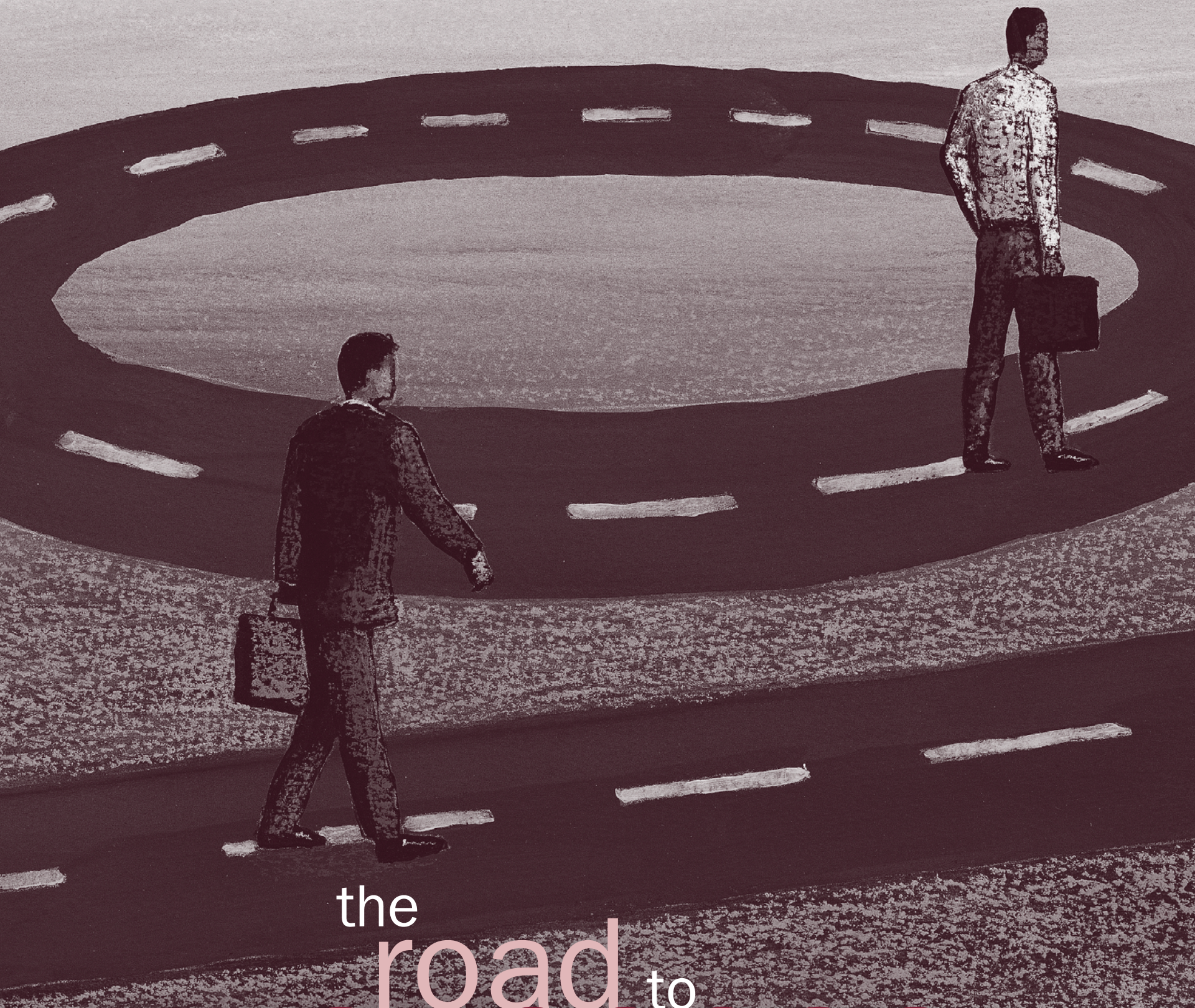


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SCHOOL OF BUSINESS AND ECONOMICS

