

THE EDGE

FALL/WINTER 2018

ECBU DEPARTMENT NEWSLETTER



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FEDERAL RESERVE BANK VISIT

The cover picture, taken at the Federal Reserve Bank of Richmond on October 23, 2018, shows Bruce Summers with his Econ 405 Money & Banking class and several economics honor students, accompanied by Economics Professor Tinni Sen. In addition to covering the principles of the nation's monetary system, Money & Banking provides students with a practical understanding of money, banking, and financial markets. Visiting the Federal Reserve, where Bruce spent most of his professional career before joining ECBU's adjunct faculty, is a core part of the Money & Banking curriculum. The students meet with bank economists and other staff to learn firsthand about the role of the Reserve Banks in monetary policy formulation, reserve management, and currency processing. Further, and because the Richmond Fed is responsible for the Fed's nationwide IT activities, the class had the opportunity to speak with Fed staff about digital security in banking. One student was unable to join the October 23 trip as he was representing VMI at the national Army Ranger competition at Ft. Knox: drawing on his nationwide contacts, however, Bruce Summers facilitated a similar visit for this student at the Federal Reserve Bank of Boston during Thanksgiving furlough.

ABOUT BRUCE SUMMERS



Bruce Summers is a native of Chicago whose banking career spans 35 years—during which he held some of the most influential and important positions with the Federal Reserve System, in Richmond, in Washington DC and many overseas capitals.

After earning his undergraduate degree from the University of Notre Dame in 1967, he went directly to graduate school at the University of Illinois, leaving in 1969 to become a naval officer on destroyers for the next three years. He settled in Richmond to work (initially) for a commercial bank and shortly after joined the Federal Reserve Bank in that city. That was the beginning of a very impressive path with the Federal Reserve both nationally and internationally, including work with the Bank for International Settlements and advising in Russia, Poland, the Czech Republic, Europe, the Far East, and South America. He retired from the Fed as director of National IT in 2007, joined the faculty at VMI in 2015, and now teaches a very popular course called “Money and Banking.” We are lucky to have him.

VMI RANKS HIGH AMONG U.S. LIBERAL ARTS COLLEGES

For the 4th year in a row, *U.S. News & World Report* ranked VMI 4th among public national liberal arts colleges, behind only the U.S. Military Academy, the U.S. Naval Academy, and the U.S. Air Force Academy. Overall, the national magazine ranked VMI 81st out of 239 national liberal colleges from across the country. In Virginia, the only schools that ranked higher were W&L (11th) and the University of Richmond (25th).

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

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HALL OF FAME ATHLETES TO ENTREPRENEURS

Two alumni spoke to the Entrepreneurship Club (E. Club) on Monday, 24 September. They were John E. Kemper '68 (pictured below), CEO of John Kemper LLC, located in Richmond, VA. The other was Rich Daughtridge, '98, (pictured right), President and CEO of Highrock Group out of Hagerstown, MD. It was both enlightening and inspiring to hear their stories. Both men were athletic superstars in their undergraduate days, one in basketball, one in soccer.

They had been invited by the E Club to talk about what they had learned in their business careers and how, if possible, the disciplines of being a star athlete had affected their career.

Richard Daughtridge began, describing his time after graduation when he coached soccer for Washington & Lee University before realizing that this would never become a meaningful, or truly rewarding career—so he began a consulting business in Staunton on how to build and maintain a website. This proved to be a more lucrative career move. He sold his interest in the now thriving business, and got into real estate development in Baltimore and the movie restaurant business, but returned to his original creation, Highrock Group 13 years later. Today

he has over 120 employees and remains busy and committed.

John Kemper then told his story. His first job was as a consultancy business in Richmond. He has over four decades of business experience growing, buying, and selling business consulting companies, John believes that the key to success in business is understanding your end game and having a comprehensive plan that will get you there. Today, John consults with high-potential start-ups, invests in growth organizations, and serves on the board of numerous nonprofits. There are a lot of business advisors who know a good idea when they see one. But what differentiates John Kemper from other business advisors is his ability to spot the entrepreneur who not only has a good idea but who also has the ingenuity, drive, and follow-through to execute their vision.

