

Venture In
Helping Student
Businesses Grow

10 Cool Books
to Read Over the Holidays

UNIVERSITY OF KENTUCKY
Gatton College of Business and Economics
FALL 2016

transform



Five Things Gatton & Its People Have Given the World

Mike Spencer '81 is bringing first-world
health care to developing nations

Making Fitness Fun

Sarah Goad

Marketing and Management '14

Owner & Director

Stretch-n-Grow of the Bluegrass

Lexington, Ky.



“The versatile, hands-on business education I received at Gatton gave me the knowledge and confidence I needed to take the risk of opening my own company. The practical business skills I gained, along with the relationships I made with peers and professors during my time at Gatton, have become invaluable as I continue to grow my business.”

Stretch-n-Grow of the Bluegrass is a comprehensive health and wellness program for children, designed to foster excitement about exercise and to build a healthy foundation for a lifetime of fitness.



C O N T E N T S

10 | Five Things Gatton Has Given the World

From providing an efficient solution for non-emergency transportation to bringing first-world health care to the developing world, Gatton faculty, students, and alumni continue to positively impact the world.



16 | Venture In

Gatton's new Venture Studio gives student entrepreneurs tools to grow.



22 | Donor Profile

Learning for the Long Haul

Kroger CFO Mike Schlotman '79 helps Gatton students (and Kroger!) succeed.

DEPARTMENTS

05 | College News

20 | Research News

Dean

David W. Blackwell

Director of Marketing & Communications, Editor

Ann Mary Quarandillo

Senior Director of Development & Alumni Affairs

Randy Pratt

Writers

Samuel G. Elliott
Heidi Russell

Designer

Lynsay Christensen

Design Intern

Jenna Anderson

Photographers

Pablo Alcalá
Shaun Ring Photography
Chet White

How to Reach Us

Marketing and Communications Office

Gatton College of Business and Economics
University of Kentucky
371 Gatton College of Business and Economics
Lexington, KY 40506-0034

Email: gattoncommunications@uky.edu

Website: gatton.uky.edu

Transform is published twice per year by the Gatton College of Business and Economics at the University of Kentucky and made possible through the generosity of private donations. For more information on giving to the college, please contact the Office of Development and Alumni Affairs, 371 Gatton College of Business and Economics, University of Kentucky, Lexington, KY 40506-0034. Phone: 859.257.2767



Looking to the Future

I was excited to welcome so many of you to the Gatton Grand Opening celebration, which took place October 7 as this issue was going to press. I encourage you to visit the Grand Opening web gallery for photos and video of this important milestone (gatton.uky.edu/grand-opening). The new Gatton College building is already transforming business education at UK, preparing the next generation of business leaders with advanced technology and engaged learning.

Our students are also experiencing business in real time. State-of-the-art, technology-enabled classrooms, advanced lecture space, a dedicated real-time finance learning facility, and collaborative study spaces throughout the building emphasize the way business is conducted in the 21st century. The new UK Venture Studio, featured on page 16 of this issue, helps budding entrepreneurs take their ideas and turn them into tangible products and services.

Now that our new building is in place, we will renew our emphasis on what happens inside these walls. In this issue of *Transform*, you'll read about a number of Gatton College alumni and faculty members who have made a significant difference in business and in their communities. The next generation of students is ready to do the same, and they will do so in unprecedented numbers.

Gatton has seen enrollment increase by 25 percent since 2012. In fall 2016, the college's enrollment exceeded 3,500 students for the first time, and by next fall, enrollment will approach 4,000 students. Our efforts to improve retention have been successful, and we continue to lead the university in the number of students retained from the first to second year.

We look forward to continuing Gatton's pursuit of academic excellence, enhancing our students' opportunities to realize their professional aspirations, and nurturing a community of diverse learners, scholars, and alumni. We need the unwavering support of our alumni, friends, and the business community to reach our vision of being one of the very best business schools at a public research university in the United States.

Thanks to the generosity of our alumni and friends, the \$65 million Gatton College building has successfully become the first academic building on UK's campus to be funded entirely through philanthropy.

I invite all of you to continue your support and encouragement of the Gatton College. Together, our passion and ideas will move Gatton further toward becoming a national leader in business education as we address critical challenges in business and society.

Bill Gatton '54 joined alumni and building donors to ring the Gatton "opening bell" at the Grand Opening celebration.

Dean David W. Blackwell

Executive MBA Achieves Top-Tier Ranking

EMBA student Suniti Mujumdar, manager of educational initiatives at Alltech.

With its third class starting this fall, the joint University of Kentucky-University of Louisville Executive MBA program became the only program in the region to be ranked as a Tier One Global EMBA program by *CEO Magazine* in 2016.

“It is extremely gratifying to be recognized for our program’s strengths in faculty, learning environment, class sizes, international diversity, and gender makeup,” said Lorna Patches, director of the UK-UofL Executive MBA program at the Gatton College of Business and Economics.

The program’s third cohort proudly illustrates this ranking, with an average of more than 19 years of work experience per student. Forty-four percent of the students are from traditionally underserved populations, and more than half are female.

“The industry average EMBA cohort is only around 28 percent female,” said Patches. “Our 52 percent female cohort puts us well ahead of the national average. This ranking just reinforces that the UK-UofL EMBA is a top program for minority and female executives.”

“Our 52 percent female cohort puts us well ahead of the national average.”

