

Drake University

COLLEGE OF BUSINESS
& PUBLIC ADMINISTRATION
ALUMNI NEWSLETTER

NEXUS



Breaking the Number Cruncher Stereotype

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A Note from Dean Joe Alber



Faces of Hope and Excitement

I have always felt that working on a college campus keeps you young. Everywhere you look there are students full of hope and excitement for the future. Those of us who have been in academia for a while possess neither the hormones nor the energy of the typical student, but we can't help but be pulled along by the feeling of euphoria in the air.

In this edition of *Nexus* you will see information about Business Days. Business Days is an annual celebration of the various business disciplines that are represented in the College. There is an ice cream social, class speakers, the spring meeting of the College's National Advisory Board and a banquet. The banquet is where we recognize the accomplishments of students and faculty, it is the culmination of Business Days.

Usually, in excess of \$220,000 in business scholarships is awarded to deserving students at the banquet. Most of the students already know about the scholarship, but that knowledge does not dampen their enthusiasm or sense of

Approximately one-third of the students participating in an internship will be offered a full-time position in the same company following graduation.

accomplishment. Students are also recognized for outstanding service to organizations or campus life. In many ways these are the most fun to award, because many of

the recipients are caught by surprise. Others are recognized for their scholastic accomplishments by acceptance into Beta Gamma Sigma, the business honor society. This is the public side of the students' zest for life.

The private side is student participation in the College internship program and later a search for a job following graduation. Mary Edrington, assistant dean, oversees the College's internship program. Mary works with more than 150 companies in the Des Moines area. She also places students in their hometowns and is always pleased to hear from alumni that are interested in hiring an intern.

Drake students benefit from these internships in numerous ways. As they begin to develop good work habits, many will gain perspective regarding their intended career and decide what they want to do after graduation. Equally important, approximately one-third of the students participating in an internship will be offered a full-time position in the same company following graduation. These graduates become successful alumni making meaningful contributions to their companies and communities.

During what has been an unusual and difficult year in America, participating in the success of Drake CBPA students is particularly rewarding. I encourage you to come back to campus and witness first hand the hope and excitement of Drake students preparing to embark upon their careers. You will be glad you did and believe me; you will feel younger for the experience.

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The Aftermath of Enron: Improving the Financial Reporting Process

by Dr. Scott A. Yetmar

Enron filed the biggest bankruptcy petition in U. S. history on December 2, 2001. Enron reportedly managed to avoid paying income tax in four of the last five years. Additionally, Enron may have to reduce its past earnings by another \$1.3 billion. Lastly, Andersen, LLP has been indicted. Many pundits are asking what, how and why it happened.

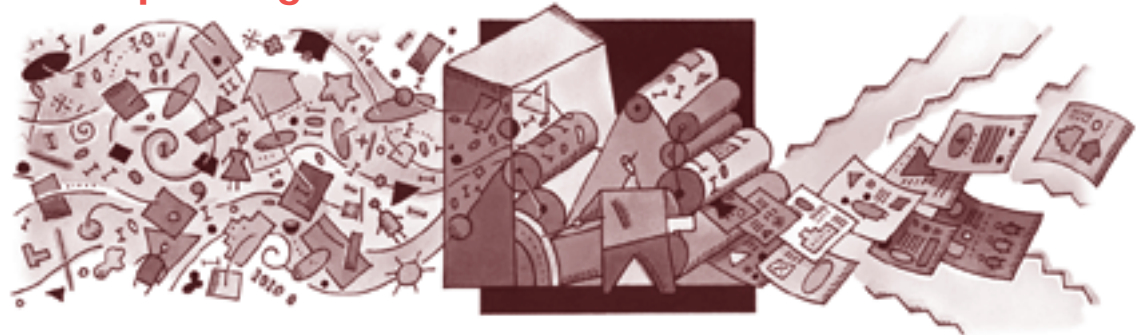
Yes, Andersen, LLP did make, at the very least, grievous errors and mistakes. However, one must not automatically assume that Andersen's firm-wide culture is this aggressive. This may turn out to be a blessing in disguise. A strong accounting profession is the key to our capitalist system. Auditors are supposed to be independent watchdogs that allow investors to trust financial statements and disclosures. The true client in an audit is society, yet the corporation is paying the auditor's fee.