Mr. Kemper stated it as follows: “I spent over 40 years trying to create my own company.” He first built then sold his health-care consulting company, only to buy it back in 2002 then sell it again in 2010 to a private equity firm. Though still involved in that business, Kemper now throws himself into his passion for helping young entrepreneurs build their own ideas.

Asked how their experience as athletes affected their careers both men said that former athletes make great entrepreneurs



and VMI is a great leadership learning kind of place. The focus, discipline and integrity breeds a tough mindset, which is best equipment to deal with the adversity of a business career.

Rich agreed and added that in business you have to grind it out and that the mental toughness learned at VMI paid off for him. Both men emphasized the value of networking, that cadets should begin to build relationships while still on campus, as well as sitting with alumni to present and develop ideas. Sit with alumni starting companies of their own, look for a new way to market a product or invent a service, and think strategically at all times.

Final question: What books would they recommend? Kemper recommended a book called *Raving Fans*, by Ken Blanchard and Sheldon Bowles, Daughtridge recommended *Entrepreneurial Strengthfinder*, by Jim Clifton, and they both agreed on the celebrated WWII book *Band of Brothers*, by Stephen Ambrose.





CIG DOES NEW YORK!

On a clear, cold day in November, eleven cadets from the CIG (Cadet Investment Group) left their hotel and started walking west on 48th Street. The itinerary was ambitious but promised a deep and intense exposure to the workings of four of the nation's most vital and influential and successful financial firms.

Our first appointment was at eight o'clock, a vigorous ten-minute walk to the offices of J.P. Morgan on Park Avenue. Here we were greeted by Chap Miche '15 and now an analyst with the firm. In the course of the morning, we heard and learned from four officers with the firm, each responsible for a different aspect of Morgan's business—Investment Bank, Commercial Bank,

and Chase, the retail bank. Chap is working in the Asset Management division of the bank and he explained that this involved handling accounts that were invested in fixed income vehicles and some in mutual funds. Further, he explained that institutional accounts have different goals, but managing risk is paramount. He then introduced his manager, who told us about his early years, including seven years working for Morgan in London. He explained his role in the private banking sector and their goal of being a fiduciary security source for their clients.

In the course of the morning, we heard presentations from two other men in asset management. The techniques of their department being threefold: pitch (new business) and win it, service existing clients, and manage the products (investment vehicles) of the bank. We learned about the fees that the bank takes for its involvement (that the old structure was 25 percent of excess return—had now been reduced considerably and flexible from deal to deal). Another interesting man was Alan Lovi and his colleague Matt Hoffman—a new hire. Alan runs the investment desk of the

private bank division and their job is to help invest the assets of the private bank sector. Most of their clients are law firms and their partners.

Matt Hoffman's story was particularly interesting—how he began in the Detroit office of Morgan, then given a chance to work as an analyst to help prepare pitch books, and finally to actually pitch a new idea. We learned about the kind of interns and new hires they were interested in, and that Excel was a good starter program but that there are now more sophisticated programs like Python and R. Perhaps the best of the meeting was listening to Dan, Chap, and Mike tell personal stories about how they got their start in the business.

Back out on the windy streets, we walked uptown to TM Capital on Lexington Avenue, a firm practicing diverse skills, including Mergers and Acquisitions, Debt and Equity Financing, Financial Sponsors, Restructurings, and Corporate Finance Advisory services. Two young analysts (Jenna Kaye and Eugene Lee) then took us through a very interesting case study that demonstrates the firm's research and pitch skills. It involved a client named "WaterCo," in its sale to Culligan International—a portfolio company of Advent International. It



Chap Miche and a cadet

was very interesting to see actual pages and graphs from the presentation book and see how they compared Culligan to other water solutions and displayed the potential for expanded revenue for the new purchaser. This case study also had the advantage of being very recent (completed in August of 2018). TM Capital has offices in New York (health care companies), Atlanta (Consumer products) and Boston (Tech companies). One of the partners, Andy Karna, attended the meeting, and he emphasized that writing skills and communication (marketing) skills are important in their business and that they look for interns and new hires that demonstrate them.