NEWSLETTER FOR ALUMNI AND FRIENDS



the road to SUCCESS

Costco CEO Describes Company's Journey

WILMA GARRETT, EDITOR OF *SHAREHOLDERS*

More than 300 students and other guests gathered at SBE's fourth annual Distinguished Speaker Series luncheon January 11, 2005, to hear Costco CEO James Sinegal tell the story of his company's phenomenal success. "The opportunity to ask a big-time CEO questions face-to-face doesn't come along often," says senior Abbey Schreppe, a business administration major from Boise, Idaho. "It was a unique, valuable experience." Fellow student and business administration major Julianne Gaffield agrees: "It was very helpful to hear what a successful business person has done to build such an amazing company."

Although known for its cornucopia of super-sized products, Costco points to another key to success, says Sinegal: Costco's clear code of ethics, embracing business as *service* to stakeholders. He detailed the company's five imperatives:

- Obey the law.
- Take care of customers.
- Take care of employees.
- Respect suppliers.
- Reward shareholders.

"You have to pay attention to the first four of these elements, pretty much in that order," Sinegal explains. "If you do that, you'll do what you have to do as a corporation, which is to reward your shareholders. It's possible to reward shareholders short term without paying attention to those four elements, but we don't think you can do it long-term. It's costly to go through this process, but it's the only way to run your business — and it's the only way to be effective in the long term."

Obeying the law, explains Sinegal, involves such things as using unassailable accounting practices; accepting no bribes; and respecting regulations for zoning, health and safety, and labeling.

Early on, he says, Costco resolved to overcome every possible objection customers might have to shopping in the warehouse stores. To that end, the company guarantees membership satisfaction and every product 100 percent. "We never make misleading claims or use superlatives on signage,"

"We have to be a moving target so that the competition is always chasing us."

continued on back page

IN THIS ISSUE



Direct From the Dean:
INTRODUCING
STUDENTS TO
TODAY'S TOP
LEADERS

Feature:
FAITH IN THE
MARKETPLACE



Books:
THE WISDOM
OF CROWDS

DIRECT FROM THE DEAN



Introducing Students to Today's Top Leaders

JEFF VAN DUZER

In our view, a business education that does not regularly connect theory to practice is not much of an education at all. This is one reason we regularly “kick the tires” of our classroom instruction to ensure that it remains practical and useful. It’s also why we continue to supplement class instruction with programs such as internships, mentor relationships, service-learning opportunities, and various entrepreneurship activities, all designed to provide our students with opportunities to apply their learning in “real-life” settings.

Yet of all our applied-learning activities, one of the best we’ve found to help students connect classroom instruction with relevant practices is to expose them to business leaders who can share their own stories. This has been an exceptional year in that regard.

I hope you’ll enjoy reading about the different speakers that our students have been privileged to meet. Some meetings have been in small groups over breakfast; some have occurred at large all-school events. Students have heard from CEOs of large companies such as Costco, REI, and AES. And they have heard from leaders of smaller companies such as Altrec.com and Flow Automotive. They have heard from the vice president for corporate social responsibility at Starbucks and from the owner of one of the largest apple orchards in the world who is pioneering innovative work with migrant farm workers.

All these encounters revolve around one common theme: Over and over, our students are invited to see how business can and does play a vital role in serving customers, employees, and the broader community. The articles in this issue spotlight many of those who have embodied this challenge.

New Dean’s Series Brings Top Speakers to Campus

Highlighting the School of Business and Economics’ commitment to students, the newly inaugurated Dean’s Speaker Series brought three prominent business leaders to campus each quarter for a multiclass forum.

The speakers reinforced the concept that good business practice demands comprehensive proficiencies in finance, strategy, operations, human resources, communications, marketing, and ethics. After the presentations, the multiclass forums broke into individual classes to discuss the guest lecture from the perspective of each specific course. Said one student about the forums: “Meeting with these CEOs and being able to ask questions allows us to learn more than we ever could through reading.”

