SY SYMS SCHOOL OF BUSINESS

THE EXCHANGE

THE OFFICIAL BUSINESS PUBLICATION OF YESHIVA UNIVERSITY
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Students Invest in Education

By Yossi Knoll

"A University should be a place of light, of liberty and of learning." This statement by Disraeli has exemplified the character of Yeshiva University since its inception. Yeshiva University has always established many programs to benefit students, one of those being scholarship funds. The scholarship funds are set up for both students in need and for those who perform exceptionally well in their studies. There is one scholarship in the Sy Syms School of Business that is unique in its properties to both Yeshiva University and perhaps most colleges, that being the Harold Charno Memorial Fund Scholarship.

Ten years ago Harold Charno generously donated one hundred thousand dollars to the Sy Syms School of Business on condition that a scholarship fund be established for academically deserving students. Mr. Charno stipulated that students would be appointed to run the fund along with a faculty advisor. After a period of ten years, any excess money over the principal one hundred thousand dollars is to be taken out and be invested in an interest bearing account. The interest from the excess money account will be then given out as scholarships.

Just as a tree must grow before it can bear fruits so too the fund had to be cultivated before it was ready to give scholarships. This year is the tenth year of the first cycle and the fund is ready to bear its fruits. Already over one hundred and thirty thousand dollars has been taken out of the fund and put into an interest-bearing fund. At the moment, there is no concrete criteria in place as to who specifically will qualify for the scholarship. However, there is talk of giving the scholarships to Juniors and Seniors in one thousand dollars amounts.

The fund itself is to be managed by three students. The students must apply for the position and are then picked on their academia, business merit and experience. The three appointed students run the fund with very little interference. "I have found that the fund runs smoothly when I am not breathing down their necks," says Professor Krauss, faculty advisor to the fund. The objective of the fund is to: 1) make money, 2) give some real world exposure to those students who have no experience, and 3) to enable the students who already have experience the ability to give something of value to future students.

Isaac Nappaha stated in the Talmud (Baba Metzia 42a), "Always keep your money in three parts: a third in land, a third in merchandise,

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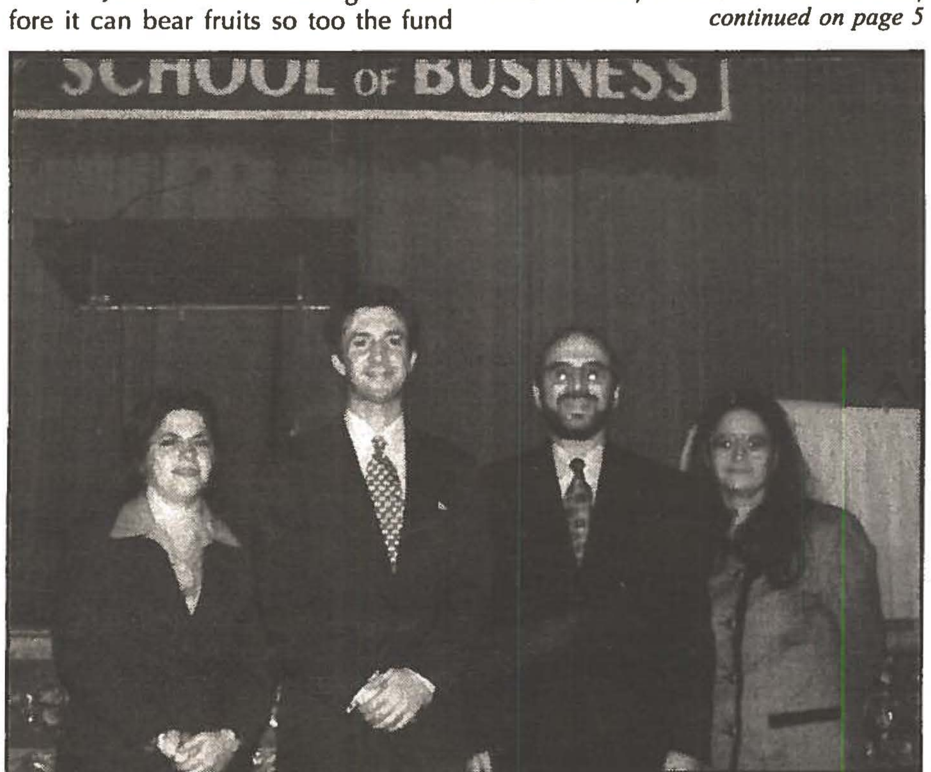

Staff of The Office of Placement and Career Services, L to R: Jennifer Berman, Bob Somersbach, Associate Dean Jaskoll, and Naomi Kapp

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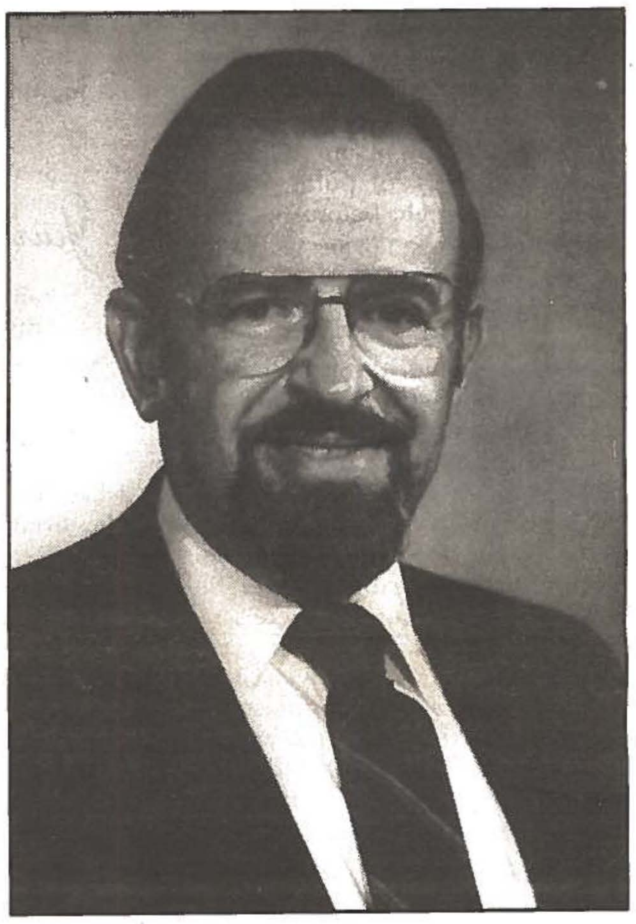
Exclusive Exchange Interview With Rabbi Dr. Norman Lamm

President of Yeshiva University

By Matthew Scharf and Yair Oppenheim



1. Exchange: "In your inaugural address, you warned of the disturbing trend of a vocation-focused education sweeping across the college campuses of America. Does the creation of a business school only further exacerbate the situation?"

Rabbi Lamm: "Let me clarify: When I spoke at my Investiture as President in 1976 there was no business school; my intention was not only business, but everything else which students take merely to make a living and to advance a career, rather than primarily to understand the world about them. I had and have in mind any profession which is career oriented, and where students are engaged in vocational as opposed to intellectual, academic interests. So the question of a business school exacerbates the issue if only because today business is so much in vogue, so it certainly deserves the same or more attention and focus as do medicine and law. But it's not purely a business matter."

2. Exchange: "What factors or issues led to the establishment of the Sy Syms School of Business, keeping in mind Yeshiva University's ideology of *Torah Umadda*, and the heavy emphasis on the value of a liberal arts education?"

Rabbi Lamm: "Well, I believe that business, if less so than medicine or law, can be taught as an academic discipline as well as a hands-on, practical way of making money. And that is what has to be emphasized in Syms. I'll give you an example by analogy: The Law School is a school of law. People are graduating, they intend to become lawyers. The law can be taught as a machine for producing lawyers, which is a vocational school, a trade school; or it can be taught as a discipline of legal thinking, how to think like a lawyer, what law means to society, and how law impacts upon politics, economics, psychology, etc.. In that case law becomes an academic discipline, even without neglecting the fact that students have to make a living later on. to see for the business school: that you're taught basic principles that have wider application. How you impact in society should be an element, even though business lends itself much more to vocationalism than to academia, but nevertheless it must be put in that kind of context. At the same time, we must bear in mind that students at Syms, as opposed to students who go to any other business school in the world, are devoting half a day to their *Limmudei Kodesh*. If you take a student who was going to Columbia Business School, but spending half a day studying ancient Japanese philosophy, it would be a remarkable thing, because there is educational breadth, he or she is able to expand into other fields which are not related to a future profession. Well, our students do the same; they spend half a day in all aspects of Judaic learning, or Judaic studies, so they already are getting a broader education, as it were. True - But that is no excuse for the business school to become solely a vocational school; it does mean that the students do get a *Torah Ummada* education. Of course, people who can't make a living suffer an insult to their dignity as human beings; they can't support themselves and their families. There's nothing wrong and everything right with learning how to support yourself and your family. I don't know of anyone, except those

From the Editors' Desk

Hi. Normally, I'd start with something a bit more grandiose, but since the paper's late, it would be better to get to the bottom line. I'd like to welcome readers to the first issue of the Exchange. I hope your brief vacation went well and that any newcomers have adjusted to the school, more specifically Sy Syms.