Bloomberg was our next stop farther along Lexington Avenue—a very unusual building with two intersecting arcs at street level, which join five stories up to become a very interesting, dynamic space. Here our host was Ricky Siewers, Class of '15.

Bloomberg was scheduled for (almost) noon where we anticipated lunch and the opportunity to view one of the city's most interesting buildings—and it did not disappoint. Called the Bloomberg Tower, it sits mid-block between 59th and 58th Streets north and south, Lexington and Third Avenue west and east. We entered a courtyard flanked on each side by arcing, convex walls of blue-tinted glass soaring six stories above us. It was designed by celebrated architect Cesar Pelli and completed in 2004.

Lunch was provided in a conference room that overlooked the central courtyard. Ricky and several colleagues explained how the firm works, that it provides a combination of financial software, data, and media to help their financial services clients analyze and direct their investments. Ricky showed us how they presented and sold it, how their data information service works, and admitted how hard he had to work to learn how to navigate a terminal “like learning a new language.” Ricky travels to solicit new business or to



Top: Outside Bloomberg Tower. Middle: Ricky Siewers standing, talking to cadets. Bottom: Andy Karna, partner at TM Capital speaks to cadets.

troubleshoot for existing clients across the country and overseas. Clients must subscribe to the service, which costs \$25 thousand per year (per terminal). Because internship and job interest are high with the cadets, Ricky, like our other hosts, always had someone join the group to explain how to search for a job at Bloomberg. We concluded the visit by going to the top of the building to see the view from the 29th floor.

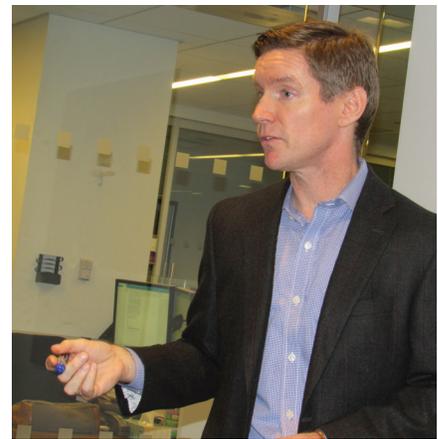
Back out on the street (and starting to rain), we walked over to Sixth Avenue for our final presentation at Alliance Bernstein. This is a global asset management firm providing investment management and research services worldwide to institutional, high-net-worth, and retail investors. They are big with \$546 billion in assets under management, half in fixed income and half in equity. Here we had another VMI alumnus, Robert Browning, Class of 1994. He explained how the firm works with its clients, and that they offer four essential services to their clients: Institutional Investment Management, Retail distribution for financial professionals and individual investors, Sell-side research, and Private Wealth



Above: Cadets at Alliance Bernstein. Below: Robert Browning.

Management. We then had visits from two other individuals, his boss Steve Fanelli, and the person responsible for hiring interns, Cody Patrino. We were urged to respond to Cody with notes and emails and to express knowledge of the firm in interviews.

The day ended with a gathering at a colorful bar-restaurant named The Ainsworth on Third Avenue and 11th Street. Here we had a dinner and a chance to visit with other alumni working in the area, including Cannon Clark '17.



BUSINESS ADVISORY COUNCIL (BAC)

This year's conference began at 8 a.m., October 13 with opening remarks from Col. Cliff West. He pointed out that we had new leadership (himself), and several new faculty since our last gathering—namely Major Kathy Simms and Col. Barry Potts, just returned after four years away in the St. Louis area. At Col. West's urging, we went around the room (the room being Scott Shipp 328) and introduced ourselves. We only had two guests: Clifford Foster '78 who works as Brand Manager of the Richmond office of Raymond James in Richmond and Todd Brickhouse '84 who is Treasurer of Old Dominion Electric. Despite small numbers, the

conversations ranged wide and many ideas brought to light.