Lorna Patches



Advance your career with the
region's only top tier
EMBA program.

Now accepting applications
for the UK / UofL Executive MBA

Specifically designed for mid- to C-level executives, the UK/UofL EMBA degree allows you to build your professional network while accommodating your lifestyle.

 **execmba.biz**
Executive MBA Partners in your success

Troske Appointed to Federal Policymaking Commission

Kenneth R. Troske, Gatton's Associate Dean for Graduate Programs and Outreach, was recently appointed to serve on the newly established federal Commission on Evidence-Based Policymaking by U.S. Senate Majority Leader Mitch McConnell.

"Ken is highly qualified for service on this new commission," said McConnell. "He is a well-recognized researcher in the area of evaluating the effectiveness of government programs, or lack thereof. His research and experience at the University of Kentucky and his previous work at the Census Bureau make him well suited for this commission's mission."

Established by congressional legislation passed earlier this year and signed into law by President Barack Obama, the Commission on Evidence-Based Policymaking is charged with conducting a comprehensive study of the data inventory, data infrastructure, database security, and statistical protocols related to federal policymaking.

"Ken is an excellent choice," said Gatton Dean David W. Blackwell. "Both as an economist and as a leader on campus, he promotes making important policy decisions — either by government or by the university — based on scientific evidence and good data."

"My academic career has been focused on producing research that is designed to help policymakers make more informed decisions about the most effective ways to use taxpayer dollars," Troske said. "It is something I am passionate about, so I am excited to serve on a commission whose purpose is to increase the amount of policy research being conducted and to amplify the impact this research will have on government policy."

Gatton Professor Receives Highest Auditing Honor

Gatton's Ernst & Young Professor of Accountancy Urton Anderson was recently inducted into the American Hall of Distinguished Audit Practitioners.

"I was very surprised when I got the call about the award," said Anderson. "This is only the sixth year of the award and the past recipients have been among the giants of the field. I am truly honored to be considered in this group."

Induction into the American Hall of Distinguished Audit Practitioners is the highest honor given by the Institute of Internal Auditors' (IIA) North American Board. It recognizes individuals who contributed significantly to the profession throughout their careers. Anderson is one of just four internal audit leaders from business, government and academia honored in 2016.

Anderson's career spans more than three decades. He has been a leader in identifying and framing important internal audit issues and a champion of research in internal auditing. He served as the chairman of the IIA Board of Regents and twice as chairman of the Internal Auditing Standards Board. He also served as an academic fellow in the Office of the Chief Accountant of the U.S. Securities and Exchange Commission from 2011 to 2012.



Urton Anderson (right) accepting his induction into the American Hall of Distinguished Audit Practitioners at the General Audit Management Conference in March 2016.

Gatton Welcomes Nobel Peace Prize Recipient

On September 22, in the first major lecture of the University of Kentucky's 2016 academic year, Gatton College hosted 2014 Nobel Peace Prize recipient Kailash Satyarthi in the new Kincaid Auditorium. He spoke to more than 400 students, faculty, and community members about the role of business in bringing about social change.

The Indian activist was awarded the 2014 Nobel Peace Prize along with Malala Yousafzai "for their struggle against the suppression of children and young people and for the right of all children to education." Following the tradition of Mahatma Gandhi, Satyarthi has waged a peaceful struggle to stop children from being exploited as labor instead of attending school. He has also contributed to the development of international conventions on the rights of children.

"Economic growth and human development need to go hand in hand," Satyarthi said in his keynote address to the 2014 Jamnalal Bajaj Award ceremony in India. "Human values need to be advocated vigorously."

His UK talk was a 2016 Chellgren Lecture, part of the series established in 2001 at the Gatton College with an endowment gift from Paul W. Chellgren, former chairman and CEO of Ashland, Inc.

Children from Lexington's Sisohpromatem Art Foundation (top) presented Nobel Peace Prize recipient Kailash Satyarthi with a gift of handmade art. "If you dream, don't wait, do," he advised the audience. "Act now."



Gatton Time Capsule Ceremony Commemorates College's Proud History

This past spring, the college held a ceremony to commemorate the placement of a new time capsule in the renovated Gatton building. In attendance were members of the Dean's Advisory Council, along with UK President Eli Capilouto and former Gatton College Dean Charles Haywood (pictured left). Dr. Haywood placed the first time capsule in the Gatton College building when it was completed in 1965.

College to Host Inaugural Lieutenant Governor's Entrepreneurship Challenge

The Gatton College of Business and Economics has been selected to host the inaugural Lieutenant Governor's Entrepreneurship Challenge (LGEC), a contest similar to the *Shark Tank* television show.

The LGEC program combines the production of a business plan proposal and a live pitch competition. It will include two components: a regional competition and a state competition, with Gatton's Kincaid Auditorium being the chosen site for the state competition on April 29, 2017.

"The goal of the LGEC is to get entrepreneurship in front of students as an exciting educational experience and as a viable path to a rewarding career," said Lt. Gov. Jenean Hampton. "I want Kentucky to raise home-grown entrepreneurs."

The LGEC is open to all high school students from public, private, and homeschool settings. It will be conducted in partnership with Junior Achievement and is supported by the Kentucky Innovation Network.

Prizes include more than \$80,000 to be split among the winning teams at the state competition into scholarships for postsecondary institutions in Kentucky. For more information about the program, please visit www.kylgec.com.



