

Alumni Report

Fall 2009

www.degroote.mcmaster.ca



The operations issue

Behind the scenes
keeping business moving

Also:
The value of outsourcing
Dean Paul Bates on the next five years



■ Barry Telford '84 talks about more than 20 years in operations (page 11).

Inside

- DEAN ON DECK** 3
- DEGROOTE NEWS** 4
- COVER STORY** 6
- ALUMNI PROFILES** 8
- RESEARCH @ DEGROOTE** 10
- ALUMNI COLUMN** 11

DeGroot

SCHOOL OF BUSINESS

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Events Calendar

SEPTEMBER

16th Annual DeGroot Alumni Golf Tournament

Date: Wednesday, Sept. 16, 2009
 Location: Crosswinds Golf & Country Club, Lowville
 Registration & BBQ Lunch: 11:30 a.m.
 Dinner and Award Ceremony: 6:30 p.m.
 Cost: \$175 per person
 Contact: www.degroot.mcmaster.ca/alumni/events.html

Recruit at Career Fair 2009

Date: Thursday, Sept. 17, 2009
 Location: David Braley Athletic Centre, McMaster University
 Time: 10 a.m. to 3 p.m.
 Contact: cbcd@mcmaster.ca

Disney Keys to Excellence

Take a look inside “the business behind the magic” from Walt Disney World insiders.
 Date: Tuesday, Sept. 22, 2009
 Location: Burlington Convention Centre, 110 Burloak Dr., Burlington, ON
 Time: 8:30 a.m. to 4:30 p.m.
 Cost: \$496 + GST
 Contact: <http://execed.degroot.mcmaster.ca/>

Volunteer for Mock Interview Night

Date: Thursday, Oct. 1, 2009
 Location: McMaster University Student Centre
 Time: 5:30 p.m. to 9:30 p.m.
 Contact: cbcd@mcmaster.ca

OCTOBER

Commerce Class Reunions 1999, 1989 and 1984

Date: Saturday, Oct. 24, 2009 (Homecoming Weekend)
 Location: DeGroot School of Business, McMaster University
 Reception: 5:30 p.m.
 Buffet Dinner: 7 p.m.
 Cost: \$45 per person (spouses and partners welcome)
 Attire: Business/casual
 Contact: www.degroot.mcmaster.ca/alumni/events.html

Homecoming Weekend

Date: Saturday, Oct. 24, 2009
 Location: McMaster University
 Chili lunch: 12 noon
 Football game: 1 p.m. (versus Guelph Gryphons)
 Cost: \$10 for football ticket (chili lunch is free)
 Attire: Casual
 Contact: www.mcmaster.ca/ua/alumni/homecoming.html



■ Dean Paul Bates at the Construction Kick-Off for DeGroot's Burlington expansion.

This past summer marked my fifth year at the DeGroot School of Business. It has been a pleasure and a privilege to serve the School of Business and the greater McMaster community. Together, we have brought DeGroot to a place of great change and growth. As I look ahead to the next five years, I am proud to be part of advancing the School and McMaster.

Since my appointment in 2004 I have focused my activities around several broad priority areas:

- Ensuring that the student experience at DeGroot prepares our graduates fully for their future career success;
- Creating a working environment where faculty and staff are respected, respect each other, and where they aspire to do their legacy work;
- Engaging the communities that we serve and with which we interact;
- Building long-term, sustainable relationships with our stakeholders and partners, including our alumni.

While we have accomplished a great deal in the forty years since McMaster's Faculty of Business was established, it is clear that there is much more to be realized as we build toward becoming one of Canada's leading business schools.

A key driver is the School's expansion to Burlington. The establishment of the Ron Joyce Centre in Burlington is a vital element in McMaster's strategy for the business school. With construction underway, the School is well-positioned to strengthen existing programs at the Hamilton campus and successfully expand to Burlington.

When I think about the future of DeGroot, I ask that we be bold. I ask that we think about the marketplaces that we serve and their demands of us in terms of

the students that companies will hire. I ask that we reach an extraordinary new level of relationship with students, that our pedagogy becomes recognized for creating a high level of interaction and engagement in teaching and learning. I ask that the research that we do informs the curriculum in a way that is tangible and that it makes a difference in the prosperity of the nation.

We are at an important point in our history. This expansion will forever change the School. Together—alumni, students, faculty, staff—we can support the DeGroot School of Business as it takes its place as a leading business school in Canada.