The following are potential reforms or changes that have or will benefit the accounting profession.

1. The current reporting model (traditional, manufacturing-based measures) is not suitable for Information Age companies. Harvey Pitt, Securities Exchange Commission chairman, has said, "Disclosures are made not to inform, but to avoid liability. We need to move to a system of 'current, real-time' disclosure. Companies that spot "unquestionably significant" changes to their health must disclose them immediately. Financial disclosures are dense, impenetrable. We have called for plain



Dr. Scott A. Yetmar is an assistant professor of accounting at the College of Business and Public Administration.



English financial statements. We need more prompt input by the FASB, the nation's accounting standard-setter."

2. The SEC, which regulates financial markets, is also responsible for the oversight of accounting firms. Pitt represented the Big Five as a private lawyer before he was appointed SEC chairman. President Bush's two nominations for vacant seats on the five-member SEC come from big accounting firms. The appearance of SEC independence is tarnished.

3. More frequent monitoring of audit quality and competence should replace the current triennial firm-on-firm peer review. There should be a permanent quality control staff, overseen by a publicly dominated body (e.g. Public Accountability Board). The accounting profession would not fund this Board. The Board would be empowered to perform investigations, bring disciplinary proceedings, publicize results, and restrict individuals and firms from auditing public companies.

4. Consulting fees are currently half of the Big Five firms' total revenue and have been increasing at a much faster rate than tax and audit revenue. The growth of consulting services has increased the economic incentives for the auditor to preserve a relationship with the audit client, thereby decreasing objectivity and compromising the audit process. The AICPA Board has placed new limitations on auditors of public companies. The SEC now requires most public companies to disclose the non-audit services performed and the amount spent on these services. This, and other regulations, should improve the public's perception of independence.

5. National guidelines for audit committees have changed. The major alterations include: 1) audit committees must consist of at least three independent directors; and 2) expanded jurisdiction over the items contained in communications between companies and investors.

When determining the degree of independence between an audit firm and its client, does the relationship or the provision of a service:

- Create a mutual or conflicting interest between the accountant and the audit client?
- Place the accountant in the position of auditing his or her own work?
- Result in the accountant acting as management or employee of the audit client?
- Place the accountant in a position of being an advocate for the audit client?

The above suggestions or enactments will better serve society. The audit firm will truly become more of an advocate for society (e.g., investors and creditors). Information will become more current, and therefore, more useful. Audit committees will better serve their role as protecting the user of the financial information. Lastly, the separation of consulting from the audit function will alleviate serving two conflicting masters: the company and society.

YOUR OPINION WANTED: If you have an industry-related opinion you'd like to write and submit for consideration as a future *Hot Topic*, or if you want to respond to this editorial, send an e-mail to Nexus editor rachel.ballweg@drake.edu.

IN BRIEF



John Lytle, Ellis and Nele Levitt distinguished professor of journalism, Joe Alber, dean of CBPA, Sherry Shafer, director of the Small Business Development Center, and Sue Wright, interim dean of the College of Arts and Sciences hand seniors Jennie Dorris and Jim Casey their \$10,000 Pappajohn Seed Grant for their work on *Knot* magazine.

KNOT MAGAZINE WINS PRESTIGIOUS PAPPAJOHNS SEED GRANT

4 *Knot* magazine, a national, alternative online magazine founded in November 1999 by journalism and music senior Jennie Dorris and information systems senior Jim Casey, received the prestigious Pappajohn Seed Grant (\$10,000) and Pappajohn Business Plan Competition top award (\$5,000) in January for their well-written business plan detailing how editors Dorris and Casey plan to move their publication from a Web 'zine to a printed magazine this fall.