I also would like to briefly address a promise I made that seems to have been broken. I promised to get this paper out monthly. I did not intend to make a promise which wasn't realistic. Last year' issues were monthly after I came on. I was simply at a loss of resources. The Commentator's computer system "went down" right before the mid-semester break, and due to that, if you recall, they were late by about three weeks. As it was their office, they did not want the Exchange in until they solved the problem, or until they felt comfortable. This was all done politely of course, and thus I was forced to part, and find a way to print this issue starting with next to no efficient resources. It was not easy. End of story. For those of you who have never read the paper and are interested in joining, here's the mission statement: This is a monthly paper, which covers interesting school events, business and economic concepts, and current events in the business world. This includes topics ranging from currency in the Middle East to a detailed explanation to how leveraged buyouts are done. There is something here for any major in Sy Syms, and just because the content of the paper is business doesn't mean that Yeshiva College or Stern College students shouldn't read it, since if I'm not mistaken, a liberal arts education is meant to expand the mind. If you're interested in joining the team, whether in writing or something of a different nature, just look up one of us on the staff list, and that's a start. That's it for now. I'll see you next month.

Sincerely,

Yair Oppenheim

Yair Oppenheim
Editor-in-Chief

I'd like to welcome back SSSB students from vacation. I hope midterms have gone well for everyone. In this issue, the Exchange was fortunate to get an interview with the President of Yeshiva University, Rabbi Dr. Norman Lamm, which will prove to be informative and interesting. We'd like to thank Rabbi Lamm for his thorough answers. Rabbi Lamm is obviously aware of the tremendous success of the Sy Syms School of Business and we appreciate all of his efforts on behalf of the school.

On a different note, the Office of Placement and Career Services is continually sponsoring events, and everyone is urged to attend. These events are a good chance to improve your networking skills as well as provide opportunities to perfect your communication techniques when speaking to professionals from various spectrums of the business world. Time is going by rather quickly and many opportunities come and go. If we can all take advantage of our time and value it dearly we will all reap strong dividends. Yeshiva University has much to offer, aside from a business education, so it is worth your while to make the most of it. I would like to take the time to thank the participants and contributors to this issue. We hope that this issue is intellectually rewarding and thought provoking. For a last note, as you all know, the Exchange as always, welcomes comments from readers, and though reader response has been relatively low, we'd still love to hear from you all.

Sincerely,

Joseph Weilgus

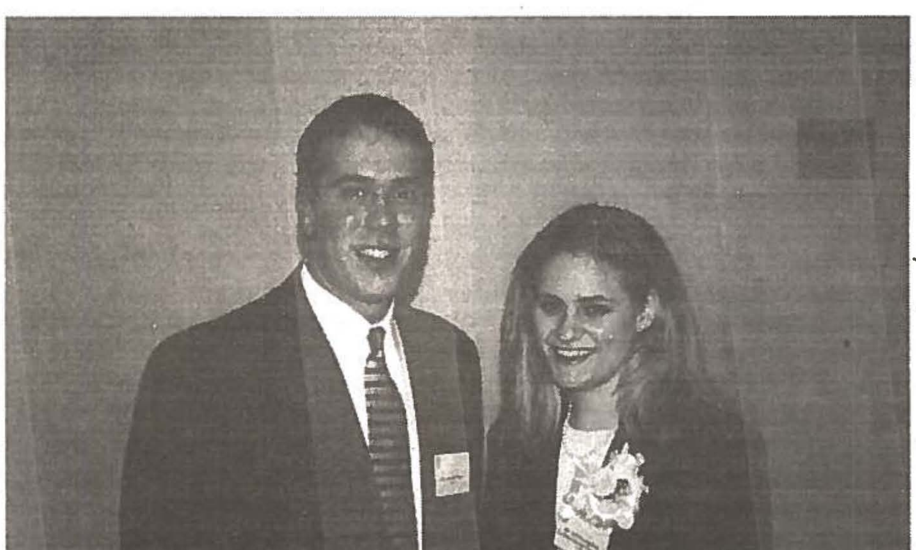
Joseph Weilgus,
Editer-in-Chief

SSSB Presidents' Message

We would like to welcome back all students from a restful Thanksgiving vacation. We hope that those of you who have just started their college experience here at Sy Syms have by now adjusted appropriately and are adequately satisfied.

Over the past few months, some of the many events planned for this year took place, to the interest of all students in Sy Syms. The many clubs, which relate to the different majors, have had their first meetings, and are still busy planning future activities and workshops. For those of you who are not familiar with the clubs Sy Syms has to offer, they are the Accounting Society, the American Marketing Association, the Joint Business Society, the Max Investment Club, and the MIS Club. We encourage all of you to actively seek involvement in one or many clubs of your choice, if you have not already.

We'd like to welcome the newest member of the Office of Placement and Career Services, Robert Lubin. Robert has recently



David Neiss and Adina Loberfeld, Presidents of The Sy Syms School of Business Student Association.

will surely be appreciated by all the students needing assistance in their quest for career opportunities. On a related note, we hope you have attended and enjoyed this year's Career Fair; it was a great success, as we were such great numbers. There will be many other career-oriented programs and workshops that will take place at various points in the year, and we encourage you all to attend them as it is a great opportunity to actively pursue

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AMERICAN MARKETING ASSOCIATION

The Exchange is brought to you with the cooperation of the American Marketing Association Chapter at Yeshiva University.

Low-Cost Health Care, At What Price?

By Matthew Scharf

Of all the issues that concern Americans, health care has always ranked as one of the foremost. In this decade, in light of the popularity of Health Maintenance Organizations (HMOs), this issue has taken on a whole new dimension. Whereas in the past, the doctor was considered to be the ultimate arbiter in matters pertaining directly to the health of the patient, currently, the doctor is held fiscally accountable, at least to a certain extent, for his or her medical decisions by administrators. Obviously, the elimination of unnecessary excesses seems very reasonable. However, keeping in mind that the issue at hand is health care, can one eliminate the excesses without compromising it's quality?

In recent years, as medical insurance costs escalated, a new approach to providing health care has been explored. The theory was that if one could provide a steady patient base that was limited to seeing a certain group of primary-care doctors, these doctors could care for these patients without having to constantly refer patients to specialists where it was not necessary. Thus, a patient would have a primary-care doctor who would handle general medical problems and specialists would only be used in cases in which the primary-care doctor lacked the necessary training. This would reduce the *number* of specialist services rendered, provide these doctors with a constant flow of patients and would provide these patients with reduced medical costs. The doctors, while providing a lower per-patient cost, would make the same amount of money overall, and the patients, seeing that their doctors could focus on them without having to worry about maintaining a referral base, would receive the same or better quality care. Hence, the HMO was born.

In 1970, U.S. HMO enrollment was at approximately 2 million members. In 1996, that number had risen to just over 59 million members. As the enrollment continues to grow and HMOs seem to enjoy an inordinate amount of popularity, it appears that HMOs have been true to their task as the modern panacea of medical care. After all, if this was not so, how could they be enjoying the phenomenal success they currently do? Unfortunately, the matter is not so simple. The original goal of the HMO was to provide a lower per patient fee while providing the same or even higher quality care. The quality of care is not so easily defined and is even less understood by patients. However, the price of medical insurance has the benefit of being presented in a form effortlessly understood by all. Therefore, as HMOs flourished and new ones were appearing constantly, competition increased and new financial demands were placed on HMOs. In addition, many HMOs had underestimated costs which further contributed toward their woes. They rose to this challenge in a way many businessmen would be proud of. In a brilliant display of business acumen they demanded that doctors see an increasing quantity of patients in a non-increasing quantity of time. This way costs were reduced and medical insurance was made affordable. However, it was not without taking its toll. Quality was compromised in an area in which quality is of the essence. It could in fact be a matter of life and death.

The purpose of this article is not to berate HMOs. Clearly, deficiencies exist in the quality of care provided by HMOs, as has been shown by numerous studies as well as increasing governmental regulation of the HMO industry that demands a minimal level of care. However, there is an underlying idea that is not unreasonable and will most likely, due to necessity, be the wave of the future. That idea is efficiency.

Throughout this decade, the entire medical community has been focusing on being more economical in the care of their patients. Even though most people in the U.S. do not belong to HMOs, the effects of HMOs have been far reaching and wide. Fee-for-service insurance plans also took a fresh look at their expenses with the hope of reducing costs. Essentially, the question that has arisen to everybody's lips is, how low can we maintain costs while maintaining the level of care we have come to expect and demand? This is not a question that has been left entirely unanswered.

Hospital services consist of out-patient services and in-patient services. The sickest of the in-patients are usually admitted to the intensive care unit (ICU). In general, the ICU has two components; the medical ICU, which is for the treatment of general medical problems and the surgical ICU which is primarily for the treatment of complications arising from surgery. There are two major models of medical ICU organization. One is known as the "open" model, in which patients are admitted and are cared for by their primary care physicians. The other is known as the "closed" model, in which patients are admitted only after evaluation by a dedicated intensivist and are then transferred to the care of that intensivist. In a recent study (The American Journal of Respiratory Critical Care Medicine, 1998), the two models were compared. What was found was that the "closed" ICU model improves resource utilization while not adversely affecting mortality. The explanation for this is simple. When a central figure, the intensivist, is directing the whole process of patient treatment in an ICU, that person tends to have a more complete grasp of what is going on with each patient. As a result, the intesivist can be more focused in his treatment of each patient. This can potentially cut down on such factors as length of stay, number of medical tests ordered and number of specialist consults ordered, just to mention a few. In other words, the care is made more efficient while maintaining and even improving its quality. This is much more in tune to the idealistic musings of the early HMOs. The only difference being that quality is made an absolute standard about which efficiency revolves.

In today's volatile health care industry, changes are occurring that are going to immeasurably shape the future of health care. As this occurs, one very basic principle should serve as the guiding beacon of wherever this reform may take us. That is, no matter what the pressure, the high level of health care that is available today cannot be compromised. With this point in mind, new ways should be explored and developed as to the most efficient method to deliver this care, be it via HMOs or some other means. As has been demonstrated, this can be done. However, it is incumbent upon the population at large to demand this. It is imperative that certain standards be maintained. Otherwise, health care insurers will be left in an unbounded realm in which many unsuspecting people will be lured in by low rates only to be making what can potentially amount to the most devastating decision of their lives. In health care, if one is forced to choose between quality and frugality, the choice should be simple: reduce costs wherever you can but never give me inferior care.