>>> **SHARE YOUR VISION** with Dean Bates at deanbus@mcmaster.ca

Executive education fall programming

DeGroot's Executive Education office introduces **The Master's Certificate in Facilitation**, an interactive program that lets participants learn how to conduct meetings effectively. Using easy-to-understand frameworks, one-on-one coaching support, and regular practice sessions participants master the art of facilitation. Rather than a series of lectures and exams, the program focuses on real-life meeting simulations and group work that engage participants and tailors the learning experience to meet their work-related needs.

DeGroot is bringing the renowned **Disney Institute** professional development program to Burlington on Tuesday, Sept. 22. The full-day "Disney Keys to Business Excellence" program will give area professionals an opportunity to "experience the business behind the Disney magic" while exploring topics of leadership, management, service and loyalty. Participants will get an 'insider's look' at business philosophies that have helped Disney consistently rank as one of the world's most admired companies and brands. Engaging content presented in an entertaining fashion provides participants with tools to transform their organizations.

>>> **BRIDGE THE GAP** at <http://execed.degroot.mcmaster.ca>

DeGroot appoints Teresa Cascioli Chair in Entrepreneurial Leadership



How can entrepreneurship help stimulate Canada's economy? Are entrepreneurs born or are they made? What skills do they need to succeed? Can entrepreneurship be taught? These are some of the questions that will be the focus of Benson Honig, who has been appointed to the Teresa Cascioli Chair in Entrepreneurial Leadership at DeGroot. In his role as the Teresa Cascioli Chair, Honig, who comes to DeGroot from Wilfrid Laurier University, will conduct research on current issues in entrepreneurship, teach entrepreneurship courses and assist in the development of future programs.



DeGroot welcomes nearly 500 new alumni

At the convocation ceremony held this spring, DeGroot conferred degrees on 493 students: 360 from the undergraduate commerce program, 130 from the MBA program and three from the PhD program. McMaster also presented honorary degrees to Charles Coffey, former executive vice president of government affairs and business development at the Royal Bank of Canada Financial Group, and John Howard, founder of Megalomaniac Wines.



"There's a lot of finger-pointing in these kinds of crises... The issue really is how do we solve the operational issues and move on to make sure that the people who really need the communications are getting it."

Terry Flynn, assistant professor of communications management, speaking with CTV about the WHO's response to H1N1

"We're all in the same boat, we all know what's going on with the economy and we all know that jobs are limited."

DeGroot grad **Lauren Scully '09** in the Globe and Mail discussing her new job in Australia as a sales representative for an Ottawa-based biotech company

"[An NHL] team could add \$150 million to \$200 million a year to Hamilton's economy."

Marvin Ryder '84, marketing lecturer, in Bloomberg

"Be serious [in a resignation letter]. It's not the time for humour; keep it short and to the point. Save reasons for the exit interview."

Nick Bontis, associate professor of strategy, in the Globe and Mail

"I'm interested in the world and how it works. My job is to understand what's going on internationally and how that affects clients. That's just fun."

Recent DeGroot grad **Christina Wood '09** on her new job with CIBC World Markets in the Hamilton Spectator

DeGroot In The News

Martin Wessner

Construction kicks off for expansion into Burlington

Mike Laird



DeGroot kicked off construction on its expansion to Burlington in June. The new building, which will be located on the South Service Road west of Appleby Line, will be known as The Ron Joyce Centre. It will house McMaster's MBA program and a range of new targeted executive education initiatives.

>>> FOLLOW THE DEVELOPMENT at www.growdegroote.ca



"A lot of entrepreneurs come from this area and we'll continue to make the whole area grow."

Michael H. DeGroot on his land donation for DeGroot's expansion to Burlington in the Hamilton Spectator

"[Banking sick days] could be harmful for the employer in the long run if workers who should be at home sick report for duty and spread their germs. It's also unfair to employees who legitimately use up their sick days. They're essentially penalized for their illness by having less banked time to cash out."

Rick Hackett, professor of human resources, in the Toronto Star

"Someone sees a Coke in a movie and says, 'I do enjoy Coke, why not buy into it?' But product placements in violent films hurt stock prices."

Anna Danielova, assistant professor of finance, in the Hamilton Spectator

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"At the end of the day an advisor won't stay in business if he or she doesn't do right by their client. These days you'll find most firms and most advisors put their clients' interests first."

Dean Paul Bates in the Globe Investor

DeGroot In The News



Keeping the wheels

Operations management works behind the scenes balancing profitability with quality

By Sabrina Jeria

Despite the global economic recession, Statistics Canada reported earlier this year that retail sales in the country have been rising steadily since the beginning of 2009. We have become a nation of shoppers—bargain hunting in stores and online for everything from home furnishings and electronics to clothing, accessories and food. But how often do we stop to think about the journey a product takes in order to get from the supplier to the store shelf and into our home?

