Creating world-class connections
Creating world-class connections

Our world is profoundly interconnected — in ways most of us couldn’t have imagined a few years ago. But we’ve been looking ahead at the Carlson School.

By creating world-class connections, we are helping to frame the future of business — and reflecting a new worldview that is more engaging, fluid, and boundaryless. You’ll see it in the way we teach and learn: across campus, within networks, around the world. It’s how we research: across disciplines and conventional dimensions. It’s how we work together: more collaboratively, across continents and cultures.

Today, the Carlson School offers a world of opportunities to connect and engage — because tomorrow calls for leaders who can sustain the world.
Dear friends,

As you soon will discover, it has been an exhilarating year of progressive transformation at the Carlson School of Management. This annual report highlights how we are leveraging our ever-changing and growing network to advance breakthrough research and extraordinary educational opportunities.

As a world-class business school, we are pursuing excellence in multiple arenas through our preeminent faculty, a premiere undergraduate experience, an internationally prominent MBA portfolio, an exceptional array of international study programs, innovative interdisciplinary research and teaching, and an impressive Executive Education portfolio. I am pleased to say that we are realizing success in all areas.

In a stellar hiring cycle, we recruited 13 new faculty members. Their research contributes new knowledge that will continue to extend the reach of our entire faculty to the horizons of inquiry. Our faculty continues to engage scholars, practitioners, and community leaders in essential dialogues that shape the future of work, leadership, and global collaboration.

Our world-class faculty also facilitates extraordinary learning opportunities. In a significant effort to create more opportunities to prepare tomorrow’s leaders, we expanded our undergraduate program and constructed Herbert M. Hanson, Jr. Hall, a new state-of-the-art facility dedicated to undergraduate business education. Our faculty also revitalized the undergraduate curriculum, which boldly embraces the increasingly global nature of business in part by requiring all students to participate in an international experience. We also enriched international study options for MBA students by developing new international partnerships in more global markets. New leadership in our Executive Education operation will revitalize our programming in this area and provide executive leaders with more relevant courses at every stage of their careers, from a robust undergraduate curriculum to customized executive programming.

I invite you to actively participate in this rising community of thought leaders and engage in the discovery and dissemination of transformative knowledge. This combination of engagement with a public research university produces vibrant synergies that expand our capacity and help to make the Carlson School greater than the sum of its parts. Thanks to the help and ongoing support of loyal friends and benefactors like you, the Carlson School of Management is building world-class connections and engaging every available opportunity to contribute to a dynamic global economic community.

Sincerely,

Alison Davis-Blake
Dean and Investors in Leadership Distinguished Chair in Organizational Behavior

Commitment to excellence: A strategy to achieve academic excellence

In January 2008, the Carlson School of Management, under the leadership of Dean Alison Davis-Blake, completed a decision-making process to substantially revise the school’s strategic plan, which was last updated in 2000. Through this process, the Carlson School community clarified the school’s mission, vision, and strategic goals.

The mission of the Carlson School of Management is to discover transformative knowledge about the issues faced by organizations and managers in a dynamic global economy and to create exceptional learning and career opportunities by facilitating an engaged and integrated community of scholars, students, and practitioners.

The Carlson School community is committed to pursuing its vision to engage individuals and organizations in the discovery and dissemination of transformative knowledge that enables them to make innovative, responsible, and effective contributions to a dynamic global economic community.

Throughout the year, we made substantial progress on six key strategic goals:

1. World-class faculty
   In the past two years, we hired 20 new tenured or tenure-track faculty members, and significantly increased investments in our research infrastructure and doctoral program.

2. Premiere Undergraduate Program
   Our faculty developed a bold new undergraduate curriculum while administrative teams worked to complete the financing and construction of Herbert M. Hanson, Jr. Hall.

3. Internationally prominent MBA portfolio
   Students in all of our MBA programs will benefit from new investments in the Carlson School Enterprises, career services, and high-tech, high-touch classrooms.

4. Outstanding international programs
   We formed new global partnerships to meet student demand for international programs focused on key business issues such as outsourcing, emerging markets, and sustainability.

5. Interdisciplinary research and teaching
   We advanced key interdisciplinary endeavors, such as our Medical Industry Leadership Institute (MILI) and Center for Integrative Leadership (CIL).

6. Nationally recognized executive education
   Under the leadership of a new assistant dean, we are crafting significant new custom and open enrollment programs to meet the demand for non-degree executive education.
At the Carlson School, discovery encompasses panoramic research, driven by our globally acclaimed faculty. The result might be a new patent, public policy, business, or field of knowledge. As Carlson School Professor Andrew Van de Ven said, “Big research questions tend to reside in a buzzing, blooming, confusing world. They can’t be solved with only one way of thinking.”

