Say Hi to “Y”
Generation Y Joins the Workforce
Each year, many of the brightest students in the country are admitted to our College—like the Business Honors students featured on the cover of this issue of Perspectives. And each year our faculty and staff work diligently to engage and prepare all our students for the challenges and complexities of today’s business world.

The resources available for that preparation reached a new level this fall with the opening of our Business Instructional Facility. The name really says it all. Complete with high-tech classrooms, a 300-seat auditorium, a real-time market trading laboratory, and great gathering spaces, this student-focused building provides a state-of-the-art environment that enriches instruction.

But that’s not the only environment it enriches. It also sets a new standard as the first “green” building in the University’s history. The 160,000-square-foot Business Instructional Facility is eco-friendly, with energy-saving features that include solar panels to provide power, roof plantings to provide insulation and reduce water runoff, and a unique, energy-efficient heating and cooling system. It’s part of our broad commitment to serve as good stewards of all the resources entrusted to us—the human resources, the financial resources, and the natural resources.

The future of the College is bright. You can see it in the faces of the Generation Y students shown in this issue and in the contributions made by our faculty featured here. This bright future is possible because of the generosity of other generations of students, alumni, and friends who believe that supporting Business education at the University of Illinois is a wise investment. We’re grateful for that confidence and pledge to continue to take the lead in preparing students to be skillful, professional, and ethical businessmen and women.

Larry DeBrock
Dean
THE ART OF MULTITASKING
By Alice Shepherd
Balancing a variety of roles and responsibilities at the same time is standard operating procedure in today’s multitasking work world.

THE WHO, WHAT, AND WHY OF “GEN Y”
By Laura Weisskopf Bleill and Cathy Lockman
Understanding what makes today’s youngest generation of workers tick is important to business.

TAKING THE NATION’S PULSE
By Doug McInnis
Why do health care costs continue to rise and what can be done to contain them?

STAR POWER
By Doug McInnis
Faculty research explores the factors that impact corporate reputation and how star status plays itself out in the marketplace.

THE COLLAPSE OF THE AUCTION RATE MARKET
By Cathy Lockman
What led to the failure of the $330 billion auction rate securities market and what does it mean for investors?

About the Cover: These current Business Honors students from the University of Illinois, along with 70 million other young people under 30, make up Generation Y. The talents, tech-savvy, and expectations of this generation promise to change the dynamics of the workplace.
They’re talented, inquisitive, and young. They’re tech and text savvy, proficient at blogging and connecting via Facebook and MySpace. They’re confident, some might say brash; they’re used to getting attention; and they expect to be taken seriously. They’re Generation Y, also known as the Millennials or the Echo Boomers. And though not every member of this late-teen to late-twenty crowd has each of these characteristics, the traits do ring true for a majority of them.
Knowing what makes this generation tick is important to business. As the newest members of the workforce and at 70 million strong, their work ethic, values, and expectations have the potential to reshape the work environment.

It's in the Delivery

Terry Feinberg is the lead educator for Engaging Generations, an outreach program developed by the University of Illinois Office of Extension. The program focuses on helping organizations understand generational differences so they can adapt to the changing workforce.

“Successfully integrating Gen Y into your business doesn’t require a complete revamping of your company,” she says. “But it does mean rethinking your processes and your delivery. If you continue to do business as usual, you will have an aging company.”

There may be no more obvious example of how different that delivery can be than looking at career change through the eyes of Generation Y. Where Baby Boomers sought out What Color is My Parachute? for advice on job hunting, today’s newest workers are more likely to read Johnny Bunko: The Last Career Guide You’ll Ever Need.

“When you open up this book, it’s all anime,” says Feinberg, referring to the manga or comic-type style it employs. This approach appeals to Generation Y because it’s fast and fun. “Knowing what’s important to this new group of workers and how best to reach them is essential to their success and yours,” she says.

The Big Picture

Just what does Generation Y want from work? According to Feinberg, they’re looking for both flexibility and structure.

“This generation expects to continue to have the flexibility that their schools and their parents have allowed them,” she says. “And at the same time they need some structure in the work process because they don’t want to wonder why they’re doing what they’re doing. They want to understand how they fit in the big picture, they want to feel that they’re connected, and they want to know that they’re contributing.”

Lisa Rudman fits the profile. A 2005 graduate in finance and business administration, Rudman landed a plum position with global telecommunications giant Motorola after graduation. The flexibility and multiple opportunities the company offered were part of the reason she accepted the position. A year later when she decided that her human resources operational role was not the right fit, she still felt comfortable and connected with the company, so she looked within for another position.

Two years later, Rudman is starting her third finance role at Motorola. Recently she was promoted to be the financial analyst on the company’s largest U.S. account, Verizon.

“Our generation, we’re used to taking on new tasks, new challenges, feeling like you can impact things and affect things,” she says. “It was important to me to find a place like that. It was important to find that the culture was not hierarchical. Here, each day I have the opportunity to interface with professionals at all levels in the corporation, including the CFO and vice presidents.”

Opportunities and Options

Recruiters have noticed that this generation of students needs to know exactly where they are going and what they need to do to get to the next level—before they’ve even spent a day on the job. But at the same time, they want a wide array of opportunities and options.
“Students are much more articulate in wanting to know that they can have the opportunity to continue to learn and experience new things,” says Cyndi Rotondo, National Campus Recruiting Manager for Navigant Consulting Inc., from her Chicago office. “They want to make sure that there may be options to explore other areas or practices so that they can find the right fit based on their interests and skills and where they feel they’ll add the most value.”

Another priority seen by today’s recruiters is a bigger emphasis on quality of life. Paul Nickel, the recruiting manager for RSM McGladrey/McGladrey & Pullen’s Great Lakes region, sees that students are more prepared and ready to enter the professional world than they used to be. They also know what they want, and they are much more focused on work-life balance than young professionals coming out of school as recently as five years ago.

Nickel says work-balance issues are a firm-wide initiative, from the top down, representing a watershed change in the past decade.

“I think good students know that they could probably make (more) money in investment banking related careers, but they don’t want to make that commitment,” he says. “Most students want to have that balance. They just want to enjoy what they’re doing and the environment they’re doing it in.”

We’re teaching students how to develop these networking relationships and the importance of conducting themselves in a professional, ethical manner with employers.”

“WE SEE A NUMBER OF STUDENTS WANTING TO ACCEPT POSITIONS THAT ARE NEAR THEIR HOME — NOT WANTING TO MOVE FAR AWAY FROM FAMILY AND FRIENDS, BECAUSE THESE RELATIONSHIPS ARE IMPORTANT TO THEM.” – LOIS MEERDINK

Preparing for the Work World – From Day One

Lois Meerdink often hears from recruiters that College of Business students come well-equipped for interviews, internships, and other professional situations. That’s no surprise, since it’s by design.