Kentucky Lt. Gov. Jenean Hampton announces the Lieutenant Governor's Entrepreneurship Challenge competition in the capitol rotunda on August 29, 2016.



Gatton Team Takes Second Place in Wall Street Journal Business Challenge

Gatton's team,
from left, Nathan Ogg,
Cassandra Charalambakis,
Tim Koester,
student assistant coach
Tom Harper, and faculty
coach Gordon Holbein.

A team of undergraduate Gatton students earned second place in the nation at the 2016 Wall Street Journal Business Challenge. Hosted by the Mays Business School at Texas A&M University, the challenge consisted of 10 straight hours of 265 rapid-response questions and 150 multiple choice questions drawn from five weeks of *The Wall Street Journal*.

The team of Cassandra Charalambakis, Tim Koester, and Nathan Ogg bested top students from the University of Arizona, Emory, Michigan State, Texas A&M, and others.

"Clearly, our Gatton students can compete with the best students from all over the country," said Gatton Senior Lecturer Gordon Holbein, who teaches strategy and leadership and served as faculty coach. "They are not only bright and hard-working, they are becoming very well prepared to make valuable contributions to the world. It's a privilege to be able to work with them."

Five Important (& interesting) Things Gattton (& its people) Have Given the World

By Samuel G. Elliott



Bringing First-World Health Care to Developing Nations

DRE Medical, Inc.

▶ **MIKE SPENCER**
Co-founder & President
Marketing '81

Mike Spencer would consider his time at Gatton as a cautionary tale. The self-proclaimed “poor student” from Independence, Kentucky, claims he never took school seriously enough. In fact, he repeatedly questioned if he should even be included in the Gatton alumni magazine, claiming, “As far as school goes, I’m probably the last guy who deserves to be in our magazine.”

While knowing from day one that going into business was definitely the route he would go, Spencer admits that he followed a girl (his wife of now 35 years) to college, and that he never really took advantage of the workplace preparation opportunities Gatton provided.

“I did not take my education as seriously as I should have,” says Spencer. “Which in reality put me behind in my early business career.”

Unfortunately, being behind in his career eventually became “being dead” in it, he says. After passing on a series of corporate

promotions that would have forced him to move his family, his boss casually mentioned (read “hinted at”) that perhaps he should do something on his own.

“I wasn’t sure if he was firing me or not,” says Spencer. “But it was definitely time for me to start looking for other opportunities. I had a friend who had always talked about doing something together in business.” Together, they took what Mike describes as a “blind leap of faith.”

That blind leap was a medical dealer in upstate New York that was going out of business. Spencer and his friend, Charlie Vittitow, saw an opportunity to purchase their inventory of medical equipment, and DRE (named after the first initials of the co-founders’ children) was born. “[Vittitow] and I literally borrowed the money to buy the inventory and have not looked back,” says Spencer. “For the last 31 years we have been selling throughout the USA and in another 150 countries worldwide.”

Today, DRE is a premier surgical and medical equipment supplier, providing new and professionally refurbished equipment around the globe. Recently, the private investment

(Left) The Kenyan hospital where Gatton MBA student James Kaara (left) was born relied on affordable medical equipment from Mike Spencer’s company.

(Right) Spencer’s family is “all-in” on Gatton and UK. His two sons, Matt ’11 (left) and Dustin ’07 (right), are both Gatton graduates.



Five Important (& interesting) Things Gattton (& its people) Have Given the World.

DRE Medical, Inc., continued

▶ MIKE SPENCER

firm Jordan Industries International acquired a majority stake in DRE, to serve as its centerpiece in the burgeoning health care market sector.

This move gives DRE greater flexibility in offering doctors equipment with the modern features and reliability they need. It also allows DRE to sell its solutions at an affordable price, so that hospitals and medical centers in poverty stricken areas can provide people with an unprecedented level of health care.

“DRE is literally saving lives,” says current Gattton MBA student James Kaara. “Supplying this kind of medical equipment that is affordable is saving a lot of lives. Buying brand new machines would be out of the question for many developing countries.”

He would know.

Kaara was born in Kenya at AIC Kijabe Hospital, which has relied on the affordable life-saving medical equipment available from DRE.

“Something as simple as a kidney dialysis machine, there was only maybe one at the national hospital,” he explains. “People have to line up and book appointments so far in advance that people would end up dying before their appointment.”

Doing such great good has brought DRE quite a level of success. The company’s revenue has grown to more than \$30 million. While Spencer says this is a small figure compared to others in the medical industry, it is more than they ever could have imagined.

“When we passed our first million in annual sales, we went out to celebrate and our credit card was rejected,” says Spencer. “We were high-fiving each other and didn’t realize that we were close to being broke!”

Fortunately, through hard work and good relationships, Spencer learned from that moment, but it’s the hard work that he wishes to especially impart from his cautionary tale to James Kaara and Gattton students like him.

“Take school seriously. Gattton professors have real-world experience, they have been there and done that,” says Spencer. “College is a fun part of life, but it is truly the foundation to build your future.”

A future that James Kaara and countless others know, thanks to DRE.

For more information on DRE, visit: www.dremed.com

Delivery Service with a

Fooji

▶ GREGG MORTON
Founder & CEO
Economics & Finance '09

A picture may be worth a thousand words, but thanks to the creative startup Fooji, an emoji is worth precisely \$15 in local food or products.