Can scholarly research make an impact in the real world? In his recently published book, “Engaged Scholarship,” Andrew Van de Ven makes a strong case for the ability of collaborative, multiperspective research to solve significant real-world problems — and directly impact public policy. The book has been lauded as “a call to action and clear pathway for scholars.” It won the prestigious 2008 George R. Terry Book Award from the Academy of Management, given for the book that does the most to advance management knowledge.

Professor Van de Ven, the Vernon H. Heath Chair of Organizational Innovation and Change, advocates for engaged scholarship: research that represents diverse perspectives and encourages collaboration between academics, business practitioners, clients, and other stakeholders. Traditional academic research deals in abstractions and generalities, often yielding broad conclusions. Closing the gap between theory and practice, maintains Van de Ven, could shed light on some of the most important challenges of our times.
Patent potential for clinical software

Paul Johnson, professor and Curtis L. Carlson Chair in Decision Sciences, mines the medical landscape. A recipient of the Medical Industry Leadership Institute’s small grant awards, Professor Johnson is conducting research on “Improving Chronic Disease Care Using Data Mining and Personalization Technologies.” The project unites researchers from the Carlson School, the University of Minnesota’s Department of Computer Sciences, and HealthPartners — and it could result in a software patent.

Professor Johnson’s strategies could help manage health outcomes, risk, and cost in patients with chronic illnesses such as diabetes. By applying data mining techniques to clinical databases, they hope to identify physician practice patterns that predict clinical outcomes, including the potential for treatment errors. Software developed by Professor Johnson’s research group helps to detect patterns of physician thinking and then generates communications recommending doctors review critical points of care. The team’s breakthrough research is important — and unique. Patent pending.

Insight into community stewardship

Volunteers bring vision and energy to communities. The question is, what motivates busy managers to volunteer in their communities? And, are formal programs aimed at developing integrative community leadership effective? Joyce Bono, associate professor, Human Resources and Industrial Relations, investigated those questions in a longitudinal study of 1,500 community volunteers. The research was supported by the University of Minnesota Center for the Study of the Individual and Society and by the Center for Integrative Leadership, in collaboration with researchers from the University of Minnesota’s psychology department.

Many of the managers in professor Bono’s study served as volunteer board members for non-profit and community organizations. Her research showed that altruism, socializing, learning, and career advancement were among the managers’ motives for volunteering. Her research also suggests that the community leadership programs most effective at increasing participants’ altruistic motives are those focused on knowledge and awareness of the community and developing leadership skills. Professor Bono’s research paper concludes on a hopeful note: Overall, the programs designed to increase community involvement effectively did so. This important research could help more communities frame effective leadership programs that appeal to highly motivated leaders — and generate positive solutions to critical issues facing communities.

Best paper award

In the 1990s, Taiwan transformed itself from an island economy to a global competitor — perfect conditions for studying business performance. That’s exactly what Carlson School Professor Aks Zaheer did, with award-winning results. His study paper, entitled “The Contingent Role of Network Hierarchy on Firm Performance,” won the Best Paper Award at the Academy of International Business in Milan this July. Professor Zaheer, who earned a doctorate from the Massachusetts Institute of Technology, is the Curtis L. Carlson Chair in Strategic Management. The paper, co-authored with scholars from the National University of Singapore Business School, explores how the performance of Taiwanese business groups was affected by the structure of networks.

Knowledge Coalition: New marketing resource

The Knowledge Coalition, formed by the American Marketing Association (AMA), is a new go-to resource for marketing professionals seeking timely research topics, information, and more. It’s co-chaired by Michael Houston, Ecolab-Pierson M. Griev Chair in International Programs and associate dean of International Programs, who says, “Academics and marketing professionals are often working on pioneering responses to the same marketplace issues at the same time. Bringing their experience together, the AMA can create and organize a useful body of marketing knowledge as a visible demonstration of its leadership in the field.”
Do corporate political contributions help or hurt firm performance?

Corporate political donations are under increasing scrutiny from shareholders who believe they are not in their companies’ best interests. A recent study by Rajesh Aggarwal, Felix Meschke, and Tracy Yue Wang of the Carlson School’s Finance department explored these concerns by analyzing the outcomes of corporate political contributions. The researchers examined the campaign donations of all publicly traded companies in the U.S. over a 14-year period ending with the 2004 elections, and considered executive contributions, corporate funds directed to political parties, political action committee (PAC) contributions, and donations to 527 committees for issue advocacy as well as company financial results.

During the sample period studied, 86 percent of the publicly traded firms in the U.S. made no political contributions at all. Of the firms that did make contributions, the study found that political donations often benefited managers rather than shareholders. Such donations often destroy value and point to larger management problems. “For most companies, financially supporting the executive and legislative branches just isn’t that important to their bottom line,” says Professor Aggarwal. “In that sense, donating is a waste of money, and perhaps more importantly, a waste of time and energy by top managers — time and energy that could be spent focusing on the firm.”