Business Career Services offers programs to give students a realistic picture of the workplace as early as their freshman year. The Job Shadow program provides students an opportunity to spend a day with professionals at top employers, while Employer Forum sessions bring professionals to campus to offer insight into specific career paths.

One of the newest ways the College will be preparing its students for work life after they leave the University is through its innovative Business 101 course, a collaborative effort between BCS and the College units.

“We’re teaching students how to develop these networking relationships and the importance of conducting themselves in a professional, ethical manner with employers,” Meerdink says.

“The overall emphasis for the program is to develop the concept of professional responsibility within a personal and interpersonal context.”

The new course, which is being offered this fall to half of the new business students, will be required of all incoming students in 2009. The College’s Center for Professional Responsibilities in Business and Society provided grants to assist with development of the course.

“The College decided to take a more specific approach in regards to what it means to be a business professional,” Meerdink says. “It is an effort to better instill and prepare students in the College for the business world.”
Close to Home

The emphasis on work-life issues and its shift as a priority hasn’t been lost on the Business Career Services office. Surveys from the undergraduate class of 2008 show that 80 percent accepted employment with a starting location in the state of Illinois, with 88 percent landing in the Midwest overall.

“We see a number of students wanting to accept positions that are near their home—not wanting to move far away from family and friends, because these relationships are important to them,” says Lois Meerdink, assistant dean and director of Business Career Services.

“When I was going through college, the thought of returning home to live with your parents for a few years wasn’t even a consideration, whereas now it’s not uncommon for us to hear students wanting to do that initially. This provides some challenge for employers who may have opportunities elsewhere in the country.”

Those employers include PricewaterhouseCoopers, which recruited nearly 100 University of Illinois students for internships and full-time positions in the past year. According to Tim Reierson, a partner at PwC and an accountancy graduate, 30 of the 100 students were placed in offices outside of Chicago.

All of the firms in the profession have put an emphasis behind programs for work-life issues, says Reierson, a 27-year veteran. When young professionals come into the business, the firm makes “huge investments in them, and we don’t want to lose them too early,” he says.

“This generation of students comes from situations where maybe both parents were working. They’ve grown up in a situation where maybe they saw a lack of work-life balance and they’ve decided, ‘We’re not going to work like our parents did. We’re going to try to maintain our relationships.’ That probably was because of a lack of work-life balance,” Reierson says.

Elise Kidd, a 2008 graduate, is one of those 80 percent who started her first job this past summer. The supply chain major is based in Chicago—she wanted to remain in Illinois, close to her family in East Peoria as well as near friends from college—as she travels four days a week for her analyst position at Deloitte Consulting.

“Work-life balance is important. I don’t want to get burnt out,” Kidd says while in between meetings. “I don’t want to work, work, and work and have no other life. If you have no life when you’re 22, what are you going to do when you’re 52? You’ll just be by yourself and working, I guess.”

Managing Expectations

Once you’ve recruited and hired Generation Y, how do you keep them happy in the workplace?

“I think students coming out of schools now are demanding more,” says Reierson. “Our challenge is trying to manage their expectations. Everyone coming out of school, they are taught to take initiative, they are encouraged to run with ideas, and they have a very supportive environment at the College to become leaders. When they come here, the challenge we have is not to dampen that.”

Lindsay Cummings, a 2002 business administration graduate, agrees. She started her career in IT consulting but tired of the travel and felt unchallenged, so after three years she left the
business to explore other industries. “The older generation is a lot different than we are,” she says. “If we’re unhappy, we switch jobs.”

Feinberg’s research confirms that. “If a job doesn’t meet their expectations, Generation Y doesn’t feel that they need to stick it out,” she says. “Failure isn’t something they fear. They don’t take it personally. They very much believe in learning from an experience and moving on.”

For Cummings “moving on” meant finding work as an independent consultant. She eventually landed Health Care Service Corporation (the parent company of health insurer Blue Cross and Blue Shield) as a client. After a year of working on contract for the organization, she was offered a permanent position which she accepted—because she felt she had found the challenging environment she had been looking for. However, as a member of the ever-moving Generation Y, she continues looking ahead and pondering her next move.

“It’s important for me to see that advancement, that I’m growing, and that I’m getting more accountability within an organization,” she says. “Sometimes when people know that you’re good at something, that’s all that you do. It’s nice to make sure that you challenge yourself as well.”

It’s a sentiment Feinberg recognizes as typical of Generation Y. “They really feel a need to be productive and to contribute,” she says. “And that means they need to know where they fit in the organization. Managing them successfully requires coaching. They’re inquisitive, they’re bright, and they have a very short learning curve. Plus, they’re great multitaskers, but they’re not satisfied with just doing tasks.”

For managers, who aren’t sure what will work best with their newest workers, Feinberg has some suggestions. Whenever possible, let them know the why behind the tasks. For instance, maybe the reason you’re asking them to double check numbers is because last year that procedure uncovered a $250,000 error in your favor.

Also, recognize that Generation Y has a need for a more casual and frequent form of feedback. They prefer a pat-on-the-back sent in a text message to the formality of a performance review.

And above all, be flexible and be ready to coach them. “Don’t write off every Gen Y’er who has demands or doesn’t look like they fit your company,” Feinberg says. Instead, she suggests that you be ready to revisit your dress codes or your processes to engage this group of workers.

“They are risk takers, and businesses that make accommodations for their differences in work style will reap the benefits of an engaged and engaging workforce.”

– Laura Weisskopf Bleill
– Cathy Lockman
The College of Business appreciates the support of our Corporate Partners. Their generosity is an investment in the education of future business leaders and is essential to continuing the academic excellence of the undergraduate and graduate business programs at the University of Illinois.

PRINCIPAL PARTNERS
($50,000 +)
• 3M
• Chicago Mercantile Exchange Trust
• Deloitte LLP
• Ernst & Young LLP
• Grosvenor Capital Management LP
• KPMG LLP
• PricewaterhouseCoopers LLP
• State Farm Companies

LEAD PARTNERS
($25,000 - $49,999)
• The Boeing Company
• BP Products North America, Inc
• John Deere & Company
• Philip Morris USA
• General Motors Corporation

SENIOR PARTNERS
($10,000 - $24,999)
• Abbott Laboratories
• Accenture
• Archer Daniels Midland Company
• Caterpillar, Inc
• CNA
• Country Insurance & Financial Services
• Fox Development Corporation
• Heartland Research Corporation
• Illinois Mutual Life Insurance
• Madison Dearborn Partners LLC
• Motorola
• Much Shelist Law Firm
• RLI Insurance Company
• Towers Perrin

PARTNERS
($5,000 - $9,999)
• Baxter International Inc
• Fiji Water Company LLC
• Grant Thornton LLP
• Huron Consulting Group LLC
• Mesirow Financial Holdings, Inc
• Navigant Consulting, Inc
• Robert Bosch Corporation
• RSM McGladrey, Inc
• Yum! Brands Inc
Suppose you just inherited $25,000 and are looking for a good short-term investment so you have that money and more to use in a year to pay for your daughter’s wedding. Or assume you made $50,000 when you sold your small business and you’re looking to park that cash for six months while you shop for a new venture to invest in. A money market would give you liquidity but not much interest. The same would be true of a CD. You could pick a six-month or twelve-month maturity, earn a little more interest, and have little risk. But what if your broker offered an investment with an even shorter maturity, anywhere from a week to a month, and an opportunity to earn a higher interest rate. Sound too good to be true?