Rabbi Lamm Interview continued from first page

who are born with silver or golden spoons in their mouths, who can afford not to think about how they are going to support their families in the future. So there's nothing wrong with it, and it does add to the *kevod habriot*, to their own dignity — as long as it is not completely focused to the exclusion of every other intellectual interest.

We also had another reason for creating the business school, in addition to the fact that there were many more students who were interested in business as a career. And that is: the self-interest of Yeshiva University. We hope that as the graduates of Syms take their role in the alumni of Yeshiva University, they will be able to support the Yeshiva. It's easier, generally, for business graduates to do so than for rabbis, teachers, principals, social workers- even doctors and lawyers. And it's with that in mind to protect the future of the Yeshiva, what we stand for, *Torah Ummada*, and *Yiddishkeit*, and all that goes into making up an ideal yeshiva of the future — that we request for it, of course; we found many students who would have wanted to come to Yeshiva, who weren't coming here because we didn't offer any business courses, in addition to accountancy. In fact when I came, I don't think there were any accountancy courses too. Maybe one course was being given. So, we were simply responding to student demands. That's one reason why we did it."

3. Exchange: "Describe the ideal Sy Syms graduate in your opinion."

Rabbi Lamm: "The ideal Sy Syms graduate, first of all, has got to be committed to his or her Judaism. He or she has got to be a *shomer torah umitzvot* and should be a *koveah ittim le'torah*. I can't imagine a graduate of Yeshiva who can go an entire week, week after week, without learning. Orthodoxy believes in the full commitment to Jewish law and tradition, we say that *Talmud Torah Keneged Kulam*. So there should always be a link to the study of Torah; preferably it should

but at least there should be a real effort to attend a *shiur* or give a *shiur* on a regular basis. Second, an ideal Syms graduate should know his field well and should keep on studying it. No less important is the next item. He must be honest and honorable and ethical and be able to ask a *shaileh* when he feels that his business interests come into conflict with the ethics of Judaism. Next, an ideal Sy Syms graduate should take a leadership position in the community, whether it's in the local day school, whether it's in the Yeshiva alumni, whether it's for the local *mikvah*, whether it's for *kashrut*, whether it's for a pro-Israel activity, or any aspect of the community. A Syms graduate who has taken it upon himself or herself to go into business and do well must use the same creative talents, the same pro active stance on behalf of the Jewish community and the general community, as is done for one's own business interests."

4. Exchange: "According

efit to graduate level business education beyond the mere economic benefits?"

Rabbi Lamm: "Frankly, I'm not sure as to how much, how many economic benefits there are to a graduate school of business. It all depends upon the circumstances. In the beginning, a few years ago, if you didn't have an MBA you couldn't get a job sweeping the floor. Nowadays I have many people who tell me they don't insist upon MBA's, they want people who are creative without necessarily having the degree. But I think there is a benefit beyond the mere economic one of getting an MBA, and that is for those who are interested in the academic aspects of advanced business education, as opposed to merely getting the piece of paper that will make you get the better job. And there are such things; admittedly less so perhaps than other areas. But you know, advanced learning in information systems or in economics or in the political aspects of business — these are aspects that really deserve

The Features of The Office of Placement & Career Services

Introduction

1. The Office of Placement and Career Services ("OPCS") of Yeshiva University, located on the 4th floor of Belfer Hall of the Main Campus and on the 9th floor of Stern College's Midtown Center, has undergone a number of recent changes designed to enable it to more effectively serve the needs of the student body. An effective job or internship search involves a wide range of components, none of which need be complicated if put into an easy-to-understand framework. It is toward this end that we have outlined the following steps to assist students in the utilization of OPCS resources and services. Our goal is to provide Y.U. students in every discipline the guidance, tools, and support needed to achieve a productive and rewarding future in the workplace or in continued education.

2. Each career field or graduate school has its own set of rules, protocols, and deadlines. The more quickly a student familiarizes him-self/herself with these guidelines, the greater the likelihood the student will be prepared to conduct a thorough and timely pursuit of his/her objectives. The hiring schedules for entry-level and internship positions in individual fields vary somewhat. Generally, students seeking entry-level Accounting and MIS positions will begin the interview process early in the autumn semester. Seniors with majors in other business and liberal curriculums begin the entry-level interview process in late autumn and through the spring semester. Similar rules apply to students from these fields seeking summer internships. While in general, accounting and MIS students apply early in the spring semester and other majors thereafter, the more competitive summer internships, even in other disciplines (ie. Finance, science, journalism), have deadlines that can be as early as Thanksgiving. Academic year internships should be applied for in late August and early September, and semester internships at the beginning of each semester.

3. These time tables are merely benchmarks intended to help student gauge their own preparatory efforts and to alleviate the anxiety students in one discipline may experience when their peers in another discipline are further along in the recruiting process. The differing time tables have everything to do with the demand for students in a particular field. An important caveat to the above is that students interested in top tier firms must begin their searches somewhat earlier than others in their concentration of study.

I. Counseling

4. Students considering career paths frequently find it necessary to sort through a myriad of personal and academic issues. The career counseling services of OPCS are designed to assist students in what can be a confusing time of their lives through the use of individual counseling and testing. By assisting students with the self assessment phase, OPCS counselors can identify a student's personality style, values, interests, and skills and generate career options that best utilize this profile through the second stage, career research, a student can assess the appropriateness of these options by weighing such reality factors as lifestyle, additional training, salary, job opportunities and career advancement. For those careers requiring further education, graduate/professional school advisement is available at OPCS. For others deciding to pursue full-time employment upon graduation, job search assistance is offered by our professional staff.

II. Resumes

5. Resumes are an employer's first impression of the student as job candidate and, as we know, first impressions can be quite important. A resume kit is available in the OPCS and includes sample resumes, cover letters, and thank you letters. Students must complete adequate drafts of their individual resumes and cover letters <u>before</u> scheduling meetings with OPCS representatives. This permits us to focus our attention on the fine points of a resume and cover letter and so create a better work product. It also permits us to reduce students' waiting time. Newly updated and <u>approved</u> resumes should be submitted at the outset of <u>each semester</u> and must include the student's e-mail address, if one is available. OPCS requires graduating students to submit 50 resumes <u>with</u> an objective and 10 resumes <u>without</u> an objective. Non-graduating students seeking academic year and summer internships must supply OPCS with 15 resumes <u>with</u> an objective and 10 resumes <u>without</u> an objective. When the OPCS does not have a sufficient number of resumes, the ensuing time spent waiting for replacements may mean a lost opportunity for a student. It is vital that these numbers be adhered to.

6. It is essential that a resume be an honest representation of a student's academic, extracurricular and work experience. Any detail found to be lacking in supportable fact has the potential to disqualify a student from a company's hiring process, as well as that of the OPCS itself. Any misrepresentation would reflect quite negatively on Y.U. as an institution. Only the most rigorous

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SEEK AND DESTROY

A Column About the Music Business

By David Rappaport

The Real Big Five

Yes my good Sy Syms brothers, it's true. No one cares about accounting outside of this school. The real money lies in the music biz where the five major distributors control 86.5% of the world. So what happened this past summer? Well once upon a time there were six major distributors. Then Edgar Bronfman Jr., king of Seagrams, bought PolyGram. Now for those not realizing the consequences involved, here's a brief run down. Seagrams owns the Universal Music Group. By purchasing PolyGram for $10.6 billion, Mr. Bronfman grabbed for himself a 23% percent market share. This puts him on top of super power Sony. If you recall from one of my previous articles in the liberal arts newspaper I rashly declared that the world would be destroyed by aliens but first, they would declare Sony the winner of life and we would discover that Sony is actually run by a small tibetan monk who lives in a mountain cave where he is attached to a tube and is fed intraveneously through his 30 foot moustache. Either way, it seems I spoke too soon. Poly/Universal is the new king. As a comparison, imagine NBC absorbing CBS and consolidated its shows into the NBC schedule for airing on one channel.

So does this merger mean the other multinational corporate chumps does BMG stand for Big Mean Germans), Warner Music and EMI are now losers? I don't think so. The climate changes too often.. The only thing this is going to do is annoy BMG and EMI, who are now left at the bottom of the big five. Because all CEO's have egos, I'm predicting EMI and BMG will follow suit and merge in order to achieve a 25.5% market share. It's actually possible that Disney's Hollywood Records may buy EMI as well. This would certainly help Disney because they would not have to worry about alternative distribution channels. Especially, with recent hits from Fastball, you can bet Hollywood Records is going to make a move real soon.

In other news:
Gary Gersh has left his post as head of Capitol Records. This is bad news for anyone who likes good Rock and Roll. Mr Gersh was responsible for the profile of seminal acts such as the Beastie Boys, Radiohead, Supergrass and a 49% acquisition of indie rock monster Matador Records. Mr. Gersh truly attempted to make a difference by signing acts with long-term appeal. His reason for leaving Capitol was the company's newfound desire to find instant hits. Not wishing to contribute to the human excrement already present on the radio, Mr. Gersh did the most

Student Investment

Continued from first page

and a third in cash." Although the fund is not large enough to heed the Talmud's advice, it does have its own objective. The fund's objective in terms of investment is to invest aggressively in securities that are either listed on the exchanges or the OTC. The securities can be either stocks or bonds, but it has been the attitude of past fund managers that there is not enough money to seriously invest in bonds and thus they typically stick with stocks and mutual funds. Just as the fund managers change annually, so too does the fund strategy. Over the past ten years there has been a broad spectrum of strategies that have included very quick short term trading, penny stock trading, hot tips and so on. In order for a change to be made in the fund either on the selling or buying side, all three student fund mangers must first agree to the transaction and then write a proposal. If the proposal seems to be within reason to both Professor Krauss and the funds broker at Bear Sterns, the transaction is made. "I don't necessarily have to agree with the transaction as long as it is within reason. The students have the real control," said Professor Krauss.