CEO Forum: Innovation Drivers

Corporate innovation — its drivers and impediments — was the topic of the day at the prestigious CEO Forum on Innovation, hosted by the Carlson School’s Institute for Research in Marketing. The forum featured Carlos M. Gutierrez, the U.S. Secretary of Commerce, as its distinguished moderator. The institute fosters innovative research that improves the science and practice of marketing, while also providing a forum for marketing scholars and practitioners.

Secretary Gutierrez co-moderated the panel with the Carlson School’s Rajesh K. Chandy, the James D. Watkins Chair in Marketing and the Co-Director of the Institute for Research in Marketing. Prominent panelists included Tim Pawlenty, Governor of Minnesota; George Buckley, Chairman, President, and CEO of 3M; William Hawkins, President and CEO of Medtronic; and Marilyn Carlson Nelson, Chairman of the Board, Carlson Companies. The forum was a response to the recent recommendations of Secretary Gutierrez’s Advisory Committee on measuring innovation in the 21st century economy. Both Chandy and Buckley were members of the committee, which included 15 top CEOs and academics.

Top tier research

Production and Operations Management Journal ranked the University of Minnesota among the top three in research productivity within the field of service operations management. The discipline of operations management applied to the service sector is an emerging field. The Carlson School’s Operations and Management Science Department and the Joseph M. Juran Center for Leadership in Quality have played key roles in the research of service operations management.

The making of an iconic brand

What does it mean to be an American icon? The iconic label is frequently bandied about alongside discussions of enduring brand names like Nike, Kodak, and Campbell’s. Turns out, brand iconicity can be measured. According to Assistant Professor Carlos Torelli, brands that rate highest on the iconic scale are those that reinforce culturally relevant associations and beliefs. Coca-Cola is one example of an iconic brand that has the power to affect the choices and judgment of consumers.
Candidates with actual business experience can leapfrog up the corporate ladder. From co-managing a multimillion-dollar growth fund to teaming on a case competition with students from Singapore, the Carlson School champions diverse opportunities for all students.

Corporate America is working to diversify its ranks and better reflect its constituents. The Carlson School is doing its part by diversifying the pipeline of business talent while also exposing more minority students to career opportunities in business. We continue to advance these goals by hosting a national pre-MBA application seminar in partnership with Management Leadership for Tomorrow (MLT). MLT is a national nonprofit that has made groundbreaking progress addressing the dramatic under-representation of minorities in senior business leadership positions.

MLT’s MBA Prep program prepares young professionals for successful application to leading MBA programs and helps them make the MBA career transition. “As a premiere business school partner of MLT, the Carlson School strives to expose these top students to the opportunities and unique MBA experiences we offer,” says Jeff Bieganek, director of admissions and recruiting, MBA programs.

Students attend mock admissions interviews and discuss communications etiquette. They also learn about the Carlson Enterprise programs, the school’s many international opportunities and scholarships, and more.
Being there: First-person experiences in global business

The Carlson School champions global education through multiple opportunities, including its unique new international experience requirement for undergraduates. Whether they’re participating in study abroad opportunities, global residency programs, or in the virtual team project involving our executive MBA programs in Austria, China, and Poland, students usually cite their international experience as a highlight of their education. Our global network continues to grow with new institutional partners in Taiwan, Thailand, and Australia.

This year, Carlson School MBA students traveled to Shanghai, China to work on a live-case for International Dairy Queen. Students offered the company a toolbox of ideas on how to promote a new citrus drink for market success. Other MBA students presented a go-to-market strategy for a new Polaroid product for Petters Group Worldwide in Shanghai. Yet another group met with over 20 corporations and organizations in Scandinavia to discuss corporate social responsibility. Lastly, a select group of Carlson undergraduates explored the growing entrepreneurial movement in China.

Examining medical tourism

Experiential learning, a signature of the Carlson School, is reflected in the live business case opportunities offered through our Medical Industry Leadership Institute (MILI). As part of its mission to advance medical research and education,

In December 2007, Carlson students teamed with OptumHealth, the country’s leading health and wellness company, and a part of UnitedHealth Group, for a live case presentation. The live case presentation initiative allowed nearly 100 MBA students to analyze the business question, “Should OptumHealth enter the medical tourism business to better serve its clients and grow its business?” Medical tourism is the rapidly growing practice of traveling to another country to obtain health care.

Student teams had two days to assess the marketplace, analyze costs and profit potential, examine risks and benefits, consider organizational fit, and create presentations to showcase their findings and recommendations to faculty members. OptumHealth executives were on hand to answer questions and review the top four presentations.