For those holding auction rate securities (ARS) in early 2008 when the $330 billion market for them collapsed, that’s just what they turned out to be — too good to be true. Now everyone involved — from investors, issuers, and brokers to regulators, lawyers, and state attorneys general — are assessing what happened then and what will happen next, especially in light of the turmoil affecting Wall Street in late September.

Going, Going, Gone

On one side of the ARS equation you have the investors who saw the chance for liquidity and higher yield. That included those individuals who had $25,000 or more to invest, or institutional investors, with hundreds of thousands to even millions of dollars to sink into these securities. On the other side, you have the issuers, mostly municipalities and other tax-exempt institutions, who saw these instruments, which were really long-term bonds, as a way to generate capital at a lower financing cost and with more flexibility than if they used variable rate debt.

Sounds like a win-win situation — and for 20 years, as the market hummed along, it was. But then the credit crisis hit, and the auction rate market came tumbling down with it. Why? Because there were no buyers. The four largest investment banks, Citigroup, UBS, Morgan Stanley, and Merrill Lynch, who made a market in these securities and who in the past had acted as bidders of last resort, were no longer bidding.
Christine Hurt, professor of law and the co-director of the Program in Business Law and Policy at the University of Illinois, agrees, to a point. “There are very few risk-free investments in this world, so if it sounds too good to be true, it probably is,” she says.

The key is: how did it sound? “It’s hard to know if people should have known better, unless you know what people were actually told when they bought these securities,” she explains.

To hear many investors tell it, they were duped into buying something touted by their brokers as a “cash equivalent,” and now they were left holding the bag.

The legal community was listening, and in March several class-action lawsuits were filed against the investment banks, alleging that they deceptively marketed ARS as cash alternatives. That got the attention of the media—and, more importantly, some state attorneys general.

Was There Fraud?

An investigation into ARS led New York State Attorney General Andrew Cuomo to issue an intent to file charges against some of the banks in August. Within a week, the Securities and Exchange Commission’s Division of Enforcement announced that two of the banks agreed to settle by buying back large chunks of ARS sold to individual investors, charities, and small businesses, and to use their best efforts to make all ARS holders, including institutional investors, whole. Other banks have followed suit.

What did the investigation reveal that moved the investment banks to settle so quickly? There was evidence, at least in some cases: (1) that these securities were being

“The auction system is dependent on the availability of short-term financing,” says former U.S. Comptroller General Charles Bowsher, a 1953 accountancy graduate. “When short-term financing seized up and the investment banks didn’t step up to the plate to support the auctions as they had in the past, the whole system froze.”

For investors, that meant the money they thought was liquid was now tied up indefinitely. Of course, if they didn’t need the funds immediately then they could benefit from the higher interest rate that kicked in when the auctions failed. But those higher interest rates had to be paid by the issuers of the securities, many of which were municipalities and other tax-exempt institutions that were hard pressed to afford those higher rates.

“That meant that both sides of the transaction were unhappy,” says Bowsher. “And that created an outcry for someone to step in to resolve the situation.”

Should Investors Have Known Better?

Some investors were lucky. The issuers of their securities didn’t want to pay the higher interest rates, and so they “called” the bonds, returning the principal to the investors, and then refinanced.

But far more investors were left scratching their heads. They claimed they’d been led to believe their investment was as good as cash, but now they were being told they couldn’t touch it. Some of the investment banks that sold ARS added insult to injury by offering to loan their customers money in the interim.

There were far more questions than answers. And one of the first ones was: Should investors have known better? Bowsher thinks so.

“When times are good, people sometimes aren’t as careful when they invest. All they see is the opportunity to make more money. Over the years, Wall Street has gotten more and more creative, and people should recognize that there is risk that comes along with that creativity.”

“It’s hard to know if people should have known better, unless you know what people were actually told when they bought these securities.”

– Christine Hurt

– Charles Bowsher
“IT IS IN THE INTEREST OF THE BANKS FOR THE AUCTION RATE MARKET NOT TO DRY UP. THEY HAVE AN INCENTIVE TO DETERMINE HOW TO KEEP THIS MARKET GOING. THAT’S THEIR BUSINESS.”

– VIRGINIA FRANCE

represented as far more liquid than they actually were; and (2) that some banks, seeing that failures were imminent, were selling their own ARS holdings while at the same time encouraging investors to buy them. That kind of misrepresentation can be grounds for charges of civil fraud.

“When an investor purchases securities and the value rises and falls, that’s just part of the risk,” says Hurt. “Rarely do they have an action against the broker for such suitability claims. But if the banks marketed the securities as ‘near-riskless’ and on top of that saw that the liquidity was being stretched thin and didn’t tell their investors, then they have misrepresented these securities, making it difficult for investors to make informed decisions. There is more of a case for fraud in such instances.”

The costs of litigation and the intrusions of pending subpoenas, along with the corresponding bad publicity and unhappy customers, probably helped move the settlement process.

Through these large-scale settlements, the banks are making amends to those Hurt describes as “the widows and orphans,” the investors who don’t have liquidity and can’t wait until next year to get to their nest egg, whether for tuition payments, retirement needs, or other large expenditures.

“There’s not yet settling with their high-net-worth customers,” says Hurt. “And that is really interesting because you would think they would want to make them happy. This may be because in the civil liability world, the banks have more to lose from the retiree getting up on the stand and saying ‘I don’t understand,’ than institutional investors.”

The swiftness of the settlements is certainly good news to investors because not only will they have their investments “unfrozen,” but their money will be returned quickly and fully. If the banks had not settled, Hurt explains, class-action lawsuits would have meant protracted litigation and possibly only pennies on the dollar for ARS investors when the dust settled.

It could also have benefits for the banks as well as the investors. “When the banks buy back these securities, they could go up in value as liquidity returns,” says Hurt. “Overall it’s a much more efficient way to resolve the situation for everyone.”

Lessons Learned

Charles Kahn, professor of finance, sees the credit crisis as the underlying culprit in the ARS collapse. “During such times, the financial institutions are less willing to make deals with each other, and so it becomes harder for transactions to occur in general,” he says. But he doesn’t necessarily think anyone could have seen this coming.

“Who could have predicted that the market would totally dry up and there would be no one willing to buy?” asks Kahn. “There are always unavoidable risks in new kinds of investment vehicles, but a complete market failure is not the kind of risk anyone would expect.”