Richard Tait, the “Grand Boo Bah” of Cranium Inc., described his company’s rules for success: Hire talent (“except in finance; there, hire experience”), give back to the community, and think outside the box to get your product in front of people. Describing his own creative out-of-the-box thinking, he once stood in line at a book signing to give a free Cranium game to Richard Branson, author and owner of Virgin Enterprises. Within two weeks of the signing, the games were being sold in Virgin stores.

Dennis Madsen, former CEO of REI, talked informally about his career in February. He advised students to “find something to do that is a passion,” and he shared strategies for achievement such as “play with people who are better than you.” In April, Madsen returned to campus to give the keynote address at the 2005 Student Employee Celebration that honored students in on- and off-campus jobs.

Sandra Taylor, senior vice president for corporate responsibility at Starbucks, will challenge students in May “to act on the responsibility of business to contribute to community,” to be stewards of the environment, and to conduct themselves in highly ethical ways. To uphold those important goals, Starbucks sponsors literacy programs, encourages employee volunteerism, matches gifts to charity, and spearheads social development projects for coffee-growing communities.



Richard Tait



Dennis Madsen



Sandra Taylor

Faith in the Marketplace

SPEAKERS DISCUSS INTEGRATING THEIR FAITH WITH THEIR BUSINESSES

This year, graduate students in the School of Business and Economics met with a remarkable array of speakers in the Faith in the Marketplace speaker series. Business executives and graduate students came together to discuss issues surrounding the integration of faith and business, giving the students an opportunity to hear stories of how their Christian faith has shaped the executives’ business decisions and careers. This year’s speakers included:

Tim Dearborn, World Vision International’s associate director for faith development, spoke during Autumn Quarter 2004 about World Vision’s efforts to provide relief and economic development throughout the world. Dearborn discussed the challenges involved in managing a large nonprofit organization and his own career journey in which his deep commitment to Christian faith and his leadership experiences in business enterprises have come together.

LuAnn Carlson, senior partner in Corporate Strategies & Development LLC, came during Winter Quarter 2005 to share her experiences in searching out the job best matching her gifts. With more than 20 years’ business experience and clients in technology, telecommunications, financial services, manufacturing, construction, and nonprofits, Carlson spoke about the costs and benefits of taking a principled stand on issues. She also encouraged students to keep a healthy work-life balance.

Mike Morford is the founder and CEO of Altrec.com, an online source for outdoor clothing and gear. This spring, he brought his perspective on faith in the marketplace. Prior to starting



Tim Dearborn, associate director for faith development at World Vision, was one of three business executives who told Seattle Pacific’s SBE students how their Christian faith shaped their careers.

Altrec.com, Morford founded and served as CEO for Joppa.com Inc., a business that designed and developed e-commerce Web sites. Morford shared his unique experiences of keeping his faith intact while going through the dot.com boom and bust.

Gathering Around the Roundtables

Business success and service to customers and employees can go hand in hand. A company doesn't have to put profit first, last, and only. That's the premise behind a series of three "Roundtable" discussions sponsored by SBE's Center for Integrity in Business this academic year. These events brought together 20 to 30 individuals — business people, academics, students, and theologians — to hear presentations and probe questions of concern about business practices.

In January, **Bruce Williams**, CEO of HomeStreet Bank, discussed ethics as part of what defines business success. Williams emphasized his company's value proposition as "great services and long-standing customer relationships." The bank hires and trains employees to align with the company's values, which are seen as central to how HomeStreet operates. Kenman Wong, SBE professor of business ethics, also spoke about what a business needs to do to be ethical.