“The live case presentation was a great experience for our organization,” says Anita Messal, ’03 MBA, chief operating officer of OptumHealth Care Solutions.

Seeding ideas: Innovation by Design

Breakthrough inventions developed or advanced at the University of Minnesota — like the cardiac pacemaker, the AIDS cocktail, and airplane’s black boxes — don’t happen every day. But that could change. Innovation by Design, a dynamic new multidisciplinary initiative that will help transform new ideas into working, market-ready inventions. The Carlson School and Carlson Ventures Enterprise are strategic partners in the university-wide program. Innovation by Design represents a promising new model for technology commercialization, enabled by a $100,000 grant from the University of Minnesota Foundation Vincent Johnson Breakthrough Fund, as well as a seed grant from the Kauffman Foundation.

Opportunity

New undergraduate curriculum: worldly wise

Beginning this fall, students enrolling in the Carlson School’s Undergraduate Program can look forward to an exciting new experience — one that’s intrinsically global, forward-focused, and reflective of today’s broad spectrum of enterprise. With the completion of Herbert M. Hanson, Jr. Hall, the program’s new home, we have made significant curriculum changes that better equip students to lead in today’s global business world. Changes include a freshmen contemporary management course, an immersion core for sophomores, a new public/nonprofit management major, and an international experience requirement that is unique among public business schools.
Success in Singapore: Two winning competitions

Two groups of Carlson School students participated in case competitions in Singapore over the past year. Last fall, Carlson School undergraduates Alana Popp, Kyle Ries, Rosita Villelli, and Scott Sailer (pictured) participated with 12 other business schools from around the world in Singapore's first international business case competition at Nanyang Technological University. They gained valuable exposure to a variety of global business approaches. This spring, a group of MBA students participated in the Cerebration Case Competition. They prevailed as one of six finalist teams out of 460 competing teams.

Inspiring integrative leadership

The Carlson School is advancing the understanding of cross-boundary collective action through a new course at the University of Minnesota's Humphrey Institute: “Theory and Practice of Integrative Leadership.” With cross-disciplinary instruction from the institute's Public and Nonprofit Leadership Center and from Carlson School professor Paul Vaaler, it exemplifies collaborative thinking.

Carlson School MBA students took part in the course along with graduate students from the University of Minnesota's schools of law, public policy, public health, and liberal arts. The class illuminates the concept of integrative leadership with insights into strategic thinking, conflict resolution, innovation, and policy analysis. Students also tackled actual cases encountered by Minnesota businesses.

Professor Vaaler presented a case based on the impact of global financial markets on the economies of developing countries. As these countries move toward democracy, global financial and political players “work together but don’t know it,” he says. By studying integrative leadership, Vaaler says, we can “create a space where unlikely people can come together and talk.”

Hands-on branding experience: A school trademark

Would Nike-wearers be as swift without the swoosh? Would McDonald’s be as golden without its arches? Brands are big business, and students who participate in the Carlson Brand Enterprise have one-of-a-kind opportunities to consult on actual marketing projects for multinational businesses such as Ecolab.

Ecolab, headquartered in St. Paul, is a leading global provider of cleaning, food safety, and health protection products and services. A team of six Carlson MBA candidates helped the company evaluate brand organization for one of its largest divisions — a plum branding assignment. Before recommending the best divisional brand strategy, the group reviewed thousands of brand possibilities and collected data on competitive dynamics, customer perception, and financial considerations. The students gained unique insight into institutional branding, and Ecolab gained all the services of a professional marketing consultancy. According to the client, “Due to the team’s focus and drive, we were able to have a dedicated team of marketers focused on this initiative, with very little interruption to our internal marketing workflow. I could not have asked for more.”

The Carlson School also offers Funds Enterprise, Ventures Enterprise, and Consulting Enterprise. The Carlson School Enterprises are the nation’s largest MBA student-driven businesses.

Net Impact: Empowering Ugandan artisans

Last fall, a group of Carlson School MBA candidates participated in the Project Pyramid national case competition in conjunction with the Net Impact conference. Net Impact is a national organization of MBA students committed to using the power of business to create a better world. For the competition, the Carlson School team helped an organization representing Ugandan artisans improve its business model and marketing tactics. The students, Ben Schein, Jennifer Frenzel, Megan Dunbar, and Adrienne Peirce, were finalists in the competition. The Carlson School’s chapter of Net Impact has a mission to include ethics and sustainability issues as part of mainstream business education and business decisions.