Can the ARS market bounce back from the collapse and the resulting negative publicity? Kahn believes it can.

“Experience shows us that innovative investments can be overhyped and eventually come back, although they may never recover their halo,” he says. “NASDAQ’s dot com sector is an

THE DISAPPEARING AUCTION RATE MARKET

1984
Auction rate securities introduced.

1988
ARS for the tax-exempt market introduced.

1993
ARS for the student loan industry introduced.

1997
Municipal ARS introduced.

2002
ARS for closed-end equity funds introduced.

2005
Some accounting firms suggest that ARS be classified as “investments” not “cash equivalents.”

2006
Minimum investment required for ARS drops from $250,000 to $25,000, resulting in individuals becoming the largest owners.

February 7, 2008
Auctions begin to fail.

“It is in the interest of the banks for the auction rate market not to dry up. They have an incentive to determine how to keep this market going. That’s their business.”

– VIRGINIA FRANCE
example. New instruments like this are more likely to return in a less exotic form.”

Kahn also believes that there are strong economic reasons why it’s important for this market to return.

“Making bonds more liquid is good for both sides of the market,” he says. “It extends the choices that investors and issuers, like municipalities, have, and it extends them in ways that make good economic sense.”

It’s also likely that the return of the ARS market will come with lessons learned, possibly with self-regulation as a component of its comeback. Professor Virginia France compares this failed market to collapses in the futures market, which is the focus of her research.

“In the futures market, self-regulation allows member firms to react more quickly and knowledgeably than a government regulator,” she explains. “It’s fast and flexible, but it often takes time to develop.”

And sometimes it takes a controversy. “Regulatory structure doesn’t come from nowhere,” France says. “It’s often the result of a crisis. It is in the interest of the banks for the auction rate market not to dry up. They have an incentive to determine how to keep this market going. That’s their business. And one thing is certain. You can trust businesspeople to do their best to keep business going.”

Risky Business

Beyond the implications for the securities industry, what are the lessons investors can take away from the collapse of the auction rate market?

According to Bowsher, who was the comptroller general during the savings and loan crisis of the 1980s, it’s that investors need to be cautious. “Creative financing breeds complication, and complication means more risk,” he says. “Investors who don’t want that risk should stick with federally insured bank deposits and treasury securities.”

Hurt agrees. “The capital markets come with risks, and anyone who tells you otherwise is not being forthright,” she says. “Once you’ve accepted that risk, you have to be ready to roll with the punches.”

– Cathy Lockman

Investment or Cash Equivalent?

If auction rate securities are actually long-term bonds, why were they considered highly liquid? It’s a question many are asking in the wake of the auction rate securities collapse.

As early as 2005, auditors with some firms were suggesting that these securities should be classified as “investments” rather than “cash equivalents” on financial statements, since they had maturity horizons of 20 to 30 years and therefore were legally long-term debt.

But, for the most part, these recommendations fell on deaf ears because for 20 years ARS operated like cash. It wasn’t until 2008, during the fallout from the credit crisis, when the investment banks were no longer willing to serve as bidders of last resort, that it became apparent that ARS are not the cash equivalents they were thought to be.

“Who could have predicted that the market would totally dry up and there would be no one willing to buy? There are always unavoidable risks in new kinds of investment vehicles, but a complete market failure is not the kind of risk anyone would expect.”

– Charles Kahn
As the United States has slipped into the economic doldrums, one area of the economy has held up particularly well—health care. That’s not surprising since the United States pours buckets of money into medicine.

While this spending has created a lot of jobs, many people wish it weren’t growing so fast. Outlays for hospitals, drugs, surgeries, and related costs are rising far faster than incomes. “Health care is now about one-sixth of our overall economy, and health care expenditures are growing much faster than the economy,” says Jeffrey Brown, professor of finance and director of the Center for Business and Public Policy at the College of Business.

That has put enormous pressure on individuals, businesses, and governments that fund the medical system through insurance premiums or government programs such as Medicare and Medicaid.

“Health care costs are a growing component of the cost of labor,” says Brown. “It’s raising costs for companies that are on the hook for employee health benefits. Over the next several decades, health care costs have the potential to break the federal government’s budget.

“It’s clearly an issue people care about. What public policymakers choose to do about health care costs—whether we rely more on private health care markets or on national health care—has major implications for the economy.”

The day of reckoning may be coming. One warning sign is the impending implosion of the huge federal Medicare Trust Fund, which pays for care of older Americans. “We’re spending $400 billion a year on Medicare,” says Joseph Goldberg, M.D., special assistant dean at the University of Illinois College of Medicine at Urbana-Champaign. “By 2015, that number will be $800 billion. The system is going to start running short of money, probably in the next couple of years. By 2020, the Medicare Trust Fund will be dead broke.”
Meanwhile, corporate budgets are straining under employee health insurance costs. “General Motors spends more on employee health care than it does to buy steel for its cars,” says Goldberg.

**Does More Spending Mean Better Health?**

The rising costs have left growing numbers of American in dire straits. The *New York Times* recently reported that 75 million Americans were uninsured or had inadequate health insurance. Medical debts are now a leading cause of bankruptcy, according to news reports.

Worse still, economists and health care administrators contend that we’re not getting our money’s worth out of a system that devours big chunks of the gross domestic product. They point to data that shows that other industrialized nations spend much less of their gross domestic product on health care, yet have healthier populations. While the United States spends roughly 16 percent of its GDP on health care, the comparable figure for Germany is 10.9 percent, says Goldberg. “In France it’s 10.5 percent. Norway is 9.7 percent. The British are at 8.3 percent.”

“If the additional health care expenditures improve outcomes, then growing health costs would not necessarily be a problem,” says Brown. But often that’s not the case. “Health care is a sector in which studies have shown a tremendous amount of inefficiency,” says Brown. “According to several academic studies, as much as one out of every three health care dollars is being wasted.”

**Weighing the Reasons for Rising Costs**

Economists and doctors blame five factors for rising costs:

- **Unhealthy lifestyles.** “Our population is getting heavier every year,” says Goldberg. “Things would get better if we would change our diet and avoid obesity, which leads to diabetes, which leads to heart disease and stroke. We literally could get healthier if we used our food dollars more wisely, since to a large extent our health is a function of what we eat,”

  — **Joseph Goldberg**

**Let’s Check the Vitals**

- Health spending in the United States averaged $7,026 per person in 2006, totaling $2.1 trillion, or 16% of our nation’s economy.
- Medicare, which covers 44 million Americans, is projected to cost $420 billion in 2009.
- Medicare costs represent 14% of the total federal budget; Medicaid accounts for 7%.
- Employers are the principal source of health insurance in the United States, providing health benefits for nearly 54% of all Americans; however, the percentage of employers offering benefits has fallen from 69% in 2000 to 60% in 2007.
- The average premium for family health coverage through an employer was $12,106 in 2007, of which covered workers paid an average of $3,281.
- Since 2001, family premiums for employer-sponsored insurance have increased 78 percent, while wages have gone up 19 percent and inflation has gone up 17 percent.

obesity, which leads to diabetes, which leads to heart disease and stroke.” Part of the reason for this trend is that we now have the money to devour junk food and eat out often. “We literally could get healthier if we used our food dollars more wisely, since to a large extent our health is a function of what we eat,” Goldberg says.