The fund managers receive information on securities from broker in tandem with their own research. There is no compensation to either the students or Professor Krauss. Professor Krauss states, "What myself and the students get from this is the gratification and the realization that we are doing something that will help students in the future. I still have alumni fund managers coming to me and asking where the fund is at now."

Eliezer Brender, Menachem Shecter and Eric Pinkis will manage this year's fund. Their strategy will be similar to that of creation- starting anew. Their plan is to sell off all current stocks and reinvest in other securities.

The Harold Charno trust agreement is set up so that the fund will go on perpetually. Every ten years, whatever excess there is over the principal one hundred thousand dollars shall be taken out and put towards scholarships, and the cycle will then start again.

"Give aid to all, expect it from none." The Harold Charno Memorial Fund is the embodiment of this phrase. Perhaps this fund is more special than most scholarships in that it gives out two forms of scholarship. The first being monetary scholarships to deserving students and the second being an academic scholarship to those students that have

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standards of honesty must apply when working with the OPCS and potential employers.

III. Cover Letters

7. Cover letters are an essential component of a student's introduction to a company or firm. In fact, some students are invited to interview with an employer on the weight of their cover letters to a degree commensurate with that of their resumes. Sample cover letters are included in the Resume Kit available in the OPCS.

8. A cover letter is a student's opportunity to expound upon the strengths cited in a resume and/or to add information not included in the resume due to space limitations. Meticulous care must be paid to both the substance and form of a cover letter. The ethical standards laid out in the previous section on resumes apply equally to cover letters. Any deviation from a student's factual history may disqualify a student from the OPCS process.

IV. Game Plan

9. Formulating a game plan for your job/internship search involves an organized and concentrated effort to put your candidacy before an employer. This can take place in a number of different ways. First and foremost, a student's plan must be discussed with an OPCS representative. This will serve to ensure that students optimize their potential as candidates while guaranteeing correct channels are used in dealings with companies/firms with which the University maintains a relationship.

10. Students seeking full-time employment may have their resumes submitted to employers through the OPCS using two methods. The first, On-Campus Interviews, is a process by which interviews are set up at the Main and Midtown campuses by the OPCS itself. The hiring prerequisites of a visiting company/firm are used in selecting students for the interviews. In addition to the selection criteria of a company/firm, students also have input in the on-campus recruitment process by ranking firms in the order of one's preference. The second method, Resume Referral, ensures that resumes are mailed to all companies that a student requests. All resumes are then sorted and sent to companies/firms. When indicated, students must also supply the OPCS with appropriate cover letters. Companies/firms then contact the students they wish to interview at their headquarters. Both of these methods require students to submit the appropriate forms included in the Orientation Packet. The OPCS uses resumes on file so it is imperative that students meet the established deadlines for their disciplines.

11. Another method used in conducting a job search is the Direct Mail Campaign. This involves direct student submission of a resume and cover letter to potential employers both inside and outside of the University's own professional network. Those companies/firm in the University network will post present openings in the Job Books located in the Main and Midtown OPCS offices. Companies/firms already in the On-Campus or Resume Referral systems seeking entry-level employees are much less likely to consider resumes submitted independently by students. In fact, the company/firm receiving an independent submission may think negatively of the OPCS's own program if recruiting efforts appear to be uncoordinated. It is, therefore, very important that students first avail themselves of the services offered by the On-Campus and Resume Referral systems of OPCS.

12. Once a Direct Mail Campaign for an entry level position has been approved by the OPCS, a student should begin to research the companies/firms that appear appropriate using OPCS job indexes, on-line searches, and networking opportunities. A student may then submit his/her resume and cover letter via mail and fax, unless the latter is prohibited by the policy of the firm/corporation. The rules governing the use of Direct Mail by non-senior students seeking internships are quite different as Direct Mail is the specific means by which internships are gotten, the exception being those Accounting majors seeking Big Five summer internships. In other words, a great deal more independence is granted to nonsenior students seeking internships of whatever type.

V. The Interviewing Process

13. As mentioned, companies/firms not pursuing On-Campus interviews will directly contact students in whom they are interested. It is essential that students ensure that roommates and family members taking calls from potential employers be prepared to take messages. Likewise, outgoing messages on answering machines should present a professionally mannered representation of a student. In the event a student has trouble reaching or being reached by a potential employer, it is wise for the student to leave a message suggesting several potential meeting dates and times.

14. The OPCS provides preparatory mock interviews before scheduled company/firm interviews take place. In a mock interview, a student will be asked questions of the type anticipated in an actual interview and given feedback regarding his/her strengths and suggested areas in need of improvement. Mock interviews will be conducted by the OPCS representative overseeing a student's discipline of study. Students are urged to schedule mock interviews far in advance of actual interviews as there is often a waiting list.

15. The actual interview conducted by a particular company/firm may fall into a number of categories. The most common is the traditional interview which is based upon a review of the student's resume and some additional questions regarding a candidate's career goals, strengths and weaknesses, knowledge of the industry, and career history. The interview generally lasts about half an hour. Questions are fairly straightforward and an equal amount of time is spent on academic, extracurricular, and work activities.

16. A new interviewing technique which is being utilized by major accounting, management consulting, and financial firms is the behavioral approach to interviewing. In this format, recruiters ask thought provoking questions of applicants based upon a series of values and skills that the company has identified as key to success in that firm. To confirm if an individual possesses team work abilities, questions are formulated to ascertain this quality and applicants are asked to give specific examples to provide evidence of such qualities. (eg. Could you please tell me of a time that you worked with others to achieve a goal? What was your role in the process and what was the outcome?) Give specific details about the incident. These interviews generally last at least three quarters of an hour to one hour in length.

17. Some companies use a mixture of both traditional and behavioral interviews. This modified behavioral format includes questions from both modalities and allows the student to highlight his/her accomplishments from the resume while supplementing this with self reflective responses to experiences that highlight the behavioral qualities companies are seeking.

18. Following an interview, it is imperative that a thank-you note be sent to each one of the individuals that took the time to meet with you. This should be done immediately following your visit to a company/firm. An interviewer may factor into his/her decision whether or not a thank-you note has been received in a timely manner. If this has not been the case, you may lose an opportunity to be invited back for another round of interviews. Thank-you notes must be sent in professional letter format and should not only express appreciation for the time and information the interviewer provided but can offer an opportunity for an applicant to recite his/her interest in the positions and comment once more on his/her strengths.

19. Response times vary from one company/firm to another due to a multitude of reasons that involve incidentals of workflow, holiday schedules, and the sequence of the candidate's interview in the overall process. Generally, a job candidate should wait one and a half to two weeks for a response and then contact the company/firm regarding the status of his/her candidacy unless the firm indicates otherwise. A candidate may be given an offer after a first interview but it is much more likely he/she will be invited back for a subsequent interview.

VI. Offer and Acceptance

20. When an offer is extended to a candidate, it is appropriate for the candidate to immediately express gratitude for the opportunity extended to him/her. It is likely that the company/firm extending the offer will request a quick response so as not to lose other back-up candidates in the event that the individual receiving the offer chooses to decline it. It is, however, quite appropriate for the candidate receiving the offer to request some time to make his/her decision. The standard deliberation period is two weeks but is frequently less than that due to the needs of the company/firm. This is the most important time for a student to maintain contact with his/her OPCS advisor. A careful negotiation of the offer/acceptance process ensures that a candidate may accept or reject an offer in a professional manner and so preserve the relationship of the company/firm with Y.U.

VII. Closing

21. The OPCS is committed to assisting every Y.U. student with his/her individual job search from inception to successful completion. The OPCS possesses an excellent placement record due to its provision of early counseling and research tools, oversight of resume/cover letter quality, and its development/maintenance of an extensive professional network. The earlier a student's participation in the job search process begins, the more likely he/she is to establish and achieve career goals. The urban job market is a competitive one and demands a degree of knowledge and level of sophistication that the OPCS can help a student develop. The OPCS looks forward to assisting all Y.U. students with their individual job searches and with the successful attainment of exciting and fulfilling careers.

Sincerely,

Dean Jaskoll
Naomi Kapp
Jen Berman
Lana Steiner
Robert Lubin
Bob Bomersbach

"Crisis in Russia"

By Mark Gurfinkel

The following is a chronology of key recent events that led to a devastating economic and financial crisis in Russia.

March 23, 1998 - Russian President Boris Yeltsin says that reforms are too slow, and sacks Prime Minister Viktor Chernomyrdin, picking little-known energy minister Sergei Kiriyenko to head new government. Many investors, already worried by low oil prices and Asian financial turmoil, start pulling out of stock market.

May 12 - Coal miners protesting over unpaid wages block a major railway line for over two weeks.

May 26 - Auction of a 75 percent stake in "Rosneft," the last big oil firm in state hands, fails to attract bidders.

June 18 - International Monetary Fund (IMF) delays a $670 million portion of a loan to Russia, citing fiscal problems.

June 25 - IMF releases the $670 million, but Russian shares fall again.

July 13 - International lenders pledge $22.6 billion in extra credits. Shares briefly rise.

July 17 - Parliament rejects many of the revenue-raising measures in Yeltsin-Kiriyenko crisis plan.