February's presenters, President **Dick Spady** and Vice President **Jim Spady** of Dick's Drive-In restaurants, focused on employee relations. "My philosophy is, business isn't exploitation, or even the bottom line," said Dick Spady taking his message also to a recent *Pacific Northwest* magazine article. "It's about filling human needs ... Every business has a responsibility to the common good." SBE's Denise Daniels, associate professor of management, also spoke about the difference between viewing employees as means to an end vs. ends in and of themselves.

March's Roundtable featured **Ron Sher**, developer of Crossroads Mall and owner of Third Place and Elliott Bay Books. He discussed the nature of "good work." Also making an appearance in *Pacific Northwest* magazine, he has been characterized as a developer who "doesn't want just to make a buck; he wants to create a community ... a better environment for the rest of us to live our lives." SBE adjunct professor Don Summers added comments considering whether business can be as noble as medicine, social work, and other "purer" professions.



Jim Spady (left) and Dick Spady of Dick's Drive-In restaurants

April Events

BUSINESS LEADERS SPEAK TO SPU CAMPUS IN APRIL

April brought numerous opportunities to hear outstanding leaders speak to the challenge of "Living Out Your Purpose." Developed by the School of Business and Economics for the entire SPU community, the month-long event included Chapels, dinners, forums, small-group meetings, and a book sale/signing. Topics centered around the themes of vocation; the meaning of work; for-profit and nonprofit in the kingdom of God; and organizations that serve. The speakers included:

Don Flow, owner and CEO of Flow Automotive Companies, has 30 dealerships and more than 800 employees in North Carolina and Virginia. Active with auto manufacturers in leadership and marketing councils, Flow serves on boards for a graduate school, a symphony orchestra, and a medical center foundation. His Chapel address was "Called to Be an Auto Dealer."



Don Flow

Bob Drov Dahl, SPU professor of Christian ministries and education and co-director of the Lilly Spiritual and Educational Resources for Vocational Education, spoke on "Vessels of Honor: Discerning God's Will."

Chi-Doo "Skip" Li, 1966 SPU alumnus and partner in the law firm Ellis, Li & McKinstry, spoke on "The Moral Obligation to Be Intelligent in Our Work." In addition to his law practice, Li heads Agros International, a nonprofit organization that helps farmers in developing nations achieve economic self-sufficiency.

John Sage, president and CEO of Pura Vida Coffee, spoke on "Coffee, Capitalism, and Christian Faith: An Entrepreneur's Perspective on Java and Justice." His company sells certified fair-trade, organic coffee nationwide and produces co-branded coffees for partners such as Habitat for Humanity and World Vision. One hundred percent of Pura Vida's net income benefits at-risk children in coffee-growing regions of the world.

Dennis Bakke is co-founder of the AES Corporation, headquartered in Arlington, Virginia. A power company in over 30 countries, AES has revenues over \$10 billion per year, and employs 30,000 workers. Bakke is currently president and CEO of Imagine Schools, which operates charter schools in 10 states. His book, *Joy at Work*, formed the basis of his two presentations.

Mike Morford, a 1992 SPU alumnus, is founder and CEO of Altrec.com. With experience in e-commerce and high tech enterprises, he focused on "Pursuing the Quest" in a group presentation.

Cal Uomoto is the Western Washington director of World Relief, a nonprofit organization that works with churches, government agencies, and ethnic communities. As the leader of a multi-lingual staff, Uomoto is experienced in cross-cultural issues in the workplace. An adjunct professor at Fuller Seminary and Seattle Pacific University, he spoke on "Ministry With Refugees."

Cheryl Broetje and her husband, Ralph Broetje, own and operate Broetje Orchards. In 1986, she founded The Center for Sharing, a nonprofit leadership school to help people discover and put into practice God's call on their lives. In 1994, the Broetjes began Jubilee Youth Ranch, now helping 40 at-risk teen boys stay on track. Broetje's presentations were "Faith, Money, and the Marketplace" and "A Modern Day Fig Tree Tale."

Jeff Van Duzer, SBE's dean, conducted the forum "The Purpose of Business."