Carlson Funds Enterprise: $25M at 10-year mark

The Carlson Funds Enterprise was launched in 1998 to give students real-world experience analyzing companies and investing in their securities. In 10 years, over 200 students have honed their investment skills in the Carlson Growth Fund or the Carlson Fixed Income Fund — while increasing values significantly. Today, more than $25 million is distributed between the two funds, and the Growth Fund consistently outperforms its benchmark index. To commemorate its successful first decade, Funds Enterprise is undertaking a fundraising campaign to pay for lab remodeling, a fellowship program, technology systems, and an endowment fund for operating expenses.
At the Carlson School, we’ve broadened our definition of community. Our global perspective is wider than ever. Our connections to local and national businesses, deeper. That attitude is expanding our circle of influence. Elevating our global presence. And enriching the learning experience for our students.

At the Carlson School, MBA students can put their passion for public policy and advocacy to work right in their own neighborhood. West Bank CHANCE (Cedar-Humphrey Action for Neighborhood Collaborative Engagement) is a student-led initiative that aims to strengthen the relationship between the University of Minnesota’s West Bank campus and the Cedar-Riverside neighborhood. Carlson students, through our chapter of Net Impact, will launch a neighborhood business fellows program this fall, which will give students a chance to partner with immigrant businesses in the neighborhood to develop case studies and identify key business challenges. This spring, CHANCE received an Outstanding Partner in Engagement Award for collaboration.
Bright future for graduates

The 2007/08 school year was a noteworthy one for the Carlson School, with more than 450 under-graduates and over 850 graduate students receiving degrees at the May commencement ceremonies. Matriculating students, families and friends welcomed a notable (and humorous) keynote speaker: Jeff Greenfield, senior political correspondent for CBS News and host of PBS’s CEO Exchange. In his commencement speech, he shared insights from his interviews with major business leaders, saying that successful leaders listen to their customers, “something that seems so obvious but is often overlooked.” He advised graduates to “keep thinking in new ways and not assume that what was, will always be. When you impose limits on your thinking, you miss opportunities and undermine the potential of yourself and your company.”

In spite of current economic conditions, the future looks bright for these recent graduates. According to staff members from the Business Career Center, hiring remains strong for Carlson School graduates, with brisk on-campus recruiting and job postings.

Students consult with Children’s Hospitals

Trauma is the leading cause of death in children. But in the Twin Cities today, the only accredited treatment option for pediatric trauma patients is in the adult system. Children’s Hospitals and Clinics would like to change that. They enlisted the help of five Carlson School undergraduates to investigate the feasibility and costs of implementing a trauma center as part of their campus. Kari Severson, one of the students who participated in the live business case as part of a senior-level honors course on the healthcare marketplace, said the project was “hands down the most worthwhile academic experience of my undergraduate career.”

The challenging project required students to familiarize themselves quickly with Minnesota’s trauma landscape while acquiring a working knowledge of current legislation and regulations, Children’s internal operations, competitive forces, and more. Key deliverables included several analyses, a marketing assessment, and a business plan. The team collaborated effectively, dividing such specialized tasks as research analysis, statistical modeling, and presentation among its members. The project’s culmination — a formal presentation to Children’s executive leadership team — was very well received.

Inside the boardroom

The Carlson School’s inside the Boardroom speaker series explores the leadership path of women in C-level positions at some of America’s best companies via a CEO-to-CEO exchange hosted by Marilyn Carlson Nelson, Chairman, Carlson Companies, Inc., followed by a group discussion with a knowledgeable panel of thought leaders from the school. This past academic year, the biannual series featured Jill Lajdziak, general manager of Saturn Corporation, and Reatha Clark King, PhD, former president and board chair of the General Mills Foundation.

Inside the Boardroom airs on Twin Cities Public Television and is presented in cooperation with the Carlson School chapter of the National Association of Women MBAs (NAWMBA).

Partnerships that expand our commitments

The Twin Cities chapter of the National Black MBA Association (NBMBAA) named the Carlson School its 2007 Educational Partner of the Year in recognition of our steadfast commitment to diversity. “A diverse community helps the Carlson School ensure a vibrant and challenging academic and social environment,” said Dean Alison Davis-Blake. The Carlson School’s Diversity Initiatives team works closely with the NBMBAA, NAWMBA, and other affinity partners such as the National Society of Hispanic MBAs (NSHMBA) to increase the diversity of participants within the business and academic communities. We also partnered with Management Leadership for Tomorrow (MLT) to host its MBA Prep program. MLT is a national non-profit that has made groundbreaking progress developing the next generation of African American, Hispanic, and Native American leaders in business.
The business of football
Zygi Wilf, chairman and owner of the Minnesota Vikings, spoke on "The Business of Football" at the Carlson School’s First Tuesday luncheon. Wilf discussed his leadership and direction of the Vikings franchise, and provided an overview of the team’s long-range plans to build a competitive team and bring a Super Bowl championship to Vikings fans. He also discussed the importance of connecting with the community and shared his vision for a new stadium.