Emojis—the ideograms (graphic symbols) and smileys that are commonly used in text messages and webpages—are now being put to more use than simply expressing emotions. The blend (or portmanteau word) of food and emoji, Fooji began business last year as a way to order various food items via emoji. For example, a customer needed only to send a message of a hamburger to a specific recipient, and then wait for a \$15 order to be delivered.

After a strong initial response, the company shifted beyond food and now works with leading companies such as Verizon, Warner Bros., and Fox to provide what they describe as “fan experiences.” Brands partner with Fooji to align an emoji and hashtag to a specific product and promotion. Fooji then processes the received messages across various social media channels and turns them into orders that they promise to fulfill within 60 minutes. With the ambitious claim that they can deliver virtually anything to a brand’s social fans, the company is hoping to rewrite the book on customer engagements, bringing fan experiences from the digital world into the real world. For more on Fooji, visit: www.fooji.co



A Direct Route to Hollywood

Heyman
Talent

▶ KATHY CAMPBELL
Partner & Director
Marketing '80

When you're an aspiring actor or model in the Bluegrass region, how do you get your face in front of Hollywood? Contact Kathy Campbell.

Campbell is a partner of the Heyman Talent Agency and the director of the agency's Louisville office. "I do a lot with regional and state [actors and models]. What's exciting is that we're giving a lot of great films our talent," she says. A film shooting near Lexington, *Above Suspicion*, includes her clients, and she has worked on films featuring Jon Voight and Raquel Welch.

Although the Kentucky/Ohio region is dwarfed by Hollywood, Heyman is a feeder pool before actors and models move on. Campbell placed 11 people in Chicago TV shows last year, as well as an actor on HBO's recently released series, *Vice Principal*.

Campbell says running a talent agency is a "second-wind career" for her. She has easily reached for the stars in a myriad of previous business ventures, thanks to learning experiences at Gatton. She enrolled in the college her junior year because of a fellow student's suggestion. "I'm still so thankful I ran into that girl and that she told me to make the switch," she says.

She has used knowledge from Gatton every day. And she advises current students to keep an open mind on possible careers. "When I was a student, I never thought my degree would be helpful. But a business degree has always been perfect for any job I ever applied for," she says. "You never know what you'll end up doing."

See more at: www.heymentalent.com



An Efficient Solution for Non-Emergency Transportation

LCP Transportation

▶ **RON ROBINSON**
Founder & CEO
Marketing '89

Founded by Gatton alumnus Ron Robinson, LCP Transportation provides non-emergency transportation management and customer service for national managed care organizations (MCOs) and health maintenance organizations (HMOs). LCP specializes in Medicaid transportation, transportation brokering, utilization management reporting, call center services, and proprietary transportation software.

**Five Important (& interesting)
Things Gatton (& its people)
Have Given the World.**

Fair Trade in the Bluegrass

Lucia's Imports & Lucia's World Emporium

► **TERESA HENDRICKS**
Founder & Owner
Economics '86

Globally, many artisans have little opportunity to market their products. So when Teresa Hendricks first discovered her love for Guatemala and its artisan community, she knew how she wanted to do her part to make the world a better place.

In 2005, Hendricks founded Lucia's Imports L.L.C., a wholesale business, and Lucia's World Emporium, a Lexington retail store. Products include everything from recycled oil drums from Haiti to clothing, accessories, jewelry, and gifts from around the world, including Nepal, Ghana, and India. The company is a member of the Fair Trade Federation.

"The main goal is to aid the artisans," says Hendricks.

Hendricks first discovered Guatemala after a professor, Dr. Michael Webb, suggested she head there to immerse herself in Spanish. In 1988, she earned her master's from UK's Patterson School of Diplomacy and International Commerce, then took his advice and moved to Guatemala. She stayed for 18 years, opening three retail stores there for artisans.

Hendricks returned to Lexington in 2004, and in 2005, she launched Lucia's Imports. Then, missing her retail operation in Guatemala, she launched Lucia's World Friendly Boutique, renaming it Lucia's World Emporium in 2014.

Twice a year, Hendricks returns to Guatemala to work with artisans. She advises Gatton students who want to open their own small businesses to shadow someone first.

"You need to be able to wear many hats, have lots of patience, and it's good to intern, because it's different when you're working 9 to 5 for someone else," she says. "If you own your own business, it's a 24/7 job."

Find out more at: www.luciasworldemporium.com

However, none of this would have been possible if Robinson hadn't lost his job.

In the fall of 1998, he found out his job was being eliminated. The company he had worked at for six years had lost a contract he was working on. But due to Robinson's excellent work performance and his previous experience helping to design a user interface system for Indiana's Medicaid program, he was presented with another opportunity.

"One of my managers came to me with the idea for a transportation brokerage business and he asked me if I would be interested in running it," says Robinson. "It was a great opportunity for me to take a chance and go start this business."

What started as a small transportation subcontracting business quickly grew to partnering directly with the MCOs after only three years. In 2002, when LCP signed its first

Tier 1 contract with Indiana health insurance provider Managed Health Services, the company really took off.

"From there we really just grew with them," says Robinson. "During the course of six years, we went from a city-based transportation brokerage company to statewide. We just moved from one city to the next until we became statewide."