Multiple players—suppliers, manufacturers, distributors, transporters and retailers—across various locales participate in the production, delivery and sale of goods. **Matthias Syndikus '97**, manager of indirect purchasing at Sandoz Pharmaceuticals AG,

is responsible for managing the procurement of “behind-the-scenes” goods and services—such as facilities, warehousing, office supplies, marketing, travel and fleet—for the Zurich-based company. Though Syndikus is not directly associated with the medicinal products the company sells to consumers, decisions he makes across different stages of the supply chain are integral to the overall function and synchronization of Sandoz’s entire operation.

“The supply chain operation requires established purchasing systems, process monitoring and control activities to keep the procurement machine well oiled,” he says. “This role is critical as it ensures the company gets the most return on every dollar spent.”

Links in the chain

When properly integrated within and across a company, operations management can improve product quality and customer service, while reducing costs.

Nagwa Elemam '08, supply chain analyst for Loblaw Companies Limited in Mississauga, is currently working on a consolidation initiative with suppliers in southern California. In order to ensure freshness of produce sold in Loblaw's Canadian retail locations, Elemam aims to cut the time produce idles on a truck by re-routing all shipments to a new consolidation centre in California, thereby reducing the number of company pick-ups.

As efficient as this plan sounds, glitches can still arise if communication is not a top priority for each of the links in the chain. For instance, if one of a dozen suppliers is not informed of the new shipping route, problems in the chain—such as delayed deliveries or stock shortages—may occur.

A break in a supply chain can cause

turning

enormous financial implications. Given the uncertainty of when these risky events may occur and the complexity of aftermath decision making, it is important that models for supply chains are developed that identify and assess risk, as well as appropriate risk handling measures.

“Most of the issues I come across result from the fact that each supply chain party is concerned with its own costs and benefits, and not with the overall supply chain,” says Elemam. “However, if you share information, coordinate operations and open a two-way communication path, you will realize that the whole is greater than the sum of its parts.”

What the future holds

In his role at Sandoz, Syndikus is seeing the operations field giving new attention to the triple bottom line—considering environmental

and social aspects as well as financial.

“The current financial cycle that we find ourselves in shows that an operational management organization's effective use of all purchasing levers are and will remain important to managing a company's cost of sales,” explains Syndikus. “However, companies must ensure their procurement activities remain ethical, especially during challenging financial cycles.”

More often than not, companies consciously trade off inferior quality and social responsibility for price savings. But as awareness regarding the world's environmental problems continues to grow, sustainability, like price, quality and reputation, is fast becoming a buying consideration.

As a result, more companies are integrating environmental principles into every stage of the supply chain—from product design, material sourcing and selection, to manufacturing, delivery and recyclability of the final product. Using recycled paper for packaging or establishing a reusable container program with suppliers will not only reduce a company's environmental impact, but increase its financial gains as well by reducing disposal, material and training costs.

Success and profitability in today's regional and global economies depends on the efficient flow of goods, services, information and finances from one stage to another—which is all overseen by operations. To help meet future needs that arise in the operations field, DeGroot is establishing a Chair in Supply Chain Management. The Chair will conduct research in all aspects of supply chain management, including sourcing, procurement, inventory, logistics, customer service management and multi-modal transportation. The Chair in Supply Chain Management is the first of its kind in Canada, and will play a central role in examining emerging trends and issues, as well as developing sustainable strategies and solutions that can be applied to systems on the provincial, national and international levels.



When properly integrated within and across a company, operations management can improve product quality and customer service, while reducing costs.





Flexibility key to success in global economy

Brad Mitchell '86

President of Global Logistics & Distribution, UPS

Ten years ago, China was the place to be if you were a manufacturer. A large, relatively inexpensive labour force made production affordable, even with the additional cost of shipping finished goods to North America or other markets.

However today fluctuating oil prices, environmental considerations and an emerging middle class in China are changing manufacturing. Companies that can't adapt will find they quickly lose their competitive advantage.

"Flexibility in your supply chain separates good companies from great companies,"

says **Brad Mitchell '86**. As president of Global Logistics & Distribution for UPS, Mitchell is on the front lines of globalization. "You have this huge emerging middle market in China that's saying, "Wait a minute, I've got some money now. I want to buy my own TV. I want to buy my own personal computer. I want to buy my own cell phone." So now instead of all the product leaving China, there has to be a bunch of product that gets to China."

Mitchell sees a number of emerging markets on the horizon, including Vietnam and Brazil.