Briefcase

NOTES FROM AROUND SBE

EAC-STUDENT CONNECTION

In addition to the many speakers who have come to the SPU campus this year, the SBE gratefully acknowledges the members of the Executive Advisory Council who regularly meet with students to provide counsel and encouragement.

ALUMNI RETURN FOR HOMECOMING

On Saturday, February 5, SBE alumni returned to McKenna Hall and were welcomed "home" by Dean Jeff Van Duzer, as well as by numerous SBE professors. During the afternoon, alumni shared their family and career stories; and faculty updated them on the exciting developments in the School of Business and Economics, and the many ways in which SBE alumni can continue to make contributions to their alma mater.

NEW FINANCE EMPHASIS FOR MBA

Beginning Autumn Quarter 2005, students can choose a new finance emphasis as they work toward an MBA degree.

Four new courses make this emphasis possible, including Futures, Options and Risk Management, and International Finance. SBE expects the new emphasis to be a popular addition to the graduate program.

ALUM HEADS NORTHGATE CHAMBER OF COMMERCE



Amani Harris

Amani Harris, MBA '02, an Edward Jones investment representative, now chairs the Northgate Chamber of Commerce board of directors. "We want to serve as the 'heart of Northgate' by creating value for business, community, and citizens," explains Harris. "It's important that businesses give back to their communities." The chamber, founded in 2002, has received grants totaling \$24,000 for education programs in local schools, including after-school arts, tutorials, book drives, and leadership development. A Seafair event is planned and will be an

interactive education festival in partnership with other key community organizations. Four interns employed at the chamber are currently organizing this event, but more are needed. For more information, visit www.northgatechamber.com.

ALUMNI SPRING REFRESHER

The SBE Alumni Spring Refresher was held April 14, 2005. Faculty and staff welcomed returning alumni to appetizers, good conversation, fellowship, and some networking. An opportunity for alumni to catch up on what's happening in SBE and to connect with fellow SBE alums since graduation, the Spring Refresher was a kick-off event to more alumni events planned in the coming year.

BOEING WORKER EARNS MBA TO BE 'EQUIPPED FOR SUCCESS'

Dustin Robinson, Class of 2003 alumnus and current MBA student, is near the end of Boeing's two-year Business Career Foundation program. The program rotates participants through every major Boeing business unit. Currently working on global business strategy for commercial airlines, Robinson's permanent placement position in contracts or strategy will

begin soon. "SPU gave me an outstanding undergraduate education, providing numerous opportunities to build a powerful network of business professionals and mentors," he says. "I chose to return for my MBA because I knew I would be further equipped for success in my job and all areas of my life." Robinson spoke at the April 19 induction event for new SBE majors.

ANNUAL SPU DOWNTOWN BUSINESS BREAKFAST

On April 12, more than 800 business-minded folks met at Seattle's Sheraton Hotel for the 2005 Seattle Pacific University Downtown Business Breakfast. For this eighth annual event, the keynote speaker was Michael Useem, prolific author and director of the Center for Leadership and Change Management at The Wharton School, University of Pennsylvania. A compelling storyteller, Useem spoke about the capabilities required for making fast decisions in unpredictable and stressful environments — or, thinking like a CEO no matter where one fits in a company. Speakers also included SPU's President Philip Eaton and SBE Dean Jeff Van Duzer.



Randy Franz

Faculty notes

PUBLICATIONS, PRESENTATIONS, PROFESSIONAL ACTIVITY

RANDY FRANZ and KENMAN WONG authored the article, "Spirituality and Management: A Wider Lens," to be published in an upcoming *Journal of Management Inquiry*.



Kenman Wong

W. WARD GASQUE's article, "*The Da Vinci Code: Harmless Thriller or Dangerous Hoax?*" appeared in a recent issue of *Radix*.



W. Ward Gasque

DAVID GILL's new book, *Doing Right: Practicing Ethical Principles*, was published in October 2004.