Today, LCP is the state of Indiana's sole statewide non-emergency transportation company, and is a single-source provider for scheduling and dispatching, transportation management, utilization management, and quality assurance. Because it handles all phases of the transportation requirements, the associated Medicaid managed care programs are available to focus solely upon medical utilization, wellness programs, or other core competencies that increase efficiency, improve services, and lower costs.


For more on LCP Transportation, visit: lcptransportation.com

Venture iN

Gatton's New Venture
Studio Gives Student
Businesses Tools to Grow

By Heidi Lynn Russell





Mariam Gorjian (left) and Warren Nash (right) are helping students take their business ideas from concept to fruition.

If you've seen *Shark Tank* on CNBC, you may be under the impression that people with great business ideas can dazzle angel investors into investing thousands of dollars towards their endeavors.

But it's not as simple as that, as Ben Martin and other UK students in Gatton's Venture Studio have learned. The convincing requires an exhaustive collaborative effort, involving an army of people that includes researchers, financial and legal gurus, and business planners.

That's where Venture Studio comes in – a community-wide initiative spearheaded by the Gatton College of Business and Economics. Working in teams made up of business owners, financial advisers, lawyers, and UK professors and researchers, the students experience a real-world “shark tank” in an Entrepreneurs Bootcamp. During the semester, they take an idea from inception to fruition, transforming the university's research and intellectual property, or the idea of a student or community entrepreneur into tangible business products and services. Then they pitch it at competitions against other universities, raising money when they win, and generating interest from outside investors to back them.

“They have a lot of people behind them to get the investment,” says Mariam Gorjian, Venture Studio's director and program manager. “We're the people to help them get fostered so that they can get the investment, but not overnight. Overnight success stories don't happen overnight.”

The hopeful result: As these germinating ideas sprout into profitable business ventures, the brain power from the university will propel Kentucky's economy forward, says Warren Nash, executive director of the Von Allmen Center for Entrepreneurship, which oversees the Venture Studio. In addition, UK students who would otherwise never step foot into the Gatton College are enthusiastically participating in bootcamp teams.

“Before they know it, they're involved in a real-life experience of creating a company and trying to grow an idea,” Nash says.

A WINNING IDEA AT THE TRACK

One of the most promising ventures to arise out of the Venture Studio's bootcamp program is “RaceAssured,” a team working on solving common problems in the horse racing industry: injuries and deaths.

This May, two thoroughbreds died at Pimlico Race Course in Baltimore during the races that preceded the Preakness. Few people know, however, that such incidents are quite commonplace, says RaceAssured team member Ben Martin. “These types of mishaps take place every week at various tracks but fly under the radar with the lack of media attention.”

Martin is a research assistant in the Department of Agricultural Economics at UK, pursuing a master's in agricultural economics. Other team members are Stefanie Pagano, a biomedical engineering graduate student, and Julia Fabiani, who studies

equine science and applied physiology. They are working with Dr. David Horohov, director of the Gluck Equine Research Center in the UK College of Agriculture, Food and the Environment.

RaceAssured offers a new method to detect early injury in race horses. The technology involves using a horse's biomarkers, which are part of a DNA sequence, to determine the animal's propensity for injuries. "Even before any physical damage occurs, it's a forecasting tool to muscular or skeletal injuries in a horse," Martin explains. "We run the levels of the biomarkers through a lab. It generates data, and the levels fluctuate if a horse is not responding well to training."

sideration by angel investors and others. Although competition winners receive checks ranging from a few hundred to a few thousand dollars, the real benefit is proof that their business plan is a winner, which impresses the investors with deep pockets who can help make their proposal a reality.

"When investors put money into an idea, they're investing into a journey with the company, and it takes a while to get their money back. They always want to know where is the company in its development and how far have you taken this as the inventor?" Gorjian notes.



A VIGOROUS UNDERTAKING

Bootcamp teams experience a rigorous schedule for business creation and development. Then, they present their ideas at national competitions against students from other universities. Throughout the semester, bootcamp students practice making their pitches to would-be investors, with presentations ranging from one to 15 minutes. They also attend seminars and panel discussions on such topics as defining the customer, prototyping resources, finances, marketing, intellectual property, and business modeling. Then it's up to them to follow through with their gained knowledge and develop those aspects of their businesses in teamwork sessions outside of the seminars.

Students do not receive course credit for participating in the program. This is strictly a voluntary venture.

When it's finally time to compete against other universities, the bootcamp teams have crystallized proposals for serious con-

So far, RaceAssured has won multiple competitions, but the team members will be seeking more financial backing to make their dream a reality, Martin says.

A RETURN ON INVESTMENT FOR KENTUCKY'S ECONOMY

Although the Venture Studio is housed at Gatton College, staff decided to cast a wider net by offering the bootcamp to students from all over campus, Nash and Gorjian say. As a result, ideas have blossomed from students of all ages and walks of life, leading to some seriously creative proposals that could lead to a brighter economic future for the state.

To promote this creativity, teams are offered a \$500 stipend. "All funding of Venture Studio programs is through private investment, and those dollars came from people in the community," Gorjian explains. "We have to be careful how we spend it, but the students receive the \$500 to spend on a website or a



Left page: Ben Martin (left) and Stefanie Pagano (right) of team RaceAssured present their plan to help detect early injuries in racehorses.

