a question of now or later. But you do not have the \$1,000 (or you would never consider borrowing it). So why are you spending money you do not have?

This is the real problem with borrowing, it allows you to spend too much. The problem is not the \$92.60 of interest, it is the \$1,000 of principal. You should be saving 15% of your income, not spending 100% and borrowing more. And if you use up your credit for consumption, you will not have it for emergencies.

Assets Make a Difference

The situation is entirely different if you buy an asset. For example, you have to pay for a place to live, whether you rent or buy. So buying a house is not spending money, it is just paying now for something you have to pay for eventually. If the appreciation plus rental

value of the house is greater than the after-tax mortgage interest, a home mortgage can be a wise financial choice.

The other major asset people often borrow for is a car. Depending on where you live, you may need a car almost as much as a place to live. If you need a car to get to work, and you have no savings, you have no choice but to borrow. However, this is much less attractive than a home mortgage. In the first place, cars depreciate rapidly rather than appreciating. Also the car loan will not be tax deductible. Therefore a car loan is like emergency borrowing, a last resort rather than a first choice.

A common mistake in all borrowing, including home mortgages and car loans, is to spend more than you would if you were paying cash. You should do the opposite, since money you borrow will end up costing you much more than the cash purchase price. For example, if you buy a \$100,000 house with a standard 30-year, 9% mortgage, you will pay a total of \$289,664.14, almost three times the purchase price. So every extra \$1,000 you bid for the house means you pay an extra \$2,897. But that extra \$1,000.00 is just an additional \$8.05 on each monthly mortgage payment (perhaps only \$5.00 after tax), much to little to worry about. This is how people talk themselves into houses they cannot afford.

Salespeople

Salespeople can make this problem worse. Many real estate agents seem to think everyone should borrow the maximum amount a bank will lend

continued on page 11

EXCHANGE

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