Over the past two years, the Web site, *knotmag.com*, has featured more than 100 writers from across the nation producing more than 350 stories — serving as an outlet for students to have their work published in a nationally recognized publication.

Still in the early stages of formulating their small publication business, Casey credits the grants with boosting confidence and financial support in their project, allowing the staff to mature into a young business by applying for a small business loan. In June, the staff of *Knot* magazine are moving to Boulder, CO, to produce their alternative magazine on a weekly basis.

“We are still in the early stages of formulating this business,” said Casey of the magazine. “This spring, we are in our pre-start-up phase, which includes market research, incorporation, assembling a board of advisors and researching additional capital opportunities. We are also in the process of assembling a team based at Drake that will continue to operate the Web site through next year.”

Founding staff members include Drake students Dorris and Casey, as well as Pete Holm, a graphic design senior.

WORKSHOPS CONNECT DRAKE WITH LOCAL BUSINESS MANAGERS

Des Moines area business managers connected with CBPA faculty and staff during the Business Link workshop January 31. The workshop, directed by Delaney Kirk, professor of management, was attended by 165 local business managers. The January workshop focused on retaining and motivating employees. Keynote speaker Marc Drizin from Walker Information of Indianapolis, IN, presented a 2001 National Employee Benchmark study on employee commitment and loyalty outlining how employee commitment directly influences performance and productivity. Drizin also discussed the high costs

of turnover and proposed ways to improve employee retention. In addition, a panel of human resources professionals discussed what they are doing in their organizations for employee commitment and retention.

“The Drake Business Link workshops are a wonderful resource as they are free to local business owners and managers and offer them a chance to get up-to-date information on topics such as e-business, employee motivation, and using the web as a marketing tool,” said Kirk.

MCLEAN IS NATIONAL COLLEGIAN OF THE YEAR FOR DELTA SIGMA PI

A finance and information systems senior was named the 2002 National Collegian of the Year for the professional business fraternity Delta Sigma Pi. Kevin McLean is the Delta Sigma Pi Drake chapter president. National Collegian of the Year is the highest honor awarded by Delta Sigma Pi.

“It’s still difficult for me to grasp that I was chosen among all the other brothers in the fraternity as the best representative of collegiate views for the year.” McLean said. “I know it will be a challenge, but that is one of the reasons I’m so excited about the opportunity. I hope I can live up to the honor of the position.”

McLean was chosen for his fraternity involvement, leadership, and commitment; scholastic average; university and/or community involvement, leadership, and service; pursuit of professional development through courses and work experiences; and leadership ability, dependability, responsibility, honesty, integrity, sincerity, moral character, personality and professional attitude.

PROFESSOR LEADS GRAD STUDENTS ON EUROPEAN ADVENTURE

To give students a tangible example of societies that are successfully bridging the gap between sustainable living and working environments, C. Kenneth Meyer, Thomas F. Sheehan distinguished professor of public administration, led a trip to Europe.

The course focused primarily on sustainable development, design, smart growth, urban sprawl, transportation policies, alternative

and renewable energy sources, and livable communities. The MPA class, Comparative Management and Policy Analysis in a Global Context, traveled to France, Italy, Germany, Austria and the Netherlands in March.

“Over time,” said Meyer, “graduate education in just about all disciplines has become increasingly insular in nature and inward looking for solutions to problems and dilemmas that stalk our organizations and environment rather than searching for and identifying exogenous ways of addressing our problems.”

“The opportunity to meet with European government, business and non-profit leaders gave us a greater understanding of the worldwide impact that the programs and policies of the United States and organizations such as the United Nations, European Union and the World Trade Organization can have on the sustainability of our communities, businesses and planet,” said Jeff Geerts, an MPA student and program planner for the Iowa Department of Natural Resources.

CBPA WELCOMES NEW GRADUATE STUDIES DIRECTOR

Danette Kenne joined the College of Business and Public Administration’s administrative team as director of graduate studies in February. Kenne, a native of Algona, IA, received her undergraduate degree from Clarke College in Dubuque, IA, and her MBA from the University of Iowa. She comes to Drake from Iowa State University, where she was graduate programs coordinator of the Department of Economics.