Right page: Gorjian and Nash are getting students involved in entrepreneurship who would have otherwise never stepped inside Gatton College.

Venture iN

The Von Allmen Center for Entrepreneurship

Momentum is gaining to build Kentucky's economy, thanks to some significant contributions through the Von Allmen Center for Entrepreneurship, housed at Gatton College. The center fosters startup companies, resulting in the creation of new jobs and innovative products and services.

"Think of us as a matchmaker of companies. We match them up to appropriate resources," says Warren Nash, the center's executive director.

Here are some notable achievements:

» The Von Allmen Center maintains strong relationships with funding sources and works with clients to identify the most appropriate programs for their needs. Examples include grants from the Small Business Innovation Research and Small Business Technology Transfer programs, as well as a matching funds program. Since June 2011,

22 companies funded by these programs have relocated to Lexington.

» Angel investors invest for equity and typically look for a return within a five- to seven-year period. That's why the Von Allmen Center's support of the Bluegrass Angels & Bluegrass Angel Venture Fund is so vital. The angel investor community grew to more than 60 accredited investors through December 2015. One angel fund called the Bluegrass Venture Fund III was formally established in 2015, with initial investment commitments of more than \$3.25 million.

» In 2015, the Lexington Office of the Kentucky Innovation Network launched the BGA Launch Grant Fund, which provides grants up to \$4,000 to startup companies. The money helps them with developing a technology or product as they move closer to commercialization. To date, nine grants totaling \$36,000 have been awarded.

prototype or to pay a consultant. I had a team that wanted to file a provisional patent and used the dollars that way."

In addition, the Von Allmen Center has recently acquired two 3-D printers for rapid prototyping and 3-D model construction. Students, faculty, staff, and community entrepreneurs are able to model their ideas in AutoCad and print their ideas to life.

This past year, 60 UK students applied to participate in the bootcamp, and Venture Studio retained more than half by the time the semester was completed. Those who stayed to the end produced some brilliant business plans.

Some examples:

- Team Vivify designed an easy-to-use shoulder stimulation rehabilitation device for stroke victims.
- Team Serandu developed a service to provide 3-D scanning of the lower leg, calf, and foot. From these scans, they will produce and deliver high quality riding boots that are customized to each rider's needs and comfort level.

· Team Radmyne created a new software tool to improve radiology documentation and process efficiency so that doctors can save time and money.

Nash notes that the bootcamp opens the doors to UK researchers to bring their intellectual property straight to consumers, another future benefit to the state. In the past, researchers have not always connected the dots to bring their work from the lab to the consumer. But Venture Studio may change that by giving both them and their students the education to get to the marketplace.

"This technology will be licensed by UK at some point, and revenues will be coming back to the university," Nash explains. "A lot of the intellectual property out of the university has not been fully utilized until now. It's hard work to make that happen—like birthing a child." But the possibilities, and the benefits, are worth it, he says. "For the state, the university, the researchers, the students—and the investors—it's a total win-win."

10 Cool Books to Read Over the Holidays

In the Gatton spirit of learning, we've asked faculty members from across the college to recommend for our alumni both recent and classic books that are worth reading. Among the many business and leadership books out there, with more published every day, they've come up with a list of great ones to enhance your career and personal life.

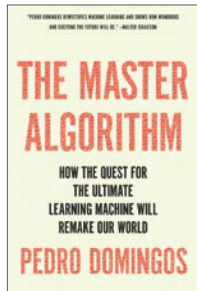
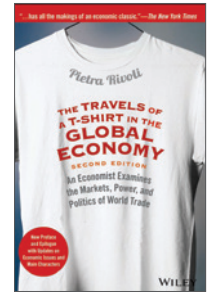
The Travels of a T-Shirt in the Global Economy: An Economist Examines the Markets, Power, and Politics of World Trade

by *Pietra Rivoli*

This book uses the production of T-shirts to talk about the ideas behind economic development and how the lives of people are improved as development occurs. It takes a balanced look at the advantages and costs of global trade. It discusses the unintended consequences of tax subsidies for farmers and manufacturers as well as how various groups band together to try and lobby the government to extract more profits from the system and to protect themselves from competition. It also contains a fascinating discussion of what happens to the clothes that are discarded by American households. In short, this is a nice, balanced, easy-to-read discussion of a number of issues that are front and center in the current political debate.

Kenneth Troske

Associate Dean for Graduate Programs and Outreach, Sturgill Professor of Economics



The Master Algorithm: How the Quest for the Ultimate Learning Machine Will Remake Our World

by *Pedro Domingos*

I am working my way through *The Master Algorithm* by Pedro Domingos, a renowned figure in the world of machine learning. It came highly recommended and, thus far, I am not disappointed. For those who are curious about how

Ram Pakath

Professor, Finance and Quantitative Methods

machine learning has been unobtrusively transforming—and will radically reshape—our personal and professional futures, this book is a must read. Go grab a copy. You won't be disappointed.

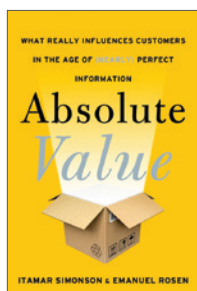
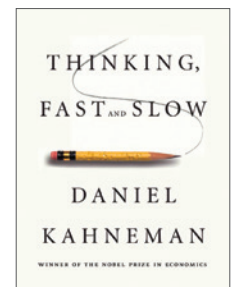
Thinking, Fast and Slow

by *Daniel Kahneman*

This book provides a compelling and articulate review of decades of research on human thought. Focusing on a series of short experiments designed to illuminate human irrationality, it yields a number of insights into judgment and decision-making that are applicable to both business and your personal life.