Lack of incentive. Many patients have no incentive to hold down medical costs because they’re not paying much of the bill. As a result, they may demand treatments that provide little or no benefits. Brown offers this example. Suppose a procedure costs $500 and the co-pay is $10. If the procedure yields just $20 worth of benefits, the patient will want it since he’s only out $10. “But it costs society $500,” Brown says. “Many of the calls for reforms that combine health savings accounts with high deductible health plans are an attempt to force individuals to think a bit harder about the relative costs and benefits of the treatments they receive.”

New medical technology and drugs. These breakthroughs allow the treatment of many things that went untreated in the past, but they aren’t cheap.

The high cost of overhead. “With private insurance, 30 percent of every premium dollar gets used for overhead, profits, or executive compensation,” says Brad Schwartz, M.D., dean of the University Illinois College of Medicine at Urbana-Champaign. With Medicare, profits and compensation costs vanish as an expense, while overhead runs about two percent, explains Schwartz.

Expensive treatments that yield few if any benefits. Vast sums are spent on drugs and procedures that may not work at all, or may not work any better than cheaper alternatives, health experts and economists contend. “A number of studies show that a large fraction of health care expenditures are not buying us things of value,” says Brown. “We need to find a way to squeeze that inefficiency out of the system.”

Healthy Outcomes

The first four problems are difficult to solve. No one has had much luck getting Americans to lay off foods that put on pounds, and getting patients to think about the costs to their company or to society before their own health is probably an even harder sell. Neither doctors nor patients want the medical-miracle pipeline to shut down, despite the high costs of some new treatments. And while national health insurance might get rid of the higher costs of the private health insurance system, any effort to shift to universal health care would likely meet stiff resistance from critics who contend it wouldn’t work as well as the current system.

But the fifth problem may be solvable. The concept of cutting costs by eliminating procedures and drugs that don’t work well

Looking for Solutions

Finding solutions to skyrocketing health care costs requires tenacity, creativity, and a big picture perspective. The University’s Medical Scholars Program (MSP) provides a unique opportunity for exceptional students interested in blending an interest in health care leadership and business to get that perspective.

The MSP, which is sponsored jointly by the College of Medicine and the UI Graduate College, is a program that educates physician-scholars to tackle the problems that face medicine today. While pursuing their medical degree, students can also choose to complete doctoral study in more than 30 disciplines, from the physical sciences to the humanities, as well as earning graduate degrees in business and law.

More than two dozen Medical Scholars have studied in the College of Business, earning an MBA as well as an MD. The course of study prepares them to pursue a variety of careers in academic medicine, public policy, governmental regulation, and health care administration.

“IS THERE A POINT WHERE THE SYSTEM IS SO BROKEN THAT THERE’S AN OUTCRY LOUD ENOUGH TO OVERCOME THE INERTIA THAT KEEPS THE SYSTEM FROM CHANGING? I THINK THAT THERE IS.”

- BRAD SCHWARTZ
has begun to catch on. One proponent is Peter Orszag, director of the Congressional Budget Office, who recently spoke at the Center for Business and Public Policy.

The concept has a formal name—outcomes research. As the name suggests, medical researchers look at various procedures to examine the outcome. Some changes have already resulted from outcomes research. Tonsillectomies are now rare because of research that found they usually weren’t needed. And doctors routinely try to get patients to cut salt intake if they have high blood pressure. When that works, it’s cheaper than medicines that do the same thing.

But much more outcomes research is needed. “We have a system that’s oriented to track costs, rather than outcomes,” says Orszag. “You need both sides of the equation.”

Studies have found that per-capita Medicare spending varies widely by region, yet the health of recipients doesn’t improve with higher spending. Orszag says Medicare outlays range from $5,200 to $6,900 per recipient in regions that spend the least, to $10,300 to $13,900 in regions that spend the most. A case in point: Medicare expenditures in Miami are twice what they are in Minneapolis, he says.

“All of us are paying for that variation,” says Orszag. Further evidence that higher spending doesn’t necessarily improve health comes from studies that show other industrialized nations pay less for health care, yet get better results. One recent study found the United States spends twice as much per capita for health care as most other industrialized nations, yet ranks last in preventing deaths through effective medical care.

A Tough Pill to Swallow

Even after more studies have been done, “the major question is whether the medical system will embrace the results,” says Orszag. “They will make no difference if doctors don’t change the way they practice medicine. It will take financial incentives to (get them to) do that.”

Patients must go along as well. “In America, we’ve become accustomed to getting what we want, regardless of whether it will help,” says the College of Medicine’s Schwartz. “We have to be able to say, ‘there isn’t any chance that this treatment will help, so we can’t give it to you.’ If we don’t do this, costs won’t go down.”

The pressures are building to do something, especially on the political front, where health care costs and the cost of health insurance are a persistent issue in Congress. So far, though, the movement for change is sitting on the back burner, while Congress deals with the troubled economy and other issues.

“Is there a point where the system is so broken that there’s an outcry loud enough to overcome the inertia that keeps the system from changing?” asks Schwartz. “I think that there is.”

But Schwartz wants any movement to change the system to proceed cautiously. For instance, he would like to see health-cost containment efforts tried first at the state level. “You’d have fifty different laboratories to try things out. If something worked, it could be emulated.”

The alternative is revolutionary change, a solution Schwartz wants to avoid. “It would be much healthier to make controlled experiments,” he believes. “Revolutions can go too far. And they usually do, because revolutions are dictated by passion.”

– Doug McInnis

### Health Care as an Economic Issue

Which of the following is the single most important economic issue facing you and your family?

- Inflation or rising prices overall 26%
- High taxes 13%
- Price of gasoline 11%
- Health care costs 10%
- Problem getting a good-paying job or a raise in pay 9%
- Cost of housing 6%
- Difficulty saving for retirement 6%
- Credit card debt and other personal debt 6%
- All of these/Other/Don’t know 11%

Source: The Kaiser Family Foundation (February 2008.)
What's in a name? It might just depend on how big that name is. Star status can offer plenty of benefits, both tangible and intangible. If your name is well-known in business, at least for all the right reasons, it can pay big dividends in brand power, sales, profitability—and, ultimately, in reputation. Name recognition can even attract business from customers who could be better off spending their money elsewhere. Recent research by faculty members across the College examines the factors that impact reputation and explores how star status plays itself out in the marketplace.