In the course of the morning, we heard reports on curriculum integration and capstone business plans—a unique and valuable course—new and unique. Cadets had to write and present a business plan that had all the fundamentals of an entrepreneurial venture—including funding, the uniqueness of the product or service, the source of early funding, the ROI. Col. West discussed some of the plans that the cadets presented, including one imaginative idea to grow hops for the many emerging craft beers being made in Virginia.

Bruce Macdonald reported that cadets from our department had had

successful summers at some prestige investment banking institutions or personal wealth management firms like Ernst and Young, J.P. Morgan, and the Federal Reserve Bank in Richmond.

Other topics on the agenda were curriculum integration, capstone business plans, internship programs, and study abroad programs. Prof. Dee Monrah discussed the BLIS conference form last March as well as the new one scheduled for 2019. Col. Tinni Senn talked about the professional development program, funded partially by a generous grant from Tom Watjen '97. Valentina spoke about her next trip taking cadets to Slovenia, Germany, and Belgium in June of 2019.

CAREER DEVELOPMENT LUNCH

November 5 was the date for this year's annual career development lunch and seminar. Approximately 100 cadets (seconds and firsts) came to Moody Hall to learn the lessons and subtleties of taking an interview and submitting a convincing argument for employment or internship.

Bruce Macdonald (adjunct instructor) and Col. Cliff West (Professor and Department Head) opened the discussion by emphasizing that these are the years when cadets must focus on life *following* VMI, on making the best impression possible to launch their careers—in any post-graduation capacity—from military

to private enterprise. Macdonald then passed out a brochure written to provide tips on how to best take an interview or write a resume.

To make the seminar more realistic, two men with lots of experience took over, lectured, and conducted mock interviews with two selected cadets. One of the speakers was Charles (Casey) Brower: Retired Brigadier General, Former Professor of history and international relations at VMI, Ph.D. in Diplomatic and Strategic History—University of Pennsylvania, Veteran of Vietnam, assistant to Supreme Allied Commander in Europe and Army aide to the President of the United States (Ronald Reagan). Former VMI Dean

of Faculty (2001–2008) and author of two popular books. The other speaker was Dr. Robert Glidden. Bob served as Dean and Provost of Florida State University, before becoming president of Ohio University for 12 years, a public research-extensive institution with 20,000 students in Athens, Ohio. His last academic assignment was as Interim President of California Polytechnic State University

Two cadets, Tristan Capes-Davis (pictured) and John Schmank, were bold enough to take the mock interviews and respond to the pointed and probing questions asked by Brower and Glidden.



BARRY COBB – THE PRODIGAL RETURNS



Col. Barry Cobb is back—an experienced, respected professor who began teaching at VMI in 2005. In 2014, he took a four-year leave of absence when his wife (a medical doctor in obstetrics and gynecology) accepted a job with a hospital in Springfield, MO. During this period, Barry taught at Missouri State.

While away, he developed an interest in a new aspect of economic and business operations—Supply Chain Management (coordination of

all functions required to fulfill customer orders). Barry has studied this process and plans to teach it soon. He is not a believer in a formal textbook but prefers that lessons be imparted in the classroom, resulting in problem solving and understanding the concepts on the spot.

The ECBU Department is glad to have him back, teaching his popular course, Marketing Operations, and soon we anticipate, he will launch his Supply Chain/Ops Chain Management course as part of the curriculum for ECBU.