Alexis Allen

Assistant Professor, Marketing



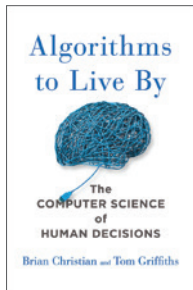
Absolute Value

by *Itamar Simonson and Emanuel Rosen*

This book uncovers what influences customers in the age of nearly perfect information. The authors identify important marketing concepts that need to be updated given customer reliance on technology.

David Hardesty

*Chair, Department of Marketing and Supply Chain
Gatton Endowed Chair of Marketing*



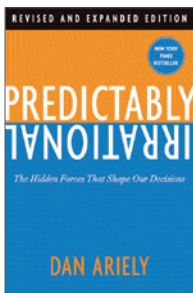
Algorithms to Live By: The Computer Science of Human Decisions

by Brian Christian and Tom Griffiths

Behavioral researchers in accounting are interested in minimizing cognitive dissonance in the execution of financial audits. Auditors are encouraged to maintain professional skepticism. However, this paradigm can deteriorate over time for a variety of reasons. This book discusses the use of algorithms in decision-making. Specifically, it explains how applying algorithms when making decisions can minimize—but not eliminate—the “what could go wrong?” situations in life. As it relates to auditors, this book caused me to reflect on the development of algorithmic processes that auditors could engage in to minimize independence issues that lead to reduced professional skepticism. I learned about this book from a podcast Note to Self (available at www.wnyc.org/story/algorithms-practical-efficiency/). Consider subscribing to the podcast, which addresses the intersection of human behavior and technology.

Nicole Thorne Jenkins

Executive Associate Dean, and Associate Professor, Von Allmen School of Accountancy



Freakonomics: A Rogue Economist Explores the Hidden Side of Everything

by Steven D. Levitt and Stephen J. Dubner

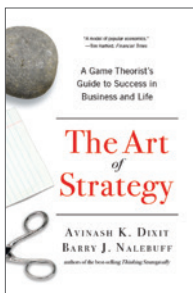
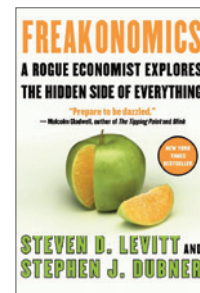
Predictably Irrational: The Hidden Forces That Shape Our Decisions

by Dan Ariely

These aren't traditional management books, but both emphasize the importance of critical thinking and systematic research to better understand and leverage opportunities in the business environment (and world) around us.

Daniel Halgin

Assistant Professor, Management



The Art of Strategy: A Game Theorist's Guide to Success in Business and Life

by Avinash K. Dixit and Barry J. Nalebuff

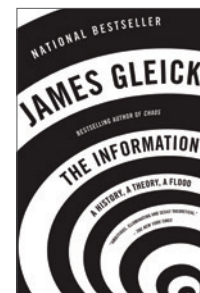
The Information: A History, A Theory, A Flood

by James Gleick

Adib Bagh

Associate Professor, Economics

Excellent, engaging, and nontechnical introductions to game theory and information theory, both books are wonderfully written and neither requires previous technical knowledge of their subjects.



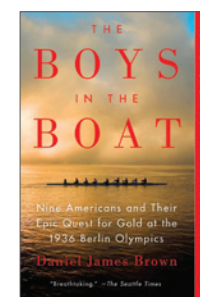
The Boys in the Boat: Nine Americans and Their Epic Quest for Gold at the 1936 Berlin Olympics

by Daniel James Brown

In 1936, nine young men from the University of Washington who rowed for the USA crew team shocked the world when they took the gold medal at the Berlin Olympics, defeating Adolf Hitler's elite German rowers. This book about their epic journey was recommended to me by Gatton College alumnus Joe Foran '74. Not only is it inspirational and a great read, but it also perfectly illustrates the ways that successful leaders depend on talented teammates, and how leadership and teamwork combine to make the impossible possible.

David Blackwell

Dean





Learning for the Long Haul

Kroger CFO
Mike Schlotman '79
Helps Gatton
Students Succeed

“Why?”

Perhaps not the first word you expect to hear from the CFO of the world's third-largest retailer, but for Mike Schlotman '79, it's a key to his success.

“Sometimes the most important role I have is to ask ‘why?’ when everyone else is saying ‘yes,’” he says. “It's my job to take the opposing position, bring up all the contingencies, and be sure whatever topic we're discussing gets thoroughly vetted rather than simply reaching a quick consensus.”

Every day, Schlotman brings the analytical attitude he learned from his Covington Catholic High School track coach to his position as executive vice president and chief financial officer of The Kroger Company. After every run, his coach had all the athletes fill out “excuse sheets” detailing why they had a good or bad run, taking personal responsibility for their results and learning how to do better. He built on that attitude while studying accounting at the University of Kentucky, where he says he learned the tools he needed to be successful in his career, and especially as a manager. His desire to help the next generation of students gain those tools for success is why he decided to support the Gatton College through the Gatton United Campaign.