July 20 - IMF approves its $11.2 billion share of new international loans. First $4.8 billion are made available.

Aug 10 - Markets plummet on fear of default or devaluation.

Aug 11 - Yields on Russian T-bills soar above 100 percent for the first time in six years.

Aug 13 - American financier George Soros urges devaluation of ruble, which has been steady for nearly three years. Shares plunge.

Aug 14 - Yeltsin vows there will be no devaluation. Some major banks fail to meet payments to each other.

Aug 17 - Government abandons floor value for ruble of 7.13 to the dollar, aims to keep a floor of 9.5 for rest of 1998. Government orders 90-day moratorium on repayments of some foreign debts by banks, says ruble-denominated debt will be restructured. Russians rush to buy dollars. Ruble begins fall.

Aug 21 - Communist-led Parliament in emergency session calls for Yeltsin to resign, attacks Kiriyenko. Shares fall further.

Aug 23 - Yeltsin sacks Kiriyenko government, calls back Chernomyrdin as acting Prime Minister.

Aug 25 - Ruble suffers its worst fall in nearly four years. Domestic short-term debt is restructured with severe terms, which foreign investors say amounts to default.

Aug 26 - Central bank halts ruble-dollar trading. Russians withdraw savings en masse. Many banks cannot refund deposits. Yeltsin says he will stay in power till 2000.

Aug 30 - Chernomyrdin and Duma leaders announce deal to give Duma more power, but legislators pull out hours later.

Aug 31 - Duma votes overwhelmingly against Chernomyrdin as Premier. Yeltsin re-nominates Chernomyrdin for second vote.

Sept 1-2 - U.S. President Bill Clinton, in Russia for two-day summit, urges Russia to press on with reforms; Yeltsin vows to stay the course. Duma puts second vote on Chernomyrdin on agenda for Sept 4th, calls on Chernomyrdin to stand down. Ruble falls to 18.90 to the dollar - which makes it an effective decrease in value of more than three times.

Sept 7 - Yeltsin is forced to propose Yevgeny Primakov as a candidate for a post of the Prime Minister as acting Prime Minister Viktor Chernomyrdin resigns under pressure from Communist-led Duma.

Sept 8 - Duma overwhelmingly elects Yevgeny Primakov as new Prime Minister; Primakov is 68 years old, ex-chief of Soviet era KGB and an old friend of Saddam Hussein. His entire experience in the field of economics comes down to a dissertation paper on Arabic economy of early 1950s, which he wrote when he was 22 years old.

Sept 10 - Primakov's appointment sparked some positive activity in the lifeless shares market, but dealers say that the market would hold off on a real rally until a cabinet was named and began implementing reformist policy.

Sept 17 - Reports that two Communist nominees were likely to receive key posts in Primakov's government appeared to have some effect as the Reuters Russian composite index was down 11.28 percent at 79.95. Yuri Maslyukov, a Soviet-era head of central planning is expected to become first deputy in charge of the economy and Soviet-era central banker Viktor Gerashchenko, head of Russia's central bank. Volume on Russia's share market, which has lost some 90 percent of its value since the beginning of the year, has dried up in recent weeks amid severe economic and financial crises to a tiny turnover of around $800,000.

Sept 18 - Newly appointed Yuri Maslyukov, a communist who used to chair the Soviet-era GosPlan (Gosudarstvennoe Planirovanie - Government Planning Body), was quoted by Russian news agencies as saying his first priority would be to pay off the country's huge wage and pension arrears. This step can fan the fears of a money-printing splurge that could unravel inflation.

Additionally, in efforts to get the frozen payments system flowing again, Russia's central bank said it will begin printing money and allow commercial banks to dip into its reserves. Central Bank First Deputy Chairman Andrei Kozlov said banks may have to use most of their 27 billion rubles in reserves to get the debt payment system functioning again. Russia has frozen $40 billion of short-term domestic government paper pending a widespread debt restructuring. Some overseas banks already have said they fear discrimination during the restructuring, with local banks possibly getting an unfair advantage. The banking stocks led the victims on Wall Street – particularly JP Morgan (NYSE: JPM), Chase Manhattan (NYSE: CMB) and Citicorp (NYSE: CCI) - which are considered to be particularly vulnerable to the international turmoil because of their exposure to international loans and currency trading losses.

In my personal opinion, populist measures that were adopted by the newly constructed Mr. Primakov's government are not the proper way to deal with this crisis. In fact, printing money in order to pay off government debts, worker's wages in arrears and pension liabilities in order to stabilize payments system will only lead to the system's deterioration; average Russians, expecting inflation, will hold dollars and restrain from spending them.

I propose to enforce a tougher, uncompromising tax policy, reduce Federal Government spending to shrink the budget deficit, make steps to strengthen the banking system and adopt uniform commercial laws and procedures that would be vigorously implemented. Returning to the archaic, Soviet-era state-run economy is not an option – and the sooner Russians conceive that concept, the better it would be to the Russian Federation and the world as a whole.

The New Teach in Town

By Raphi Savitz

The administration of The Sy Syms School of Business has always valued real world experience as an effective teaching tool. Anyone who has ever taken a class with Professors Ross, Brown, or Williams, or any other member of our illustrious staff has gained from their practical insights.

This semester brings three new full-time professors to the faculty ranks. Professors Andreadis, Bellman, and Greenberg have all succeeded in business and each one brings with him the real world knowledge that will help SSSB students conquer the business world of the 21st century.

Professor George Andreadis is no rookie professor; in fact, he is a seasoned veteran teacher who has spent 16 years teaching Finance and Investments in his alma mater, CW Post. Even though Professor Andreadis is a full-time professor, he also finds time to work for his own investment company, Andreadis Financial Services, in Long Island, doing consulting work and portfolio management. Prof. Andreadis' teaching philosophy is based on real life applications so this year he introduced the Stocktrak Investing game as part of his Investments class. Upon asking one member of the class what he thought of this innovation, he responded, " it's better than copying down formulas." Professor Andreadis' non-financial hobbies include movies, his favorite shockingly being Wall Street, and long-distance biking, sometimes biking as long as 100 miles. His closing financial piece of advice was buy Blue Chip stocks, "they all bounce back."

Professor Lawrence Bellman is the new management, marketing, and International business expert on campus. He joins the prestigious ranks of SSSB faculty after just completing his doctorate in Marketing and International Business at Pace University this summer. Professor Bellman's expertise are in the Telecommunications and Automations fields, working for such giants as Intel and Honeywell. While working in these sectors, Prof. Bellman also found time to teach Marketing and International Business as an adjunct in Hofstra University and Pace University. Prof. Bellman's life outside of business includes scuba diving, skiing, and swimming not to mention "any James Bond movie except Casino Royale."

Professor Robert Greenberg is not new to the SSSB, but this is his first year as a full-time professor. In fact, Prof. Greenberg is not new to YU at all; he graduated YU ('81) and Cordoza ('84). Despite his seemingly lifetime connection to YU, the Professor has also taught paralegal studies at NYU and Queens College. He, like the other new professors, has also worked in the business sector, practicing law in Manhatten, and acting as a senior legal editor for Matthew Bender Legal Publishing Company. Prof. Greenberg claims to have no time for hobbies except layning every Shabbat and occasionally giving shiurim, but he easily recalled the Dirty Harry series and the Death Wish series as his favorite movies. For those that don't know, these movies came out in the 70's so I guess he really is busy and has no time for hobbies.

P/E Strikes Again

By Rebecca Eisenberg

Everyone swore the market would hit 10000 and keep going up, earnings projections were sky-high and kids were buying stock with their lunch money via the internet. Even the Asian crisis couldn't dampen the market. Companies announced expansions into Asian and Russian markets without making a dent in the upward swing of the market. Confidence ran high, irrationally so, along with denial of the international market crisis. What happened?

Throughout the overconfident bull market, Wall Street forgot many of its own fundamentals. As the market continues to sink, many are beginning to once again pay attention to the column in stock listings titled P/E ratio. This number stands for the price(per share)-to earnings(of the company, divided by the number of shares) ratio. The bigger the number. the less money the company actually makes in relation to the price of the stock. Although many analysts estimated this years earnings growth to be as high as 19%, corporate profits actually peaked two years ago. In 1997 the growth rate fell 7.8% from 23.3% yet the market still jumped 23%. Wall Street never blinked. Instead, many analysts continued to predict astronomical growth and stock prices soared. Stock value stopped having any correlation to company valuation. Cisco Systems had a P/E of 55, as Lucent became a powerful competitor. Gillette's P/E was 44 as it announced plans to move into Asia, coke traded at 50 times earnings while its large overseas market was getting hammered. At its peak, AOL traded with a P/E of 40 and Yahoo had 1,087% over two years. Internet companies true worth are not known. The market has entered a new stage, that of deflation. This deflation will lower stock ratios, basing stock prices on the underlying company's valuation.

Among the many overvalued stocks there are quite a number of undervalued or fairly valued stocks. Many of these, ignored during the rush to "buy the next big thing", will weather the market fairly unscathed. Even once the market levels off, the P/E ratio should always be taken into consideration.

Constant Dollar Averaging: "A proven way to win with in investing."

By Ari Kadish

What if I was to tell you that there is a safe, low cost, and easy way to start investing that doesn't take lots of money up front and is only slightly affected by market fluctuations. First, you would probably think I was offering you some ridiculous gimmick; acting on that, you would probably stop reading this article. Before doing just that, I urge you to read on. The investment option that I would like to show you is one that is used not just on Main Street, but also on Wall Street (by such legends as Warren Buffet and Peter Lynch). The most successful investors have shown us time and time again that good stocks such as Coke and Gillette are good stocks, regardless of whether the market is up or down. The key is to not invest all of your money in a stock with one purchase, since the market could drop at anytime and harm your entire investment.