GARY KARNS presented two papers recently: "A Model of Student Learning and Satisfaction From Student-Developed Marketing Plan Projects" at the March meeting of the Western Decision Sciences Institute, and "Learning Styles and the Perceived Effectiveness of Learning Activities" at the April meeting of the Marketing Educators' Association.



Herb Kierulff

HERB KIERULFF's article, "Entrepreneurship Education in Poland: Findings From the Field," was published in *Human Factors and Ergonomics in Manufacturing* by Wiley Periodicals.



Henry Petersen

HENRY PETERSEN presented "The Effect of Corporate Social Responsibility Strategies on Institutional Investors" at the Strategic Management Society conference in November 2004, and "Cross-Cultural Leadership: Can the Expatriate Manager Improve Performance Across a Cultural Divide?" at the Western Academy of Management conference in March 2005.



Jim Rand

JIM RAND led seminars and symposia last winter on health care issues for a hospice and home-care association and for the Puget Sound Nurse Recruiter Association. He also facilitated the Marquette University National Alumni Board of Directors' final strategic-planning sessions.



Regina Schlee

REGINA SCHLEE published an article in the *Journal of Marketing Education* titled "Social Styles of Students and Professors: Do Students' Social Styles Influence Their Preferences for Professors?"

THE ROAD TO SUCCESS

continued from page 1

he explains. "We adhere to established minimum and maximum markups, so that savings are passed on to customers on everything we sell. And we stock no seconds or irregulars. Our number-one imperative is to bring high-quality goods to market at lower prices. It's an obsession with us." But customers aren't the only people who get the company's attention.

"We pay the highest wages and have the best benefit programs in the retail business in every community we're in," Sinegal points out. Promotions come almost entirely from within, and the company has an active diversity initiative. "We maintain an open-door policy between management and every employee, and we try to make Costco a fun place to work," he says.

The third key to Costco's success hinges on cost-conscious business operation. Although required to negotiate hard for the lowest feasible prices from suppliers, Costco has established a reputation with suppliers for "tough but fair negotiations," says Sinegal. "We want to build loyal partnerships," he explains. "We recognize that both Costco and our suppliers must make a profit on every transaction. To continue to supply us, they must see that they are going to be profitable and prosperous enough to capitalize their business."

The results of Costco's business imperatives are far-reaching. "In these ways we think we reward all our stakeholders, including our shareholders," says Sinegal, who points out that the bottom line has, indeed, spoken volumes. When Costco went public in 1985, its stock was valued at \$8.72 a share. By the end of 2004, shares were \$48.41 each. Growth has happened in other ways, as well. Its original four outlets have multiplied to 449 warehouse stores in 37 states and seven countries. Its 110,300 employees serve more than 42 million cardholders worldwide, processing about 1 million transactions daily.

But Sinegal still isn't satisfied. If Costco achieves its current business objectives, he asserts, it will "improve as much in the next five years as in the past. We have to be a moving target so that the competition is always chasing us. We have to be disciplined and always maintain focus on not wasting money. ... We aim to build a company that will be here 50 or 60 years from now."

Sponsorship of the Distinguished Speaker Series is provided by the Baldwin Resource Group Inc., located in Bellevue, Washington. BRG provides business consulting, risk management, and insurance services.

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Books



THE WISDOM OF CROWDS: WHY MANY ARE SMARTER THAN THE FEW

By JAMES SUROWIECKI

Surowiecki explores the decision-making of crowds and how many diverse views can produce better results than a single expert's view. Not a "business" book *per se*, but its applications to business are obvious and far-reaching.



THE SMARTEST GUYS IN THE ROOM: THE AMAZING RISE AND SCANDALOUS FALL OF ENRON

By BETHANY MCLEAN AND PETER ELKIND

If you want to know where Enron went off the track and gain insight into the largest business failure in America, this is a must-read.

You can find more complete reviews of these books at www.ethix.org.



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