As director, Kenne will work with graduate students and faculty from the admissions process to the development of graduate level curriculum. Kenne replaces Nancy Gabriel.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT PRESENTS SURVEY

The Drake University SHRM Student Chapter hosted the Central Iowa Society for Human Resource Management in March. The students surveyed more than 300 fellow junior, senior and graduate business classmates about their experiences with internships. In addition, the SHRM chapter conducted focus groups and one-on-one phone interviews with local

businesses to determine if they have an internship program or would be interested in starting one. The group presented the results of their research to 200 human resource professionals from a variety of companies.

CBPA HONORS OUTSTANDING STUDENTS, FACULTY AND STAFF

Bruce S. Zaccanti, senior manager and director of the risk management consulting practice at Arthur Andersen, LLP, in Chicago, was the keynote speaker at the annual Business Days Awards Banquet in April. Zaccanti discussed



Bruce Zaccanti

“The Events of September 11 and the Impact on the Economy and the Insurance Industry.” Prior to his role at Andersen, Zaccanti was director of insurance and risk management and EEOC compliance

officer at Jupiter Mechanical Industries, Inc., a full-service commercial mechanical contractor, where he received the distinguished “Risk Manager of the Year Award” from *Business Insurance Magazine* in 1995. Drake’s Business Days was made possible by Arthur Andersen, LLP.

Outstanding Graduate Teacher of the Year

Patrick Heaston, director of the School of Accounting, Aliber distinguished professor of business and public administration