Constant Dollar Averaging is the right strategy for avoiding this problem. For example, suppose you have $1000 to invest and you intend to buy 100 shares of the ABC company at the current price of $10 a share. You could buy all 100 shares immediately because you expect the market to continue its stratospheric rise; if you are correct, you would make a nice profit. As we all have seen, bull markets do not last forever, and there is a real chance of your stock falling 1 point to $9 a share giving you a $100 loss. So rather than investing all of your money in ABC right away, why not simply invest $100 a month for ten months and thus ride out whatever market fluctuations occur. Going back to our initial example, if in January the price is of ABC is $10, you'd get 10 shares. If in February there is a market correction and the price falls to $5 you would get 20 shares for the same $100; amazingly in March, ABC returns to $10 and you buy another 10 shares. By the end of March you own 40 shares of ABC which are worth $400, yet cost you only $300. Already a 33% profit. Had you initially invested all $1000 in ABC you would be left with a gross profit of 0%.

This strategy works in both up and down markets, yet many skeptics still argue that this is a poor investment philosophy for today's market. Their reasoning is that since the market was advancing nearly everyday there is no longer any need to Constant Dollar Average because stocks are constantly going up. If you still believe that (even in light of the market's recent performance), take some advice from me: get your money out of the market - you're living in a dream world. Yes, the market has been going up for almost twenty years, but recent signs of weakening (poor profits, Asian and Russian woes, and political crisis) have begun to take their toll. And we are not experiencing the first downturn in the past two decades. Additionally, many of these so called "gurus" are not the real gurus. If I were to ask our finance professors to name the top three investors they would probably list Benjamin Graham (Warren Buffett's teacher), Warren Buffett, and Peter Lynch, three investors who all advocate using Constant Dollar Averaging. Buffet has been known to use the dividends which he receives to buy more of his favorite stocks every quarter as a form of Constant Dollar Averaging.

While Constant Dollar Averaging has its benefits, such as less initial risk, it also has a few disadvantages. The first problem is that if you Constant Dollar Average through a stock broker, you would have to pay full commissions for each monthly purchase. This can be very costly, especially if you are only investing $50-$100 a month, considering that the lowest commission is about $10. There are a few ways around the problem posed by commissions, including mutual funds and Dividend ReInvestment Plans. A mutual fund is essentially a collection of stocks that you buy into together with other investors. The mutual fund itself has a share price which is the average value of all its stocks divided by its shares outstanding ($1000 of assets divided by 100 shares equals $10 per share). If you Constant Dollar Average every month with a mutual fund, you will accomplish the same result as with a stock in that you will get more shares at lower prices, and fewer at higher prices. As an additional bonus, besides avoiding costly commissions you also get to better diversify since mutual funds typically hold many stocks stocks. Alternatively, you can go the Warren Buffet way and invest in our country's greatest companies, such as Coke, Gillette, Merck, McDonalds, and Johnson & Johnson, for as little as $10 a month. You simply must buy at least one share through your brokers, and then transfer that share to any one of these companies' DRIP. The DRIP then lets you send a monthly check for whatever amount you choose (I suggest regular Constant Dollar Averaging) to buy additional shares. At the same time, you get the dividends that the company pays reinvested in more shares. I recommend both of these options, but would give preference to a low cost mutual fund for the new investor, since it will offer great diversity in stocks.

I must admit that Constant Dollar Averaging is the hardest way to invest. All of us, (and I am just as guilty) feel that we are always right when investing, our stocks will only go straight up. That stubbornness and poor judgement have cost me greatly, and now I am a firm convert to Constant Dollar Averaging. I got my first taste of how great Constant Dollar Averaging is this summer as the market fell 15%, and I got to buy more mutual fund shares as a nice discount. As a result of this I find market downturns as a great opportunity to buy, and market upturns as a great opportunity to watch my investments grow like crazy.

One last thought. For those wondering about Warren Buffet, his return has averaged 28% annually for the last 40 years through picking great stocks and Constant Dollar Averaging them. Constant Dollar Averaging will probably get even the average investors about 12-15% annually, much less than a Warren Buffett, but still a great return. Anyone who is interested in a list of companies which let you invest directly (to facilitate Constant Dollar Averaging) can feel free to Email me at HeightsInvestments@yahoo.com, and I will gladly put you in touch with many of the companies that offer this service. Finally, when looking for a mutual fund to Constant Dollar Average with, make sure that the minimum initial investment is low enough to enable your new purchase to significantly influence your investment (in simple terms, don't initially invest $3000 if you will then only invest $50 per month, rather find a fund with a minimum initial investment of $250-$500).

Which legal structure is best for your business?

By Michael Perl

Upon creation of a business enterprise an appropriate legal structure must be chosen. The three most common legal structures are sole proprietorships, partnerships, and corporations. Another legal structure employed is the Limited Liability Company (LLC); one that is becoming increasingly popular. Each legal structure has both advantages and disadvantages. It is important to identify expected goals and characteristics of the business to successfully adopt the appropriate legal structure.

A sole proprietorship is a business owned by a single individual. Creating a sole proprietorship begins when business starts, yet even the smallest businesses must usually be licensed by the city, county, or state in which the business resides. There are advantages and disadvantages to choosing a sole proprietorship as a form of legal structure for your business. The advantages being that a sole proprietorship is easy and inexpensive to form, and has a limited number of government regulations and standards that must be followed. Additionally, and all income generated under a sole proprietorship is taxed as individual income, once and therefore does not pay any corporate taxes. However, the disadvantages for a sole proprietor deal with unlimited liability for the owner of the business. This idea of unlimited liability means that the sole proprietor can lose more money than was invested . Another disadvantage is the difficulty in obtaining capital because the financial strength of the firm is limited to the proprietor's personal wealth. Moreover, transferring ownership is often difficult, and the life of the business is limited to the life of the proprietor.

Another legal structure is a business partnership. A partnership is a business owned by two or more people. There are two types of partnerships: general partnerships and limited partnerships. A general partnership consists of partners who agree to provide a portion of the labor and resources and are consequently entitled to have a share in the profits and losses of the business. On the other hand, a limited partnership allows the partners' liability to be strictly limited to the amount of resources each partner has invested in the partnership. Limited partnerships usually call for at least one partner to be a general partner, and the limited partners typically are not involved in managing the business.

The advantages of a partnership are similar to those of a sole proprietorship. It is simple and inexpensive to form, subject to very few government regulations, and it is taxed like an individual, and not like a corporation. The disadvantages are also similar to those of a sole proprietorship. General partners have unlimited liability for all debts. For a limited partner, the liability is usually limited to the contribution he has made to the partnership; hence the name *limited* partner. A further disadvantage of a partnership is that if one of the general partners is unable to meet the contribution that he originally promised, the other partners have a responsibility to cover for him. Similarly, it is also difficult to raise large amounts of capital. It is difficult to transfer ownership, and the general partnership is terminated when the general partner dies or withdraws.

A written partnership agreement is not required to begin a partnership; however, certain specifications should be set forth about the nature of the partnership arrangement. These specifications include the responsibilities of each partner, whether a new partner can join the partnership, how existing members may leave or separate from the partnership, how assets will be divided if the partnership dissolves, how profits are to be divided, and how capital investments should be determined. These guidelines should

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What the IMF really does

By Avi Cohen

Every day, whether at work, in school, or at home we hear about the "Asian and Russian Crisis", and how the International Monetary Fund (IMF) lends billions of dollars to poorer countries in need of economic development. As a result of this, many people think that the International Monetary Fund is a central bank, controlling the creation and flow of money on a global scale. Some might assume that the IMF functions to assist poorer countries in need of economic reform. Others might even look at the IMF as a strong, powerful institution that pressures its members to follow specific economic policies. But the IMF is actually none of these. It is an organization composed of 182 member countries that willingly consult with each other on the *exchange value* of their national currencies to allow each member to make the necessary policy decisions. The IMF is first and foremost, a supervisory institution. The IMF provides member countries with technical assistance in specific areas, along with offering educational courses on a wide variety of international monetary matters.

Upon joining the fund, each member pays a certain monetary sum referred to as a *quota*. The quota serves several purposes: First, it provides money for the fund to allow the IMF to provide monetary assistance to needy countries. Second, the amount of money a country can borrow is based on the level of its quota. Third, the quota sets the voting power for each member. However, the fund only lends money if one of the members is having problems paying financial responsibilities to another member on condition that the defaulting country will establish economic reforms to eradicate their troubles.

The IMF does not possess any position of authority to enforce any policy decisions. In fact, the only authority it has is limited to persuading its members to maximize output with scarce resources by using sound economic policies, making known information on their monetary policies, and allowing the exchange of currencies without limitations. Changing currencies is possibly the primary financial connection between two countries, and is an important means of trade. The layman might think that his only connection with foreign purchase is as a tourist, but it especially makes a big difference to banks, companies, and governments that purchase abroad that can directly affect them.

During the Great Depression, there was a tremendous lack of confidence in paper money, and as a result it forced a great demand in gold beyond what the treasuries could provide. Because of this, countries were forced to relinquish the gold standard. Due to this uncertainty of the value of the paper currency, countries had hard times changing currencies between nations that remained on the gold standard and those that did not. The economy under these circumstances deteriorated. As the crisis in Asia continues to wreak havoc to our world economy the IMF has become such a common name amongst us that unfortunately we fail to understand the role it plays on Asia and the world economy. It is not just a resourceful moneylender, it's there to instill confidence in member countries by making their resources temporarily available to them in order not to disrupt a balance of payments.