LOOKING TO THE STARS FOR INVESTMENT ADVICE

One factor that can drum up business for a Wall Street firm is having a star financial analyst on staff. But who determines what makes one analyst a star performer and another an also-ran? For the most part, those judgments are made through a survey process. Influential publications, such as The Wall Street Journal, poll big investment firms about analyst performance. Those who make more accurate projections of corporate earnings than others are highly rated and can make a big name for themselves. That celebrity status gets the attention of investors, who look to the “stars” and their projections in making decisions about which stocks to buy and how much to pay for them.

But three College of Business researchers suggest that consumers should take these ratings with an ounce of caution. “To some extent, it’s a popularity contest,” says Louis Chan, professor of finance and lead researcher on the study. “Analysts don’t differ very much in their projections,” he says. On average, the difference between projections made by the most accurate analysts and the runners-up was less than one cent a share.

Investors may reason “that this analyst is more reliable, so I’m going to do my trading business through his firm,” says Chan. “But our findings tell the investor that maybe you shouldn’t pay too much attention to these star analysts. It’s more a game of generating business for the brokerage firms the stars work for. They’re not in it to make the investor rich.”

The study, titled Are Analysts All Alike: Identifying Earnings Forecasting Ability, appeared this year in the Journal of Investment Management. The study was based on an analysis of the annual corporate earnings forecasts of more than 13,000 analysts from 1984 through 2002. Chan collaborated with Josef Lakonishok and David Ikenberry, both professors of finance in the College of Business, and with Sangwoo Lee, professor of finance and economics at City University of Hong Kong, on the study.

According to Chan, relying on analyst projections when making investment decisions can be problematic. “These guys are focusing on how much earnings per share companies will be generating next year,” says Chan. “Obviously it takes more than a year of strong earnings to determine whether a stock is an attractive investment.”
companies and then publishes a ranked list of the ten largest companies in each of a variety of industries. Many factors can impact a company’s standing among the analysts and executives. But two Illinois researchers turned up an unusual one—downsizing.

Three years of research by Matthew Kraatz, associate professor of business administration, and Geoffrey Love, lecturer in business administration, found that companies on average fell more than two-thirds of a place in the ranking after they carried out downsizing initiatives. The extent of the drop differed depending on circumstances. Companies that downsized to improve the bottom line fared worse in the ranking than those who cut employment out of financial necessity. The study covered the years from 1985 to 1995, when downsizing became a widespread practice.

The findings were perhaps surprising because the falling grades were handed out by analysts who were urging companies to downsize as well as by executives who themselves may have axed employees. “You would think that they would look favorably on firms that downsize,” says Love. “But instead, it impacted reputation negatively. We think analysts and executives are saying that it matters how employees are treated, even if they support downsizing or have done it themselves. When they see a firm downsize, they see a broken commitment to employees, and that’s a sign that corporate character plays into their evaluation.”

As Kraatz explains, “People ascribe traits to organizations and evaluate them as if they were people. Some are trustworthy, reliable, and credible; others are opportunistic and shifty. That’s something managers need to be aware of. Even if there is a good business reason to do something like downsizing and it isn’t a moral issue to them, it could be evaluated that way.”

The findings are contained in their study, Character, Conformity, or the Bottom Line: How and Why Downsizing Affected Corporate Reputation. The study is scheduled to be published this year in the Academy of Management Journal.

While the study didn’t look at the potential consequences of a tarnished reputation, clearly there is a price to be paid. “In general, people have concluded that reputation has consequences,” says Kraatz.

Love adds: “There are studies which have shown that companies with strong reputations are able to sustain profitability better than companies with

---

He advises investors to look at a company’s long-term prospects. “Do your own homework. Look to see if the company is financially healthy, and make sure there are no question marks.” For instance, Chan suggests investors look to see if the company is the target of lawsuits that could impact its future prospects or if it holds patents that will be running out.

Still, Chan says, analysts can be useful when they provide information that hasn’t appeared in news reports. But, he cautioned, investors should keep in mind analysts’ limitations. “First, investors should be aware that the analysts are not out to make them money. Second, the analyst’s view is of the short term, not the long term. It is the long term that the prudent investor should be worried about.”

Falling Stars: The High Cost of Downsizing

Each year, Fortune Magazine compiles its list of America’s most admired corporations. Fortune surveys financial analysts and corporate executives to rate the
weak reputations. The corporations with strong reputations can attract better people.”

He cited one study that examined how downsizing impacted dealings with suppliers. After a company downsized, its suppliers look at the company more cautiously and were more reluctant to enter into long-term relationships with it, he says.

“Typically, when you adopt a practice that is consistent with managerial logic, you would expect to see a bump upward in the Fortune rankings,” says Love. “This was illuminating because the trust-worthiness of a company was more important than the financial results.”

All That Glitters Is Not Gold

As investors seek attractive mutual funds, many are drawn in by the success of top-performing funds, the so-called stars of the mutual fund industry. But often investors go a step further and invest in other funds offered by the same firm, according to research done by Z. Jay Wang, assistant professor of finance at the College of Business, and his colleagues.

“Investors seem not only to chase star performers, but also to chase other funds in the same family,” says Wang, who worked on the study while he was still a doctoral student at the University of Michigan.

But, there is a problem with this tactic—the other funds in the “family,” which is defined as all the mutual funds offered by the firm, may not be up to par. Some mutual fund firms may deliberately create a large number of funds with different investment strategies so that at least one of them “will be lucky enough to become a star,” says Wang.

“But our analysis suggests that a star-creation strategy delivers lower average performance for the fund family,” he says. On the whole, the study found, these fund families underperformed the market by 3.6 percent a year.

Despite the less-than-stellar performance, the fund families benefitted handsomely. The researchers found that a mutual fund family that has a star on its roster on average pulled in $181 million more a year than fund families that don’t have a star. A star is a fund that ranks in the top five percent in performance over the previous twelve months, or which gets a five-star rating from Morningstar.

The researchers based their findings on a study of the performance of all diversified U.S. equity mutual funds over a seven-year period during the 1990s. The study appeared in the Review of Financial Studies. Wang worked with two Michigan faculty members, Vikram Nanda, now at Georgia Tech, and Lu Zheng, now with the University of California at Irvine.

“This research has important implications for mutual fund investors since over 80 percent of mutual funds are members of fund families,” says Wang. “The average fund family has about seven diversified equity funds.”

For mutual fund companies, there is a lot at stake. Star status can translate into a windfall not just for the star funds but their fund siblings as well. Obviously, investors have much at stake as well. For the estimated 80 million Americans who are parking their money in this market, Wang offers this bit of advice: “To mutual fund investors that naively chase the glitter of stars—don’t!”

– Doug McInnis

One example of the power of reputation can be found in Fremont, California, where General Motors and Toyota have long operated a joint auto production venture called New United Motor Manufacturing Inc., or NUMMI.