“I model my management style after my intermediate accounting professor, Clyde Stambaugh,” Schlotman says. “His goal in life was to impart the knowledge that students needed to be successful. How he engaged the class taught me how to get the best out of my teams – to set them up for success rather than making their lives difficult. I learned how to help other people grow and learn for the long haul, and that’s what I try to do here at Kroger.”

His approach is certainly working. The Kroger Company, based in downtown Cincinnati, continues to grow and strengthen its market share under Schlotman and fellow Gatton alumnus and Kroger CEO

Rodney McMullen ’81, MSAcc ’82, who have worked together at the company since 1988. The 133-year-old company continues to innovate in the retail sector, expanding stores to include clothing and jewelry items, and running one of the largest food processing and private label manufacturing networks in the United States. In 2014, Kroger launched the online shopping service ClickList.

Not many top-20-ranked Fortune 500 companies are run by a CEO and CFO from the same college, and Schlotman is proud of what he and McMullen have been able to accomplish at Kroger. “Both Rodney and I came from pretty humble beginnings, but we were determined to work hard,” he says. “The dedicated faculty and students at UK made it a great place for us to build the skills we still use today.”

Schlotman’s job, in addition to the traditional financial responsibilities of a CFO, is to “question the status quo,” he says. “To a large extent, I try to be the voice of the shareholder inside the company. I’m the one that asks if the company is making investments and proceeding down a path that’s good for shareholders, workers, and communities.” He is also responsible for Kroger’s jewelry and convenience stores.

He started his career at Coopers & Lybrand accounting firm in Louisville, transferring to Cincinnati before joining Kroger in 1985. He has been at Kroger’s headquarters for his entire 31-year career, and has held a variety of leadership positions in accounting, including vice president and corporate controller. He was named group vice president and CFO in 2000, senior vice president in 2003, and executive vice president in 2015.

With all the changes he has seen, Schlotman is grateful for the foundation he built at Gatton. Looking back on his education and at what students are learning at Gatton today, he’s also excited to support the college’s current work. His niece, Andrea Bomkamp, who is a Gatton Ambassador and Global Scholar, has opportunities and experiences available to her that weren’t even imaginable when he was a student.

The important role of a college, he says, is to continually update and be aware of what’s going on in the world around us. “The schools that successfully prepare graduates for the world in which they live are those that continually adapt to the world, just like a business.”

“At Gatton, I learned how to help other people grow and learn for the long haul, and that’s what I try to do here at Kroger.”

Mike Schlotman

For Schlotman, his time at Gatton not only prepared him for dealing with change, it changed the trajectory of his life. Growing up in Covington, Kentucky, no one in his family had gone to college, and his father wasn’t thrilled with the idea. “My dad thought I should get out of high school and go to work,” he says.

But then Schlotman’s father lost his job. Without advanced education or additional training, he had nothing to fall back on, and that incentivized Mike even more to succeed at UK. He was able to earn grants to pay tuition, and lived two miles from campus, biking in or catching rides every day before taking a resident advisor job at the Commons during his final two years.

The challenges he faced make it even more important for him to give back to Gatton. “I truly wouldn’t be here doing what I’m doing if I hadn’t gotten the foundation I got at UK,” he says. “I firmly believe in giving back to those who helped you throughout life and helping those who aren’t as fortunate.

“My mom always said, ‘I can’t’ never did anything.’ Although she died in 1981, there’s not a day goes by that I don’t think of that, and am grateful for the opportunities I have.”

He’s also grateful to have met his life partner, Teri Van Pelt ’79, at UK. They began dating his freshman year, got married in August after their May graduation, and have been married now for 37 years.

“There’s a lot of pride in being able to help people succeed,” Schlotman says. “I want to be sure kids today who want to go to college have that opportunity, and that they have a place to go that prepares people for the future.”

Plus, he knows that supporting education supports his business. “If we don’t have the right institutions teaching and preparing kids for the world, we won’t succeed as a company,” he says. “There’s not a college major, a career path, or a type of background I can think of that we don’t have at least one of at Kroger. We connect with campuses to get the best and brightest. And to be able to facilitate the education of those students is very rewarding.”

OFFICE OF THE DEAN
371 Gatton College of Business and Economics
University of Kentucky
Lexington, KY 40506-0034

Don and Cathy Jacobs
Executive Education Center

Come learn about the future of Kentucky businesses!

Join more than 250 business experts who attend each year to address the outlook for the local, state, and national economies, the financial markets, and current topics of interest.

28th Annual Economic Outlook Conference

Tuesday, February 7, 2017

Lexington Convention Center

Registration & Continental Breakfast:

8:00 – 8:30 a.m.

Program: 8:30 a.m. – 12:00 p.m.

For more details visit Gatton.uky.edu/economic-outlook

Nominate your business for the 2017 Commonwealth Supply Chain Innovation Award!

The Commonwealth Supply Chain Innovation Award recognizes individuals and/or organizations that have demonstrated operational excellence in supply chain management.

Submit your business at Gatton.uky.edu/supply-chain-award

The winner will be announced at the 7th Annual Supply Chain Forum, which will focus on managing risks in the supply chain.

7th Annual Supply Chain Forum **Managing Risks in the Supply Chain**

Thursday, February 23, 2017

Woodford Reserve Club, Commonwealth Stadium

For more details visit Gatton.uky.edu/supply-chain-forum