David B. Lawrence Outstanding Undergraduate Teacher of the Year

Scott Yetmar, assistant professor of accounting

Outstanding Seniors of the Year

Sarah Armstrong and Sameera Sahan De Silva Totagamuwu

Outstanding Underclassperson of the Year

Matt Hueser

Alpha Kappa Psi Graduating Senior of the Year

Nick Maday

Alpha Kappa Psi Scholarship Certificate and Key Award

Grant Geyerman

Alpha Kappa Psi Undergraduate of the Year

Bonnie Jacobsen

Delta Sigma Pi Key Award

Kristi Delager, Grant Geyerman and Kara Stegeman

Delta Sigma Pi Undergraduate of the Year

Beth Pederson

SBDC Outstanding Achievement in Entrepreneurship

Eric O’Connor

Central Iowa Society for Human Resource Management Scholarship

Cindy Adams and Jittima (Joy) Sinthupatsuk

Outstanding Senior Economics Major

Arinn Otteman

Harry Wolk Research Award

C. Kenneth Meyer, Thomas F. Sheehan distinguished professor of public administration

MBA of the Year

Hemant Patel

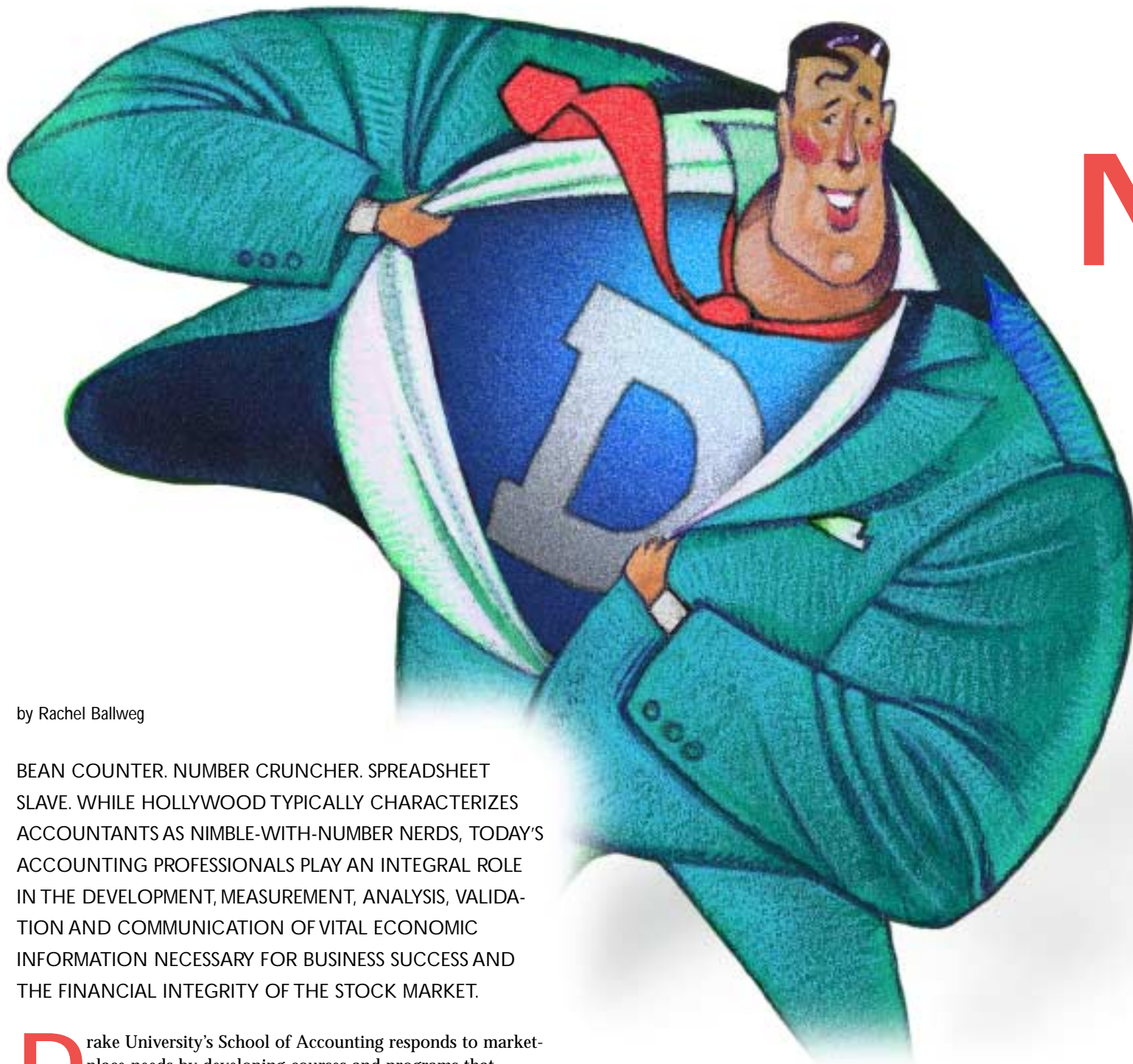
MPA of the Year

Mary Reilly-Hoefling

Drake Historical Moment



In the mid-1950s, the CBPA curriculum focused on analysis of marketing, principles and techniques of accounting, insurance and banking. The students in this 1956 yearbook photo hone their typing skills.



by Rachel Ballweg

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BEAN COUNTER. NUMBER CRUNCHER. SPREADSHEET SLAVE. WHILE HOLLYWOOD TYPICALLY CHARACTERIZES ACCOUNTANTS AS NIMBLE-WITH-NUMBER NERDS, TODAY'S ACCOUNTING PROFESSIONALS PLAY AN INTEGRAL ROLE IN THE DEVELOPMENT, MEASUREMENT, ANALYSIS, VALIDATION AND COMMUNICATION OF VITAL ECONOMIC INFORMATION NECESSARY FOR BUSINESS SUCCESS AND THE FINANCIAL INTEGRITY OF THE STOCK MARKET.

Drake University's School of Accounting responds to market-place needs by developing courses and programs that prepares graduates for the demands of current and future business trends. Unlike traditional programs focusing solely on tax law and accounting standards, Drake broadened its accounting course offerings to include finance, marketing, management and information systems in the major, giving students more job options.