Our world economy has changed since the IMF was created, and so has the IMF. The IMF also serves as a surveillance platform. It seeks to avoid a crisis by keeping a close eye on member countries and to warns them when trouble threatens. It gives advice on how to promote growth through low inflation, sound money, and careful fiscal policies. However, the IMF today has broadened their surveillance capabilities that include many other elements as well. Such as, the lowering of unproductive government spending, higher spending on health care and education, ample protection for the poor; and by cutting down monopolies to make room for privatization. On many occasions the IMF has provided the capability to come up with pragmatic solutions with monetary problems, and assemble the international resources to make them work. This was especially true in 1994-1995, when Mexico suffered a total financial collapse. Because of the IMF efforts and support, a financila crisis was prevented from spreading into other financial markets, allowing Mexico's markets to remain open.

Crisis prevention still must remain the funds first line of defense, and this will simultaneously depend on the level that we integrate our national markets and global markets. But, it would be extremely unrealistic to think that the IMF can prevent any crisis from happening. Therefore, the fund must be ready to provide any resources or expertise to a country in poor financial condition.

Legal Structure

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be revealed and declared before the partnership is activated so as to avoid any complications that might arise in the future.

Another example of a legal structure is identified as a corporation. A corporation is a separate legal entity from its owners. To begin a corporation, *articles of incorporation* must be filed with the secretary of state in which the corporation is to reside. The articles of incorporation typically include the corporation's name, business objective, intended life of the corporation (which could be forever). It also includes the number of shares of stock that the corporation is authorized to issue, including the different classes of shares, shareholders rights, and the number of members on the initial board of directors.

Unlike a sole proprietorship and a partnership, the ownership of a corporation is separate from its management. This gives a corporation several advantages over other business structures. Shares of stock in a corporation determine its ownership. Therefore, the shareholders have limited liability to the corporation. Shareholders can only lose up to the amount invested in the company. Creditors of a corporation may only seize assets of the corporation, not personal assets of the shareholders. Another advantage of a corporation is the ease of transferring ownership. Transferring of ownership is simply the transfer of shares from one shareholder to another. A third advantage of a corporation over a sole proprietorship and a partnership is the unlimited life of a corporation. As stated earlier, a sole proprietorship is terminated upon the death of the proprietor; a partnership is ended when a general partner expires. However, a corporation continues to exist even after the death of shareholders.

Although a corporation has several advantages over a sole proprietorship and a partnership, there is one major disadvantage associated with a corporation. Corporations are subject to duel taxation by the government. Not only does the government require corporations to pay taxes on their income, but the corporations shareholders must also pay taxes on the dividends and corporate gains they receive from the corporation.

The sole proprietorship, partnership, and corporation are the three most common legal structures of business. However, there are other structures as well that one may consider using to form a business. For example, the Limited Liability Company (LLC) is a cross between a corporation and a partnership. The LLC protects the owners or members from bankruptcy and lawsuits in a similar manner that protects the shareholders in a corporation. However, all profits and losses go directly through its members similar to a partnership. Before beginning a business one should investigate and weigh the advantages and the disadvantages of each type legal structure, and select the appropriate system for the business being started.

Financial Lessons of Monopoly

By Professor Aaron Brown

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else wants to be rich and happy too. Like a geologist who sees a fault line where other people see an impressive skyscraper, a doctor who sees long-term steroid abuse where others see a champion athlete or an engineer who sees a skimpy foundation instead of an architectural triumph, I see disaster in other people's prides and joys.

Monopoly rams this hard lesson home. It's not what you have that counts; it's what you can keep. Your money, your property, your buildings do not belong to you but to whichever player lasts longest.

The popular Monopoly rule variations blunt this lesson. Extra money for landing on Go, fines paid to Free Parking, purchase restrictions, unlimited house and hotel supply; all these tend to lengthen the game and sometimes permit more than one player to survive. While this is a generous impulse it is not a good lesson for life. It is better to experience economic reality when it's only play money than when the losers really lose.

Does this mean we all have to go around exhausted like Bill Gates? Of course not. Financial security is only one aspect of a good life. It is neither necessary nor sufficient. We should build our financial security on rock, with deep foundations and prudent construction, then sleep easy knowing we have done all we can. We should be alert to forces that threaten our security, not so much to fight them as to avoid or even take advantage of them. Then we should remember to enjoy life when it is good and make the best of whatever comes next.

How about the specific financial lessons of Monopoly? By my count there are ten main lessons, seven I agree with and three I oppose.

The Good Lessons of Monopoly

1. *Don't hold cash.* Consider a player who refuses to buy property, who just cruises around the board collecting $200 each cycle. Initially, this player does very well working up to about $3,000 in cash while the other players have almost no money. But once monopolies form, this $3,000 disappears in only a few trips around the board. You cannot achieve security by building up cash. You must make risky investments to win, both in Monopoly and in life.

2. *Seize all your opportunities.* Good Monopoly players buy virtually all properties they land on, even if this requires leverage (mortgaging other properties). Often a seemingly minor purchase is the decisive factor in a game. It is difficult to guess which Monopoly properties will become important; opportunities in life are similarly unpredictable. So seize them all with vigor and some will pay off more than enough to make up for the rest.

3. *Monopolies are dangerous.* It is the formation of monopolies that marks the end of the safe period of a Monopoly game. Suddenly everyone is at risk of bankruptcy. Some people over-extend themselves, others fail to exploit their properties ruthlessly. A few key throws of the dice and the game is over.

In real life, monopolies are not the only forces that enrich a few people but destabilize things for the rest of us. I might mention technological change, leveraged buy-outs and corruption for random examples. Some are good, some are bad, all are dangerous. Smart people are aware of the dangers around them, daring people try to turn them into opportunities.

4. *Cooperation wins.* This seems strange in a game only one person can win. But the key to winning Monopoly is neither luck nor skill. While both of these matter, successful property trading is more important. Success in trading, in turn, requires finding deals that help both parties and selling those deals. The best Monopoly player in the world will lose to three beginners, if the beginners trade among themselves but not with the champion.

5. *Things change.* At the start of a Monopoly game, a trip around the board gains a player an average of about $175. At the end, it costs an average of about $2,000. Plans that are sensible at one level of development are insane at other levels. Many real life financial mistakes are caused by using today's data to make tomorrow's decision.

6. *Calculate risks.* In a well-played Monopoly game, the crucial period is the first few trips around the board after monopolies are formed. Some players like to develop their properties as quickly as possible, hoping for a quick win. However even a small setback can cause a downward spiral that leads to bankruptcy. Other players deploy their assets more cautiously. They survive, but at the same time another player is getting strong enough to crush them.

Even good players tend to make this decision based on personality or habit. In fact, it calls for exacting calculation and close attention to what others are doing. A rule of thumb is that the second most aggressive player has the best chance to win. This means you must play cautiously in cautious games; aggressively in aggressive games. But whatever you do, make sure you know the numbers and the odds.

7. *Be flexible.* A common fault among Monopoly players is to fall in love with certain properties or tactics; or to ignore others. Some players insist on foolish trade restrictions, such as that equal numbers of properties be traded or that they not give up net purchase price. Winners consider anything that can help them.

The Bad Lessons of Monopoly

8. *Be ruthless.* The successful Monopoly player always goes for the kill. It pays to pick on the weakest player and not let up until he or she is bankrupt. Any hint of sportsmanship or mercy can backfire. In real life, a little kindness goes a long way. It rarely costs much and often leads to great rewards. And, regardless of the payoff, it's the right thing to do.

9. *Jail is an expensive annoyance early in the game, but a good place to spend the later stages.* In real life, jail is almost always bad. While a few people have turned it to their advantage, this is not a strategy I generally recommend.

10. *Utilities and railroads are cash cows with good cash flow, but limited opportunities for capital investment.* It used to be true but deregulation changed all that. Now utilities and railroads should be analyzed just like any other investment.

So play Monopoly and absorb the wisdom while ignoring the untruths. May all your joys be Boardwalks-with-Hotel and all your sorrows be undeveloped Mediterranean Avenues. Avoid Income Tax, Luxury Tax and Jail (except when it pays to be in Jail). Seize and develop your opportunities. Be alert to danger but don't let it distract you from enjoying each day. Do this and you will win.

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EDITORIAL

Is there a manager on the premises?

What spurred me to write a piece about management was the fact that there's a non-vocal sentiment in the school that usually presents itself in the form of a question: "You're majoring in management? Why?" The negativitiy that stems from a question like that can be attributed to an arrogant assumption that said know-it-alls think they know what management is about. Not so. I'd like to not turn the tables on this argument, but rather, answer the question asked by these sophomoric students who are wanting in brain cells. Management has always been management; never better and never worse. The simple and eternal stature of a manager rests in maxims like "Do the best job you can", or "Get the job done". These anthems of the workforce, without defense, are very simple and trite. They have meaning only to those who seek meaning, but that is precisely what separates the so called "men" from the "boys"; that is essentially what creates a true manager.

The first area in which managers divorce themselves from typical office workers resides in the realm of thought. Managers take risks - calculated risks. Managers know when to ask a question instead of making a silly assumption. If every worker possessed qualities such as this, we'd increase our output exponentially. Of course, this hasn't happened, which explains why all these negative attitudes bewitch young minds.