New home for the Business Career Center
The Business Career Center has been relocated to Herbert M. Hanson, Jr. Hall, the new state-of-the-art facility that also houses the Carlson School Undergraduate program. The new space includes 22 interview rooms, a dedicated room for information sessions, and a recruiter lounge. A skyway connects Hanson Hall to the Carlson School building.

Both the Undergraduate and Graduate Business Career Center staff are housed in Hanson Hall. The center offers events, workshops, and mock interview programs that help students and alumni launch and advance their careers. Staff work closely with students, providing individual career counseling that helps students prepare for local, national, and international recruiting.

Strategies for successful businesswomen
Over 300 women from business, industry, and academia attended "Achieve It: Developing a Strategy for Success," the fourth annual Women’s Leadership Conference hosted by the Carlson School and sponsored by State Farm Insurance.

The conference featured a cross-section of dynamic leaders from different business perspectives, including keynote speakers Professor Linda Babcock, founder of the Program for Research and Outreach on Gender Equity in Society (PROGRESS) at the H. J. Heinz III School of Public Policy and Management, Carnegie Mellon University, and Becky Roloff, CEO of the YWCA of Minneapolis. Professor Babcock is also the well-known author of several best-selling books, including "Women Don’t Ask: The High Cost of Avoiding Negotiation."

Through exclusive networking opportunities, the annual Women’s Leadership Conference, and other initiatives, the Carlson School supports the achievement of women in business.

Keeping communities alive
Can a small town maintain its vitality without an anchor business or "company store"? How can a rural community get on the map, tap technology, and sustain its economic future? These and other topics were part of a Leadership Education Conference on "Making Communities Work," presented by the Extension Center for Community Vitality and the Center for Integrative Leadership of the University of Minnesota. Keynote speakers were Joel Barker, futurist, and Tim Penny, president/CEO of the Southern Minnesota Initiative Foundation and former U.S. Representative.

Former Minnesota governor: "Are we on course?"
Arne Carlson, former Minnesota governor, addressed the state of the state’s future when he spoke to a group of Carlson School alumni at the school’s First Tuesday luncheon. In his address, "The Roman Empire Revisited: Are we on course?" Carlson discussed his belief that Minnesota must decide on a set of values that will allow the state to regain its status as a nationally recognized leader in the fields of healthcare, education, and innovation. The Carlson School’s First Tuesday Luncheon Series provides an opportunity for alumni to hear top-notch executives address hot topics in business and leadership.
To our generous benefactors

We are deeply grateful to those who gave cash gifts or made new pledges between July 1, 2007 and June 30, 2008. Although space limitations allow only those gifts of $1,000 or more in this report, we thank all of the alumni and friends whose generosity supports the Carlson School of Management each year.

Corporate

Best Buy Purchasing LLC
Best Buy Co Inc $5,000,000

Deluxe Corp Foundation

Cargill, Inc $1,000,000

T mseci Company $1,000,000

J M Company, J Foundation $1,000,000

Travelers Companies Inc

Travelers Foundation $500,000

International Dairy Queen Inc

Presto Foundation $1,200,000

G & K Services

Caterpillar Foundation $25,000

IntriCon Corp $37,500

Ecolab Inc/MSP Communications $50,000

Target Corporation $62,900

Associated Bank $75,000

SuperValu/Foundation $110,000

International Dairy Queen Inc

Deluxe Corp Foundation

Corporate gifts of $1,000 or more in this report, we thank all of the alumni and friends whose generosity supports the Carlson School of Management each year.
Individual benefactors

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When their son started at the Carlson School three years ago, Frank and Carol Bennett were eager to get involved but unsure about the opportunities for parents. After talking with faculty and staff, they uncovered a unique option: teaming with the school to launch a special Carlson School Parents fund.

“The Parents Fund provides money that directly support undergraduate student activities, programs, and services,” says Carol. “It allows parents to contribute in their own way at any level that’s comfortable for them. It’s satisfying to know that your contributions are making a difference for your child and other students.”

Starting the Parents Fund was a natural for Frank and Carol whose connections to the university go deep. They — and both sets of their parents — are University of Minnesota alumni. Additionally, both have stayed involved over the years on various alumni committees and boards.
Creating a legacy of opportunity

Glen’s, a Carlson School graduate and former Alumni Advisory Board member, is a strong advocate of the value of a undergraduate business education. When he and his wife Kay decided to create a legacy for their daughter, they thought of the Carlson School.

“Our daughter never had a chance to attend college,” Glen says. “She was a great student with good business sense and I believe she would have thrived in the business world. To ensure that another student has the opportunity to prepare for a career in business, we created a scholarship for a female undergraduate from outstate Minnesota.”

Glen and Kay recently received a thank-you note from the first scholarship recipient: “It’s satisfying to know that she will benefit from our help while furthering her education.”