NUMMI makes cars for both companies on the same assembly line with the same workers. In some cases, the cars have been mechanical twins, distinguishable only by some styling differences and their nameplates. Yet the Toyota version has consistently outsold GM’s and retained more of its value, says Geoff Love, lecturer in business administration at the College of Business.

“It’s really a clean example of how a company’s reputation can add value to what is essentially an identical car.”
Multitasking
Managing the spectrum of roles in today’s business environment

Does managing multiple work roles conjure up feelings of stress, anxiety, and overload? Does it imply interruption or inefficiency? Or is it a challenge that gets your adrenaline going and inspires your creativity? Some people believe multitasking and multiple roles multiply your troubles. Yet, many seem to thrive in an environment that requires workers to wear many hats.

However you view it, balancing a wide variety of responsibilities, often at the same time, is often standard operating procedure in the workplace, so understanding its implications is vital for today’s businesses.
Multiple Hats Mean Multiple Resources

“Wearing multiple hats is not inherently negative or positive,” says Brianna Barker Caza, assistant professor of business administration, who has researched individuals with multiple roles in the workplace. “Rather, it’s how you approach those varied demands.”

Caza has studied the multiple roles of certified nurse-midwives and their strategies for juggling the responsibilities of being hospital-based medical professionals. “They successfully balanced competing demands from a variety of sources, including patients, obstetricians, professional associations, and coworkers,” she says. “How they approached their multiple roles determined how resilient they were and how satisfied with their jobs. They managed their ‘identity complexity,’ not by segregating different roles, but by creatively blending the resources and best practices supplied by each one.”

It may seem obvious that the smaller the organization, the more likely the need for each employee to be everything from chief cook to bottle washer, but large corporations also reap the benefits of the enhanced resources and increased employee creativity that come from an effective blending of employee roles. At Accenture, for instance, chief human resources officer Jill Smart, a 1981 graduate in business administration, wears the three hats of value creator, business operator, and people developer.

“Just about everyone in the company has responsibilities and objectives in all three areas,” says Smart. “The more senior your position, the greater your leadership role in each area.” Her value creation role is to build, manage, and deploy company assets, that is, people; her operational responsibilities revolve around transactional aspects and policy implementation; and as a people developer, she develops the skills of more than 180,000 Accenture people, including approximately 3,000 HR professionals. Although Smart’s job is internal-facing, she, like other Accenture executives, is expected to be client-centric and spend a significant amount of time with the company’s consulting teams on site at client companies.

“The way to avoid stress is to take the perspective that multiple roles are beneficial rather than draining. Focus on integrating your roles and combining their different elements to become more efficient and productive.”

– Brianna Barker Caza
Balancing multiple roles is one thing. Handling the many day-to-day tasks required to juggle those roles is something else again. How much can the brain handle, and what about the differences between the 20-year-old multitasking brain and the 60-year-old one?

Arthur Kramer, professor of psychology and director of the University’s Biomedical Imaging Center, has researched how the brain responds to multitasking and cautions that there is always a cost when doing many things at once, either in terms of time or errors. But while there's no way to multitask flawlessly, there are ways to train the brain to do it more efficiently.

“We do know that people who play video games tend to be better at many attentional tasks, that is, being able to divide or focus their attention,” says Kramer. “We've used a strategic video game called Rise of Nations to attempt to train older adults to perform better at switching tasks quickly, and it does seem to work. There is promising data that suggests that such games require the kinds of skills that might be useful on standard neurological tests of executive control, which include task switching, working memory, and short-term visual memory.”

Are there other ways we can improve our ability to multitask? Kramer’s research with older adults provides one important answer. The brain benefits when the body moves.

“As we age, our executive control processes don’t work as well as they once did,” explains Kramer. “And those processes control our ability to plan, schedule, deal with ambiguity, and multitask. We found a number of years ago that you can reduce this age-related deficit in multitasking by training older adults on aerobic fitness tasks. It actually changes the underlying brain function to improve performance.”

So does all this mean that younger workers might be better multitaskers? Not necessarily. Not all young people take advantage of the brain benefits available through aerobic fitness, but younger workers do have the advantage of growing up knowing the overall benefits of cardiovascular health and having more opportunities, and far more sophisticated options, in technology and video game play.

“Young people certainly have much more training on being distracted and reacting quickly than I did growing up with just three TV channels and a slide rule,” says Kramer.

- Cathy Lockman
Smart blends her multiple roles by not allowing any one of them to become all-consuming. One of her tactics is to schedule time with herself on her calendar. “It gives me time to think and understand the best approach to maximizing my ability to add value, versus getting caught up in those multiple roles,” she says.

A positive attitude toward multiple roles makes all the difference. “The way to avoid stress is to take the perspective that multiple roles are beneficial rather than draining,” Caza recommends. “Focus on integrating your roles and combining their different elements to become more efficient and productive.”

For example, nurse-managers used their dual identity to create social structures that enhanced their interactions with patients and provided new insights into their administrative activities. Similarly, nurse-midwives who combined protocols from both roles brought innovative practices into hospital settings while transferring skills gained in interacting with doctors and nurses to midwifery practices. “Being open-minded is critical,” says Caza. “Don’t set strict role boundaries, but rather allow them to overlap and blend.”

When “identity complexity” necessitates performing multiple activities concurrently, it’s crucial to master the art of time management. Smart, for example, takes her children to ball games, and while they warm up, runs for a half hour and then answers emails for another half hour until the game begins. “That kind of multitasking is very useful and helps me make the most of both my personal and professional time,” she observes. “However, don’t expect complete balance every day,” she cautions. “Sometimes one role may consume more time than another, but in the long term, they equal out.”

Know Where to Draw the Line

How many hats are too many? “At some point, the energy it takes to negotiate between multiple roles may outweigh the benefits,” says Caza. Smart agrees: “Stretch yourself but know your limits,” she says. “Be careful what you promise because you’ll have to deliver.”

The risk of becoming cognitively overloaded increases when roles conflict. The more complementary a new role is to existing ones, the easier it is to make the adjustment, according to Caza. “There is always a risk that you will not be able to give 100 percent to each role,” says Smart. “Know when to ask for help,” she urges. “It’s not a sign of weakness, but of strength and confidence.”

Smart echoes the sentiment that the risks of multitasking can be mitigated through delegation and teamwork. “Make sure you have the right team around you for each of your roles,” she says.
What’s Your Task Management Style?

Assume you’re writing a document when you’re alerted that a new email has arrived in your inbox. Do your:

a. Finish the document you’re working on and then turn your attention to the email.

b. Disable any visual or audio alerts on your computer so that you’re not distracted by new messages in the first place.

c. Stop what you’re working on, read the new email, and respond to it if needed.

d. Leave all your windows open so you can write documents, read emails, check your favorite websites, post to Facebook, and carry on Instant Messenger conversations all at the same time.