The second area, which is rather large and perhaps all-encompassing, is the nature of self-refinement. How many workers out there are truly motivated? How many dare believe that working harder can yield a crop far larger than any season would normally permit? I guarantee that anyone with that attitude has progressed on the path to greatness. For those who haven't, there is a lesson in self-refinement as well. They mostly likely have not made themselves aware of their circumstances in the working environment. They may work hard, but do they check their work before they hand it in? All possible explanations of this common acquiescence to a fatalistic attitude about work, the mainstay of the "I'm trying hard, but it's not working" religion, is all a result of a lack of experience and a poor absorbtion of the lessons taught in school. School, and more so for work, is not a place for spoonfeeding. Teachers may know their material and expect you to understand it. Superiors, though, just tell you what to do, improvise on the job like you, but expect you to ask the right questions. Not questions like: "When is this due? I have so many projects that I need an extension on this portfolio analyisis.", but rather, questions like: Is there anything else that we're missing? Do you want me to do anything else for you?" These questions reflect on yourself, on the depth you've reached with your work.

I applaud students who major in management for the right reasons. The major isn't skill-oriented, but it provides the framework to do you any type of work in the first place. It is the study of work, theoretically and practically, and should thus be accoladed by liberal arts students rather than maligned by them. There are many more ways to express and subcategorize the ideas behind what makes a great manager, but I doubt that's necessary. Theory isn't always best. Examples speaks for themselves. Why would Wharton, one of the top five business schools in the country, spend money and other valuable resources on a management major if they didn't deem it necessary, least of all important. Why don't all of the students who take Organizational Behavior get an A if the class material should be obvious and easy? Once again, the truth proves its case.

How Long Can the Growth Continue?

By William Adler

The United States economy has been growing since the end of 1991. Technological advancement, strong productivity and low inflation are the primary reasons. Recently, however, continued growth has been threatened. Economic crises throughout the world may slow economic growth even more, or possibly send us into a recession. So, is it still possible for the U.S. economy to expand even more?

As in everything else in economics, the answer is: it depends. The main problem facing the U.S. economy today is the worsening international conditions. Countries like Thailand, South Korea, Japan and Russia have been experiencing serious contractions of their economies. This is where the situation begins to affect us. Because people there have less to spend due to the various difficulties, they're buying less of our products. This is having a dramatic effect on many key manufacturing industries in our economy, and is resulting in slower growth. Additionally, companies in those countries are desperate to sell their products and are therefore willing to take low prices for them. While this is good for the average person buying products made overseas, because they're paying less, it may result in the another major problem: deflation.

Over the past 50 years the average price level has risen every year, meaning we have inflation. This is a situation we've gotten used to, and isn't necessarily bad, so long as the inflation doesn't get too high. However, before World War II there was also another phenomenon associated with prices: deflation. Sometimes, the overall price level used to drop from might think is good, because people have to pay less for the things they buy. In truth, however, it can have many detrimental consequences. When companies have to accept less money for their items, if they want to keep making a profit, they'll need to cut costs elsewhere. In the past, this used to come from lower wages to workers. Nowadays, however, due to unions and guaranteed contracts, firms lack the same degree of flexibility. It can be difficult, if not impossible, to lower wages. So, instead, much of the cost cutting has to be done by either laying off workers or simply accepting lower profits. Either outcome would be bad for the economy; either we'd have higher unemployment, much slower growth, or perhaps both. But how can we avoid this predicament?

The main answer to that question is: the Federal Reserve. The Fed, as it's known, controls monetary policy for the U.S. economy; meaning, they control the supply of money and interest rates. So they have two ways in which they can fight the scourge of deflation. First, they could lower interest rates, as they have in fact already done. By doing this, banks will also lower the rates they charge on money they lend out. Businesses will be encouraged to borrow more for investment and other productive uses. Then the economy should grow more, leading to a "heating up" of the price level. This "heating" occurs because as more money is spent overall, producers are stimulated to charge higher prices for their items. So, that's one way to avoid deflation. The other, though, is potentially simpler. It's been proven over the past 30 years rate of inflation. If the growth in the money supply is too great, inflation will result. As Nobel Prize winning economist Milton Friedman put it, "deflation is the easiest thing in the world to combat; just print money." If printing money increases the price level, that will eschew deflation as well.

Fortunately, the Fed has taken positive steps in this area recently. As of the writing of this article, interest rates have been cut by a half-percentage point. Lesser known is that the Fed has been actively encouraging growth in the money supply. In fact, it's even possible that interest rates will be cut more over the next few months. This all has another beneficial aspect that hasn't been discussed: increasing economic growth. As mentioned above, lower interest rates mean more business investment. Investment is one of the primary reasons for the expansion this decade. Therefore, more investment equals more growth.

This leads directly into another pressing matter confronting us. Over the past 4 months the U.S. stock market has erased almost all of the gains it made in the first 6 months of this year. Analysts worry that a correction of this magnitude may affect consumer confidence. Consumer confidence is the measure of how willing people are to spend their money. Due to the dual effect of losing money in their portfolios and the depressing effect of watching others lose money, people might slow their spending. If this occurs, it could reduce the growth of the economy. The recent Fed actions have also been designed to head off this prospect. Lower interest rates will also mean that individuals can example, if rates drop enough, many people may re-finance their mortgages. Hence, their payments will be lower, giving them more money to spend. People will find it easier to borrow money for any number of uses. Fortunately, the stock market has started to rise again recently. The possibility still exists, however, for reduced spending this holiday season. That could translate into much slower growth for the upcoming year. We'll have to wait and see for that.

The prospects are certainly brighter than they were a month ago. Japan has finally begun to make the necessary reforms to get their economy moving again. Still, more problems are potentially on the horizon. South America and Hong Kong are now also having economic troubles that may affect us. The impact of this on our markets may yet undo some of the progress of recent weeks.

One final factor in this situation has yet to be discussed: the federal government. If the economy looks like it's continuing to slow, moves by the government might be necessary to get it moving again. An example of some actions that might be taken by them include cutting taxes or increasing spending on certain key areas affecting the economy, such as job training. These decisions can't be made, however, until we have more information.

Overall, the U.S. economy appears to be in good shape. All of the fundamentals are strong and there's no underlying reason why growth should stop now. Only outside problems, as in so many other cases, are causing trouble for us. We can only hope that the Fed and Congress take

Financial Lessons of Monopoly

by Professor Aaron Brown

The two most fundamental duties of a parent are to teach your children and to support them. Therefore, you might expect parents to devote special attention to teaching their children how to support themselves. In the modern world that means teaching them the rudiments of money: how to get it honorably and how to use it wisely.

Many parents shirk this duty. They hide financial details from their children. A majority of students in my introductory finance classes do not know how much money their family makes, how much their family's house cost or even how much they themselves spend each year. Some students own investments, but they rarely know much about them. Others are taking out loans, but usually do not know what the interest rate or repayment terms are.

I tell students to take advantage of their parents' financial experience and wisdom. Ask them where there money comes from and where it goes. Ask them how much you will need for the sort of life you plan. Ask them what they started out with and what good and bad decisions they made. Did they worry too much about money or not enough? Do they now have enough to be secure? How much do you have in your name and how is it invested?

This speech provokes nervous laughter in the class. In most families these questions are considered to be in bad taste. Sometimes I feel like a high school gym teacher explaining the facts of life to students whose parents are too embarrassed to do their jobs.

Monopoly

So how do parents pass on their attitudes about finance? More often than not, by playing Monopoly with their children. There are 125 million monopoly sets out there; every year Hasbro prints twice as much Monopoly money as the US Bureau of Engraving & Printing prints real money. The sets are available in 33 different versions for different languages and countries.

That makes it worthwhile to consider whether Monopoly teaches good or bad lessons about finance. For example, the game is clearly responsible for two near-universal misconceptions: that a "deed" is a document that proves ownership (a real deed is a document that transfers ownership) and that a "mortgage" is a loan (a real mortgage is a document that gives a lender rights, usually the right to seize specific property, in the event a loan is not repaid). But these distortions are easy to correct and unlikely to do harm.

A deeper lesson is that the goal of economic life is to bankrupt everyone else. This is the aspect of Monopoly that generates the most criticism. A more defensible goal of economic life is to cooperate so that everyone has what they need and that you have what you reasonably want. It is far better to learn to be happy with what you have than to learn how to make unlimited amounts of money.

However, a close attention to the game reveals that the real goal is to survive. The dynamics of the game make it possible for only one player to do that. Wealth flows to the players with the most wealth, the more you have, the more you make. Sooner or later, one person has it all. You cannot survive without bankrupting everyone else.

This is an important economic truth: wealth flows to the wealthy. This applies to people, to companies, to industries, to professions, to countries and even to economic systems. In Monopoly, you have to win or end up bankrupt. In real life, you have to win or end up working for a winner.

Every penny you get in life is an expense on someone else's income statement. There are lots of smart people working night and day to reduce expenses; in other words to bankrupt you. If you have a skill, someone is trying to automate it or replace it or deliver it cheaper than you can. If you have your eye on a career that seems to offer good wages and pleasant work; someone is trying to make money by changing that. If you control assets, someone is trying to make them redundant.

It Pays to be Paranoid If They're Really Out to Get You

Years ago, I attended a seminar with the heads of leading software companies. Speaker after speaker repeated the conventional wisdom that if you had the leading product in any application field, you could make huge profits. The leading word-processor, spreadsheet and database programs were money machines. So the CEO's of Word Perfect, Lotus and Ashton Tate looked happy.

Then Bill Gates got up. At the time, all Microsoft had was the leading operating system. Bill looked exhausted. "This is a terrible business," he said, "you can have the leading anything but two guys working in their garage can make is obsolete overnight. You have to work, work, work just to keep in place; there are thousands of smart people out there willing to work even harder to take way what you've got." I decided to invest in Microsoft. Now Bill has all the leading programs from the other CEO's; his only problem is the Justice Department thinks he is too successful.

As a Finance professor, I often cringe at people's faith in their economic security. They have an invaluable skill, a top-notch professional credential or an essential asset. They are happy. They do not see that their security is generating economic forces to destroy it. Someone

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