"The Drake accounting program is truly unique," said Jim Dodd, associate professor of accounting. "There is not another like it anywhere, period. Ten years ago the faculty began asking its alumni what the program required to meet their needs. At the same time, accounting's professional organizations were asking similar questions. The School of Accounting listened and structured a flexible learning experience that spans all semesters of the undergraduate coursework and extends to the graduate level if desired."

TWICE THE OPTIONS

One option offered by the department is the joint accounting major, which allows students to major in accounting and another program, such as finance. The result is in-depth preparation in two majors providing a competitive advantage for graduates entering the business world.

"The joint major opens up the possibility of accounting to a lot of people who otherwise may not study it," said Patrick Heaston, director of the School of Accounting. "It gives finance, marketing and other business majors a much stronger background in accounting, and it gives accounting majors a broader base of expertise. It also prepares students for the Master of Accounting program, should they decide later to pursue the CPA."

Breaking the umber Cruncher Stereotype

Drake's School of Accounting

BUILDING A COMMUNITY

A recent addition targeting undergraduate accounting majors is the learning community Get REAL (Residential Experience in Accounting Learning). While it's not the "Real World" of MTV fame, the program provides students with a ready-made social and study group. The Get REAL program sets aside a residence hall floor for accounting majors to live side-by-side, and registers them for several shared classes so students maximize their learning in accounting by working together and building social relationships with the classmates they live with.

ADDRESSING GRADUATE NEEDS

To meet the needs of students desiring an advanced degree and for those wanting to become CPAs, the School launched the Master of Accounting degree.

"The purpose of the graduate program in accounting is to give

students a broad preparation and broad understanding of business and the liberal arts so they're well-rounded and highly marketable when they graduate," said Heaston.

The degree builds on the strengths of each student by tailoring the curriculum to the individual's prior course work and future career goals.

"It helped me become passionate about a career in accounting," said Sara Beth Richard, GR'00, treasury analyst at Hallmark Cards, Inc. in Kansas City, MO, of her experience at Drake. "I was challenged to master subject matter and internalize things rather than memorize or learn just enough to get by. The teaching staff pushed me without being discouraging, and that helped me learn the self-discipline necessary to be successful now in the workplace."

For more information about the School of Accounting, check out the Web site at www.drake.edu/cbpa/acctg/index.html.



Student Profile

Jay Laurila

Major: Accounting/finance joint major, anticipated graduation, spring 2002.

Hometown: Phillips, WI

Notable Achievements: Krumm Scholarship for Accounting

Internships/Work Experiences:

Entrepreneurial participant in the Kauffman Industries program, worked in multiple business facets for Summerset Inn & Winery in Indianola, IA.

Campus Activities: Member of Alpha Kappa Psi professional business fraternity, vice president of reporting for the Beta Alpha Psi honorary accounting fraternity, chair of community and government affairs committee for the student body President's Council, member of Catholic student leadership team at St. Catherine's.

Career Aspirations: Laurila will attend the master of tax program at the University of Denver in the fall. In the future, he hopes to be a partner in a Big Five firm or CFO in a large company, ideally working with mergers and acquisitions.

"The availability of faculty and their dedication to students is a key asset of the Drake community. I am constantly finding new activities on campus and new people to interact with, while still holding the friendships that I made my freshman year."

REGIONAL SCOOP: TWIN CITIES

A postcard-pretty skyline, a multitude of restaurants and sports arenas, a pedestrian-only boulevard, a nationally-renowned regional theatre festival and more than 20 lakes within the city limits makes the Twin Cities a great place to call home.

BUSINESS

The Twin Cities are located at the center of one of the strongest agricultural areas in the United States and is a regional station for transportation, commerce and finance. Some of the Twin Cities' prominent industries include: manufacturing super computers, electronics, medical research, milling, processing of food and dairy products, printing, computers, health services, graphic arts and manufacturing of machinery.

Fourteen companies headquartered in the Minneapolis-St. Paul area are ranked as Fortune 500 including Target, United Health Group, Supervalu, 3M Company, Northwest Airlines, Best Buy, General Mills and Hormel Foods.