"As you look at the BRIC countries (Brazil, Russia, India, China) and some of those other emerging economies, there will be a lot more consumers that want to buy things instead of just build and export them to North America and Western Europe. That will be a big change for all of us. What this means for a company that's building its supply chain is don't put all of your eggs in one basket. You have to build something that is fluid and flexible, because globalization is going to continue to grow and thrive."



Outsourcing offers economies of scale

Reg Sheen '90

Vice-President Operations, UPS Supply Chain Solutions Canada

Reg Sheen '90 works for UPS, but he also works for about 80 other companies. As Vice-President Operations, UPS Supply Chain Solutions Canada, Sheen is part of the logistics arms for a number of pharmaceutical, hi-tech and consumer goods corporations.

For many companies, outsourcing their supply chain to a third party logistics provider can mean substantial cost savings.

"A company like UPS can add a lot of value by offering economies of scale," ex-

plains Sheen. "We have about half a dozen customers in one facility. They're sharing a distribution manager. They're sharing security. They're paying for what they use. It's not like they're going out and buying 100,000 square foot facility and only using 70,000 of it because they know they'll need to grow into it. We'll have that space available to them as they grow into it. That's a huge amount of value that we can bring to them that makes their operations much more cost effective."

And by outsourcing some of their operations to UPS, the companies are able to focus more on their core business. "In the case of a pharmaceutical company, their core competency is not management of a supply chain. It's the research and development of new drugs and the marketing of those drugs in various geographies. So that's what they want to focus on. So they give their supply chain to an expert who can manage it for them."



Julia Thomson

Mutually beneficial relationships

By Sabrina Jeria

In tough economic times, dollars and cents mean a lot—not only for consumers, but for major corporations as well.

“High-quality supply chain management couldn’t be more important,” says Elkafi Hassini, associate professor of operations management at DeGroote. “From an operations perspective, saving even a few cents per product in a large volume supply chain is critical.”

By decreasing the cost per unit by just a small amount, organizations can realize millions of dollars in savings. Hassini focuses his research on helping companies be more efficient in their inventory management, pricing decisions and supply chain in order to optimize efficiency and minimize costs.

Retailers like Chapters Indigo or Future Shop that operate on the dual channels of both physical and online stores have increased complexity in their operations. Explains Hassini, “Should you price differently for items that you sell in a store and items that you sell on the internet? If so, how different should those prices be? How do you manage inventory for both channels?”

In answering these questions, Hassini’s goal is to develop solutions that are beneficial for both suppliers and retailers, satisfy customer demand, enhance service, streamline operations and cut costs.



Operations offers bridge from boardroom to customer

By Barry Telford '84

I feel very fortunate to have worked in operations management in a variety of industries for most of my career. After twenty-three years, I am more and more aware of the scope and organizational impact of operations management. Part of the allure of this field for me is that it changes and evolves depending on the needs and characteristics of the organization. Ten different CEOs might give ten different definitions of operations depending on their perspective of a product or company life cycle.

Looking back at the late 80s and most of the 90s, one could argue that operations management strategy was not centre stage in that growing economy. The name of the game was just trying to keep up with dramatic increases in demand. However, recently in many industries, the change in economic conditions has pulled operations back into the spotlight as organizations are looking for any competitive advantages possible.

Although you might define operations

management as the maintenance, control and improvement of organizations' activities to produce goods and services, I personally feel that would be limiting. My experience is that under the right leadership operations management provides the bridge between boardroom strategy and the customer (end user). Under the right conditions operations can create organizational synergy through the process of alignment becoming the

The change in economic conditions has pulled operations back into the spotlight as organizations are looking for any competitive advantages possible.

lynch-pin in successful execution of strategy. Alignment becomes the process of breathing "operational" life into strategy.

For organizations that see the strategic value in process of alignment, the process is not a simple by-product but a painstaking set of calculated moves that choreographs operational outcomes. By creating an environment of alignment through clear communication of a vision, focusing on building skill and development, motivating

through an inspirational call to action, with a supportive Q&A process and a measuring system that drives rewards and recognition, an organization can achieve a sustainable competitive advantage.

Currently, I am working with Sodexo Canada Ltd. which is emerging as a worldwide leader in outsourcing. Originally focused on supporting business, healthcare and education operations in outsourcing their food

service, Sodexo has broadened its focus to include a comprehensive set of solutions including hard and soft facilities maintenance. Organizations are beginning to see value in contracting out non-services, allowing them to increase their focus in aligning around their core competencies. It is proving to be a winning strategy for Sodexo.

Barry Telford '84 is SVP Campus Services for Sodexo Canada Ltd.

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