Carlson School statistics

2007-2008 enrollment is 4,739 students

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Accepted employment offers 90 days after graduation

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<td>70%</td>
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2007-2008 faculty

107 tenured and tenure-track faculty, including 19 endowed chairs and professorships 8 full-time instructional faculty

2007-2008 student profiles:

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<th>International</th>
<th>Average class rank (percentile)</th>
<th>Average incoming ACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>73%</td>
<td>27%</td>
<td>8%</td>
<td>39%</td>
<td>4%</td>
<td>29%</td>
<td>27%</td>
<td>94.2</td>
<td>27.9</td>
</tr>
</tbody>
</table>

Incoming full-time MBA class

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
<th>Students of color</th>
<th>Geographic representation Minnesota</th>
<th>Border states</th>
<th>Other US.</th>
<th>International</th>
<th>Average years of work experience</th>
<th>Average incoming GPA</th>
<th>Average GMAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>73%</td>
<td>27%</td>
<td>8%</td>
<td>39%</td>
<td>4%</td>
<td>29%</td>
<td>27%</td>
<td>4.5</td>
<td>3.37</td>
<td>661</td>
</tr>
</tbody>
</table>

Benefits above gift cards were mailed if included in a matching gift (1). If your gift was not matched within the fiscal year it will be noted in next year’s Annual Report. Benefactors whose contributions are deemed to be a partial match (2) are included with the full gift amount (3).
Financial report

The Carlson School of Management made significant strides in fiscal year 2008 (July 1, 2007 through June 30, 2008) toward securing a financial foundation for excellence. Our strategic plan includes three goals specific to the school’s financial health: 1) Diversify the school’s revenue streams to reduce dependence on any single revenue source; 2) Achieve operational excellence within the Carlson School and maximize operational efficiencies; and 3) Develop clear, consistent mechanisms for promoting engagement (through gifts of time, talent, financial, and other resources) among our applicants, students, parents, alumni, and business and community leaders and practitioners.

To drive a future of excellence throughout the Carlson School we must develop a balanced financial portfolio. Tuition continues to be our most significant source of revenue, followed by state funding, endowment earnings and gifts, and consulting and training contracts. Grants for sponsored research typically are an insignificant source of revenue for business schools. With state support for the school flat or declining and tuition rates at or near the market maximum, we must be increasingly creative in funding our academic infrastructure and operations.

This year saw moderate tuition increases across all programs while student enrollments increased to record levels in several programs, including the part-time MBA and undergraduate programs. While increasing enrollments generate additional revenue for the Carlson School, it also obligates us to increase expenses for services and programs necessary to support a growing student body in a superlative learning environment.

Increasing enrollments amplify the pressure on our most finite of resources — our faculty. Our most pressing financial needs are for recruiting and retaining world-class, tenure-track faculty. Tenure-track faculty are essential to academic excellence in every dimension of our mission, and the school’s last significant strategic investment in the tenured faculty was made in the 1960s. Today, we are making major investments in competitive faculty compensation, endowed chairs and professorships, and the research infrastructure to support faculty and doctoral student productivity. It will require a sustained annual effort to achieve visible progress toward growing the faculty, but it is an investment that truly will pay superior dividends for the next 50 years.

Executive education and private philanthropy hold opportunities to relieve the pressure on tuition and the historical dependence on state support. Private philanthropy made several key initiatives possible this year. Chief among these were: 1) The completion of Hanson Hall and the start of renovations of the existing Carlson School of Management building; 2) A dramatically larger number of undergraduate scholarships, including scholarships designated for international study.

As the Carlson School grows and expands, we are mindful of being good stewards of the University’s institutional assets. We continue to participate in University cost-saving initiatives such as the consolidation of information technology infrastructure, energy saving programs in our buildings, and leveraging University services to support faculty teaching excellence.