CULTURE

The Twin Cities' cultural offerings include the Minneapolis Institute of Arts, the Walker Art Center, Frederick R. Weisman Museum and the American Swedish Institute. The Minnesota Orchestra and the Guthrie Theater Company are also based in the city.

The Hubert H. Humphrey Metrodome is home to Twins' baseball and Vikings' football. The Timberwolves basketball team plays at the Target Center arena.

Minneapolis' Mall of America is the largest mall and indoor theme park in the United States and is the third most popular tourist destination in the United States.



"The Twin Cities has a lot to offer professionally. There are a great variety of career opportunities that will challenge and stimulate you."

Michael Hidding, BN'94, project manager for Synergistic Software Solutions, LLC.



"From large Fortune 500 companies to smaller entrepreneurial firms, the Twin Cities offer a great variety of industries to choose from. I would encourage anyone pursuing a career in marketing to consider working and living in the Twin Cities."

Darcy LaDue-Vargas, BN'93, MBA, director of marketing, CIGNA Behavioral Health



"The Twin Cities offer an unbeatable quality of life combined with a dynamic business community. From Fortune 500 companies to successful startups, career opportunities are endless."

Terry Clark, BN'92, senior vice president, Entertainment Publications

TWIN CITIES BY THE NUMBERS (2000 data)

Twin Cities population	2,642,056
Unemployment rate	2.2%
Median household income	\$33,561
Median house sale price	\$252,528
Avg. monthly apartment	\$865

ALUMNI CHAPTER

Get in touch with fellow Drake alumni! Contact the Twin Cities Alumni Chapter Chair Kathy McNee, FA'68, by e-mail at cutiemcnee@aol.com or by phone at 952-473-2982.

Or you can connect in cyberspace by visiting Drake's online alumni community at www.drakealumni.net.



Faculty Profile

Jimmy Senteza

Assistant Professor of Finance

Drake History: Senteza joined Drake in the fall of 2000 and teaches classes in corporate financial management, investment analysis and portfolio management, and a seminar in finance.

Background: B.A. with honors from Makerere University, Kampala, Uganda; diploma in tourism management from Austria, B.A. (summa cum laude), MBA, and Ph.D. from Washington State University. Worked for a travel agency and the Sheraton Kampala Hotel in Uganda. Previously taught classes at Washington State University, Pullman, WA.

Favorite class to teach: Seminar in Finance, a capstone course blending different aspects taught in the finance curriculum

and challenges students to apply them in practical situations because "it indulges students in quantitative and qualitative analytical dialogue that embodies the numerous spheres of the business curriculum."

Professional Associations: Financial Management Association (FMA), Academy of Financial Services (AFS) and the Midwest Finance Association (MFA).

Research Interests: General financial market anomalies, such as institutional investor holdings, their

trading behavior and associated price impact and return volatility, and related information signals that their trading may have.

Notable Achievements: Getting married and raising a son and daughter.

"When an employer of a large consulting firm calls you after interviewing and hiring a previous student of yours and tells you that the student spoke very highly of your class, that can get to you!"



Alumni Profile

Larry R. Katzen, BN'67

Occupation: Certified public accountant, managing partner for Arthur Andersen in St. Louis and Great Plains region, Katzen has

worked for Arthur Andersen for more than 35 years.

Professional Associations: Member and finance chairman of the Drake University Board of Trustees; Illinois Society of CPAs; Missouri Society of CPAs; Texas Society of CPAs.

Research Interests: Retail strategy and mergers and acquisitions.

Notable Achievements: Drake University Distinguished Service Award recipient; worldwide retail industry director; managing partner for Arthur Andersen in St. Louis; member of the Andersen North American Management Team; participated and led two strategic initiatives for the Andersen Worldwide organization; worked in four different offices, including one overseas.

Favorite Drake class: "Philosophy, because it was interesting to learn how other people think."

"Drake prepared me to enter my profession. Since I knew no one at Drake before attending, it helped me become familiar to a new environment and to be comfortable meeting new people."