There are efficiency implications, no matter what your style. If you pick a or b, you may be wasting time on work that the waiting email makes obsolete. And if you’re more likely to pick c or d, you may be wasting even more time. In fact, Basex, a firm that specializes in information technology research, estimates that distractions and the time it takes to recover from them can consume as much as 28 percent of the average U.S. worker’s day, including recovery time, and costs American businesses $650 billion a year in lost productivity.

“Multitasking is innate in human behavior,” observes Brian Bailey, associate professor of computer science. “Even if you took away all technology, people would still multitask. On average, people spend about three to five minutes on any one task before they switch to the next.”

And interruptions can take an even bigger toll. Research conducted in Bailey’s lab by Shamsi Iqbal, who recently completed her Ph.D. work, found that it can take a worker an average of 15 minutes to return to the original task when distracted. Technology, which is there to improve our efficiency, can also be a culprit in diverting us.

Research conducted in Brian Bailey’s lab found that it can take a worker an average of 15 minutes to return to the original task when distracted. Technology, which is there to improve our efficiency, can also be a culprit in diverting us.

“Multitasking is innate in human behavior,” observes Brian Bailey, associate professor of computer science. “Even if you took away all technology, people would still multitask. On average, people spend about three to five minutes on any one task before they switch to the next.”

And interruptions can take an even bigger toll. Research conducted in Bailey’s lab by Shamsi Iqbal, who recently completed her Ph.D. work, found that it can take a worker an average of 15 minutes to return to the original task when distracted. Technology, which is there to improve our efficiency, can also be a culprit in diverting us.

Pardon the Interruption

Bailey’s work focuses on finding ways to mitigate the disruptions caused by alerts and notifications in the desktop interface.

“People find notifications to be incredibly valuable but dislike being interrupted at inopportune moments during their work,” says Bailey. “When you’re writing a document or programming source code, various notifications, such as instant message windows, calendar reminders, and system alerts, are not just annoying, they slow you down, increase your error rate, and cause unnecessary increases in frustration.”

Bailey has researched the effect of notifications on the user experience, noting that interrupting a user in the middle of a task has a much more negative impact on productivity and affect than interruptions that occur at the end of a task or between them, and he has developed a program that minimizes the disruptive impact of the notifications.

“A better time to deliver notifications is at ‘breakpoints,’ which occur when the worker shifts cognitive goals,” he explains. Based on statistical models that analyze a user’s interaction with the computer, Bailey’s program, aptly called Attention Manager, determines when a breakpoint occurs, looks for notifications cued for delivery, and relays them if appropriate. Users can program in the value of different types of notifications and control their delivery at various levels of breakpoints (e.g., at the end of a paragraph or when switching to a new document or activity).

It’s a way of managing technology rather than letting it manage you. “The Attention Manager mediates the delivery of notifications in a manner analogous to how social protocols mediate human-to-human interruption,” says Bailey. “We generally don’t interrupt someone in the middle of the sentence. We wait until a more appropriate moment, such as the completion of the sentence or other natural breaks in the conversation.”

- Cathy Lockman
Role Diversity for Agile Organizations

When employees gain resiliency as they manage multiple roles, the organization as a whole becomes more nimble. Perhaps this is one reason why entrepreneurial companies, where few people wear many hats, often beat large, single-minded bureaucracies to the punch. “Agile leaders of startups who wear many hats can make smarter decisions because they can see the effect on all areas of the enterprise,” says Caza.

At companies of any size, role diversity promotes organizational citizenship behavior and professional growth. “People who are comfortable taking on a greater repertoire of activities help each other and the organization as a whole,” says Caza.

And, according to Smart, multitasking is also personally beneficial. “By being HR lead and also spending time with clients I’m growing more as a professional,” says Smart. “The learning that comes from multiple roles has made me more effective and efficient both in my personal and professional life.”

To reap the benefits of role diversity, organizations should do their part by helping employees recognize the benefits of blending multiple roles. “Teach people how to balance competing demands on time and energy,” recommends Caza. “Learn to recognize when someone is overloaded and help them manage the workload, perhaps by delegating.”

Blend, Don’t Switch

When media reports lament the supposed ills of multitasking, they often cite research that points to lowered productivity and decreased accuracy among individuals who perform too many conflicting activities simultaneously. Perhaps those liabilities also apply to people who cannot balance multiple roles well and see them as inherently conflicting.

“There is nothing wrong with having multiple identities and a complex self-concept,” says Caza, “but you need to focus on the integration of your identities as well as their differentiation. Ask yourself where your roles intersect, where they complement each other, and where they compete. This will allow you to structure your day so you can benefit from the resources of your many roles, rather than wasting energy switching between activities that appear to be in conflict.”

One of the biggest benefits of multiple roles is being able to combine them in creative ways for mutual enrichment. Think of your roles not as too many things on your plate, Caza urges, but as a palette of resources, best practices, and ways of thinking. The more colorful the palette, the more creative your solutions can be to both everyday challenges as well as unexpected ones.

– Alice Shepherd
Office spaces in BIF have miniblinds that are curved upward to reflect light up into the room even when occluding visibility to outside.

The HVAC system in BIF is unique on campus for its reliance on convective principles, stratified air layers, and integrated control units. The air quality should be better than in any other building on campus.

BIF is the only building on campus with triple-paned windows, negating the need for registers in front of the windows due to air infiltration.

BIF is unique on campus for its fire protection design. It has a smoke evacuation system that vents smoke quickly to the outside.

Roof-mounted solar panels help provide power, and drought-resistant roof plantings insulate the building and reduce water runoff.

The low-slope roofs are covered with zinc, which outlasts even copper. It also better reflects heat than copper or asphalt shingles, making it easier to manage building temperature (thus saving on heating and cooling costs).

A FEW GREEN FACTS
Size: The four-story, 160,000-square-foot building includes 18 state-of-the-art classrooms, student lounges and meeting rooms, a 300-seat auditorium, a laboratory that simulates market trading, and student-focused academic, counseling, and career offices.

Architect: BIF was designed by Cesar Pelli, a University of Illinois graduate who was named one of the nation’s 10 most influential living architects by the American Institute of Architects in 1995.

Location: Built across from Wohlers Hall, BIF is located at the southwest corner of Sixth and Gregory. Wohlers, built in 1967, will continue to house the College’s administrative offices as well as classrooms and faculty offices.

"Green" status: BIF will be the first building on campus to be certified through LEED, or Leadership in Energy and Environmental Design, a U.S. Green Building Council rating system that promotes sustainable development. A gold or perhaps platinum rating – the highest on the council’s four-tiered scale – is expected when the project is certified later this year.

Energy savings: Officials estimate the new instructional facility could consume nearly 50% less energy than a traditional classroom building of its size, which could amount to energy savings of $300,000 annually.

Cost: This $60-million facility was funded through borrowing and gifts from alumni, corporate partners, and other donors. No state money was used for construction.
A look at the new Business Instructional Facility, which became the first “green” building on the University of Illinois campus when it opened for classes August 25, 2008.