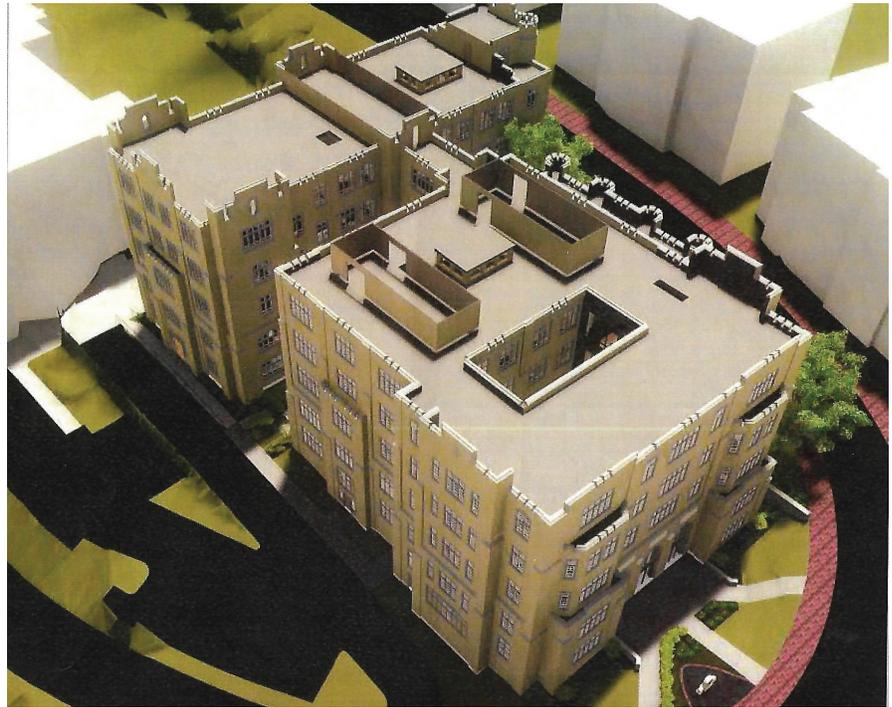
SCOTT SHIP RENOVATION & EXPANSION

Beginning in the summer of 2019, Scott Shipp Hall will be renovated and expanded. It is long overdue—considering that the original building was erected in 1918, added onto in 1955, and renovated during 1998–2000 without adding space. Now, 63 years later, it will be modernized and expanded. The plans are exciting, and we anticipate a greatly improved physical space, larger classrooms, and interactive areas (called “Collaboration Spaces”) for cadets to share ideas and study between classes. While the plans are still in the formative stage, we have reached out to Glave and Holmes, the architecture firm in Richmond that has designed the renovation, and the head of construction here on post, Col. Keith Jarvis, who is overseeing the actual work. Here is some of what we learned.

This fall has been the construction planning stage with construction documents being circulated, permits submitted and put out for bid. Another effort was made by a committee of Scott Shipp department representatives (ECBU, International Studies, Foreign Languages, English, and History departments) for their thoughts on ways to enhance the interior spaces, to suggest ways to make them both interesting and smoothly functional for cadets in classrooms and social areas. To that end, Col. Sam Allen and Bruce Macdonald solicited ideas from a newly



2nd Floor Interior Rendering



Scott Shipp Hall Northeast Corner Rendering

renovated building on the W&L campus (formerly Dupont Hall, now called the Center for International Learning) and had a tour of the building by Laurent Boetsch—who had a big hand in planning their renovation.

The timing is of course critical. The construction phase is scheduled to start June 2019. The project will take two years to complete with a tentative opening for June of 2021.

Some highlights: The Economics and Business Department will move from the third floor to the second in the newly renovated space with, we anticipate, some clever and useful embellishments like a computer activated wall screen showing stock and bond quotes in real time, a high ceiling conference room, interesting wall graphics, and interactive classrooms.

In an interview with Col. Jarvis, we learned that the overall renovation will result in Scott Shipp gaining a total of 28,000 feet of additional,

useable space, on all levels of the building, approximately 5,000 square feet additional gain per floor and that the overall budget is \$43 million. The highest costing items are the HVAC system, IT, and plumbing. The new building will have two courtyards, one open with greenspace, one enclosed but with access to the outdoors. Tradition rules, and the overall style will remain late Gothic, with the entrance doors expanding to four, and made from wood. Parking will expand by 31 new spaces, there will be brick sidewalks, a 75-seat tiered auditorium and another modular auditorium, the Adams Center will be revised on the 3rd floor, there will be departmental meeting rooms and a kitchen for each department. Whiting Turner (out of Baltimore) will be the building construction firm (but coordinated by Col. Jarvis).

These will be exciting times with the prospect of inspiring new space to come.