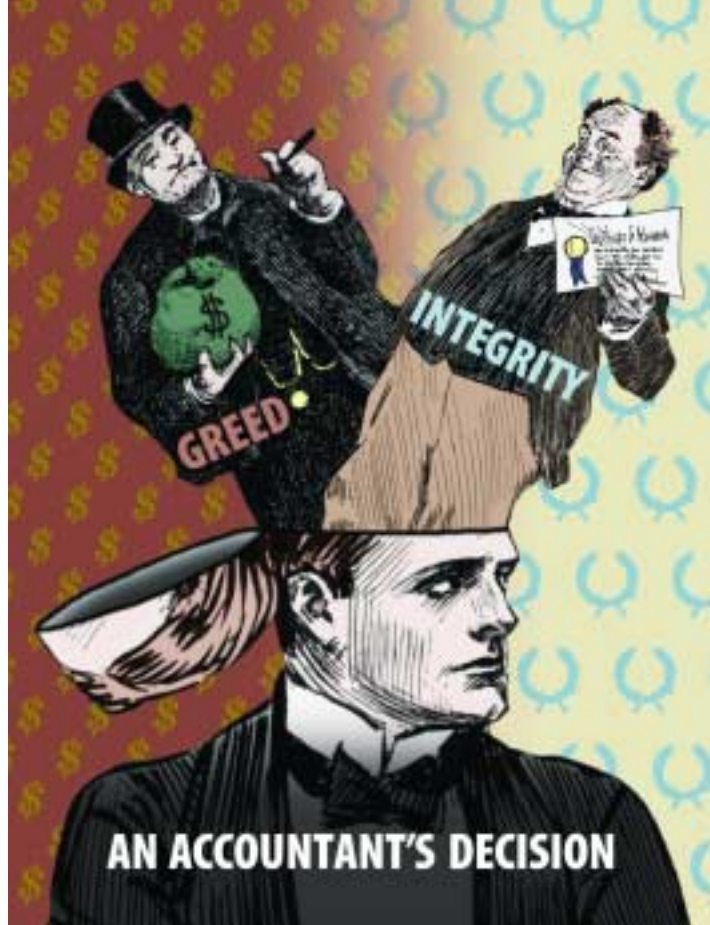
Talk of the Town

Welcome to *Talk of the Town*, the public forum for airing opinions, gripes and predictions regarding issues of interest to CBPA faculty, students and graduates.

Given the current situation between Enron and Arthur Andersen, what do you think is the proper role an accountant should play with his/her client?

“The accounting profession has sold out. So much for its vaunted ability to quantify business results! It’s time for independence in auditing.”
– Chuck McDonald, BN’60, retired vice president, Allied Group

“The most important role for an accountant to play is that of the trusted advisor. No other advisor comes equipped with the breadth of knowledge and



experience that a company’s CPA brings to the table.”
– Jeff Campbell, BN’00, national director, Practice Development Institute

“Many clients, like Enron, will want to ‘do a little ballet with the books,’ now and then, but the accountant has fiduciary responsibility to keep the client

on the straight and narrow. If the client insists, a reputable accountant will drop the client.” – Lyle H. Miller, Ph.D., BN’62, board chairman, Stress Directions, Inc.

“The biggest challenge for audit integrity is the fact that an auditor’s career path is often directed towards a future

position with the client. If auditors were prohibited from joining a former client as an employee for some predetermined time frame they would be more likely to remain independent.” – Phil Pittman, BN’59, retired

“A firm that is afraid that its spoiled brat client will cancel its consulting contract if it doesn’t like the results of an audit needs to evaluate whether retaining that client is worth betting the firm’s hard-earned reputation (and possibly its life). A firm that makes the wrong choice should be held accountable for the damage caused by any fraud that it conceals as if it had undertaken the fraudulent activity itself.”
– David Rigsby, BN’89, attorney, McKenna and Cuneo, LLP

More Talk of the Town responses can be found on the Web at www.drake.edu/nexus.

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