Statement of financial position

<table>
<thead>
<tr>
<th>Year ended June 30, 2008</th>
<th>FY07</th>
<th>FY08</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition, fees, and executive education</td>
<td>$54,939</td>
<td>$61,986</td>
<td>13%</td>
</tr>
<tr>
<td>State funding</td>
<td>13,678</td>
<td>13,634</td>
<td>0</td>
</tr>
<tr>
<td>Endowment earnings and gifts</td>
<td>8,341</td>
<td>8,135</td>
<td>(2)</td>
</tr>
<tr>
<td>Consulting and training</td>
<td>2,430</td>
<td>2,346</td>
<td>(3)</td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>851</td>
<td>533</td>
<td>(37)</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$80,239</td>
<td>$86,654</td>
<td>8%</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faculty salary/fringe</td>
<td>$23,326</td>
<td>$26,410</td>
<td>13%</td>
</tr>
<tr>
<td>Staff salary/fringe</td>
<td>18,671</td>
<td>19,410</td>
<td>4</td>
</tr>
<tr>
<td>Ph.D. student teaching/RA stipends</td>
<td>2,355</td>
<td>2,425</td>
<td>3</td>
</tr>
<tr>
<td>TA salary/fringe</td>
<td>1,535</td>
<td>1,358</td>
<td>(12)</td>
</tr>
<tr>
<td>Central administration services</td>
<td>16,064</td>
<td>17,561</td>
<td>9</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies, communications, equipment, travel</td>
<td>10,725</td>
<td>9,674</td>
<td>(10)</td>
</tr>
<tr>
<td>Consulting services</td>
<td>1,564</td>
<td>1,526</td>
<td>(2)</td>
</tr>
<tr>
<td>Research salaries and expenses</td>
<td>3,230</td>
<td>4,530</td>
<td>40</td>
</tr>
<tr>
<td>Scholarships</td>
<td>3,045</td>
<td>2,930</td>
<td>(4)</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$80,515</td>
<td>$85,824</td>
<td>7</td>
</tr>
<tr>
<td>Total (revenues minus expenses)</td>
<td>$ (276)</td>
<td>$ 810</td>
<td></td>
</tr>
</tbody>
</table>

Sources of revenue
- Tuition, fees, & executive education: $62.0 M
- State funding: $13.6 M
- Endowment earnings and gifts: $8.1 M
- Consulting and training: $2.3 M
- Grants and contracts: $0.5 M

Expenditures
- Personnel: $48.2 M
- Central administration services: $17.6 M
- Operating expenses: $11.2 M
- Research salaries and expenses: $4.3 M
- Scholarships: $2.9 M

Chart footnote copy here.
Administration

Alison Davis-Blake
Dean

Michael Houston
Asso. Dean, International Programs

Edward Joyce
Asso. Dean, MBA Programs

Robert Ruekert
Asso. Dean, Undergraduate Programs

Srulata Zahir
Asso. Dean, Faculty & Research

Kathryn Carlson
Asso. Dean, M4A Programs

Carolyn Chase
Asso. Dean, Administrative Services

Anne D’Angelo-King
Asso. Dean, International Programs

Mark Kizilos
Asso. Dean, Executive Education

Mary Mau Kosir
Asso. Dean & Director, Undergraduate Programs

Leanne Wirkola
Asso. Dean, Strategy & Academic Initiatives

Sara Fenlon
Director, Institutional Advancement

Board of overseers

Chair
William G. Van Dyke
57 BA, 60 MBA
Donaldson Company, Retired Chairman

Brent G. Blackey
74 BSU
Holiday Companies, President & COO

Andrew Cencere
89 MBA
Board van Zee Chair, U.S. Bankcorp, Vice Chairman & CFO

Alan R. Diamond
62 BA
Ann Stohl Service, Retired President & COO

Robert L. Duffy
67 BSB
A. T. Kearney, Partner

M. Nazir Eftehkar
86 MHA
HealthEZ, Chief Executive Officer

Lisa A. Ferris
81 BSB
Third Wire Systems, COO

Kenneth (Chip) Glaser
78 BA
K. Charles Development Corporation, President

Ludia G. Goldberg
Hon., ENG, TCF & CSJ, Director

John H. Hammersgren
85 BS
McKesson Corporation, Chairman, President & CEO

Michael J. Horfman
83 MBA
The Toro Company, Chairman, President & CEO

Michael Illbruck
87 BSB, 91 MBA
Silver Creek Systems, President & CEO

Robert A. Kiefer
62 BME, 64 MBA
Fallon Co., Chairman

Robert J. Kueppers
74 BBA
Degussa, Director

Jeffrey Noddle
74 BSB, 84 MBA
Supervalu, President & CEO

Barbara J. Meyrow
74 MBA
Silver Creek Systems, President & CEO

Marilyn Carlson Nelson
Carlson Companies, Chairman

Charles M. Osborne
74 BSB, 84 MBA
Fair Isaac Corporation, CFO

James A. Lawrence
Undergrad Pk, Chief Financial Officer

Chase M. (Sky) Leeser
78 MBA
VP International Finance & IS

Robert D. MacDonald
64 BS, ME
74 MS, Bin Engineering, JM Company, Senior Vice President, Marketing & Sales

Malcolm S. McDonald
74 BBA
Signet Banking Corporation, Former Chairman & CEO

Jeffrey Noddle
74 BSB, 84 MBA
Supervalu, President & CEO

Allan L. Schuman
77 BSB
Tnl, Senior Vice President, Chairman & CEO

John G. Stumpf
76 MBA
Wells Fargo & Company, President & CEO

H. William Walter
68 BS, 72 MBA
Heartland Realty Investors, President & Founder

William D. Zollars
76 BAA
YRC Worldwide, Chairman, President & CEO