



School of Business and Economics

Annual Report

2010-2011

Celebrating Our 25th Anniversary



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Letter from the Dean

Greetings! The 2010-2011 academic year marked the end of the first quarter century for Sonoma State's School of Business and Economics. Drawing on the core value of innovation which gave rise to SSU, the SBE has enthusiastically applied our entrepreneurial spirit to all aspects of our operations. In this annual report you will read stories about transformational learning experiences, research with impact, partnerships with the community, and an active alumni base that serves the students, serves the School, and serves our economic region. In the following pages are the details of these accomplishments, and the stories of the people who helped make them happen.

In this letter, I would like to share with you one of the experiences from this past year. In the realm of things that happened it was a small part. But when I reflect back on the 2010-2011 year, this event perfectly captures the heart and soul of the SBE.



Ready to run at our October 5K(ish) "Tour de Campus" fundraiser.

On October 2nd, 2010 the School of Business and Economics hosted the 2nd annual 5k(ish) Tour de Campus run. Over 200 students, alumni, faculty, staff and community members came out to show their support, get involved in the School, and help raise money for a worthy cause. The race was followed by a celebration with food, a live band, prizes - a great day of fun and camaraderie. The event was organized by students, who got a chance to put the business skills they were learning in the classroom to use in the real world challenge of managing a complex racing event. Over \$2,500 was raised and donated to the Boys and Girls Clubs, reflecting our strong business ethic of giving back to the community, and showcasing our student's ability to deliver results.

I choose to highlight this event because it illustrates what the School of Business and Economics is really about. More than anything, the SBE is a community - a community of students, faculty, staff, alumni, and business professionals, who are learning together and making a difference. On a fall weekend in October, with all the demands of school, work, and life providing an excuse to do anything else, members of the SBE community came together to help others.

This is the essence of the School of Business and Economics. SBE attracts students and produces alumni with a unique set of values. Values that find a home here and are cultivated for better learning. Values that help shape excellent employees who don't take their careers for granted and who understand what they do is more important than what they say. Values that created our learning community.

This year we are celebrating the 25th anniversary of the School of Business and Economics. We are running fast to fulfill our vision of becoming the educational nucleus of a thriving North Bay economy. As we head down the path of our next 25 years, I invite you to run with us and be part of our community.

Our Vision

Sonoma State University's School of Business and Economics will be the educational nucleus for a collaborative, thriving North Bay Economy.

William D. Scher

2010-2011 Highlights

Giving while Getting Extraordinary Learning Experiences

Students learned about and demonstrated great leadership in Liz Thach's Leadership course this past year when she challenged them to build a business which would earn at least \$250 for their favorite charity.

- Students launched and ran nine businesses in a variety of market niches including safe transportation, affordable apparel, pet services, and food products.
- Students learned how team leadership and all operational areas affected their business: mission/vision/values, operations planning, marketing strategy, human resource strategy, and detailed financials including cash flow.
- Over \$3,500 was raised for nine charities ranging from the Redwood Empire Food Bank to the Japanese Tsunami Relief Effort to the Humane Society.

Investing in Partnership

We received three named gifts this year that invest not only in our School but in the economic vitality of the North Bay.

- **F. Korbelt & Brothers Professor of Wine Business**, generously supporting awardee Liz Thach in her research and outreach to the benefit of the wine industry and the School.
- **Frank Howard Allen Realtors Research Fellow in Economics** generously providing awardee Rob Eyler funding for his economic development work focused on the regional prosperity of the North Bay.
- Seed money generously provided to create the **Weiss/Caldwell Entrepreneurs Society** to support entrepreneurial innovation and help launch new businesses in the region.

Our Students, Their Future

As we continue to build and grow our SBE Career Center, it is able to reach and do more for our students and our business partners.

- We worked with over 750 organizations; more than double that of last year.
- Our internship program continues strong with 140 internships throughout the year serving 95 organizations. 40% of internships culminated in full-time positions.
- Three months after graduation, 76% of our students were either employed or continuing their education.

Research with Impact

Our research not only advances knowledge in various fields of study, it also has a strong impact on the success of business in our region and beyond.

- In a study for Oliver's Market, we show the strong multiplier effect of a "Go Local" business strategy.
- Research by a number of our faculty highlights ways in which going "green" can be a competitive advantage for companies ranging from hotels to wineries.
- For insights on wine marketing to different audiences and in different segments, wineries can look to any number of studies by our wine business faculty.

Extraordinary Experiences in Learning

GOAL 1

Learning – It's not only about the classroom.

Our goal is to provide extraordinary experiences in learning that allow our students to set and reach goals larger than their own self-interests. We do this by offering programs designed to meet the needs of our region, developing innovative courses that emphasize best business practices, and employing teaching methods that personalize the educational experience and help students to achieve their goals. During the 2010-2011 academic year, we pursued extraordinary learning experiences for our students in several ways.

BUILD A BUSINESS, FULFILL DREAMS

This past Spring, Dr. Liz Thach challenged teams of her students in Bus 452 Leadership to create a business with the goal of making \$250 by May 1st which would be given to the charity of the team's choice.

"Since this is a senior leadership class," says Dr. Liz Thach, "I wanted the students to have a team leadership experience, but I also wanted to incorporate the new learning concept of community engagement. A challenge such as starting a business with a clear profit goal for charity allowed them to unleash their entrepreneurial spirit and apply leadership theories and skills in a real world setting."

The student teams took the roles of CEO, CFO, COO, CMO, and CHMO. Each student wrote regular reports describing how specific leadership theories affected their business progress. They provided their key learning takeaways as part of a final presentation describing how all areas affected their business: mission/vision/values, operations planning, marketing strategy, human resource strategy, and detailed financials including cash flow.

What did they experience ?

Bridget Brugman: *"It was fun to apply the business knowledge we learned in our leadership class to a group project that benefited other people."*

Evan Gerhardt: *"Running a business has taught me the hard work and perseverance required to succeed."*

Kelsi Ryan: *"It was about contributing and making a difference in the community."*

Marcus Sarale: *"It was a good learning experience to have a supplier that presented to our group real business issues such as delays and inaccurate orders."*



Martin Lipman ('12) and Marcus Sarale ('11) promoting their t-shirt product on campus.

The Results?

\$3,500 total was raised from a wide variety of student-run businesses benefiting a number of local charities.

Business	Charity	Mission
A Little Indulgence	<i>Share Our Strength Foundation</i>	Give families and children cupcakes, cookies and smiles
Pups N' Suds	<i>Humane Society of Sonoma County</i>	Provide a dog walking and washing service for local pet owners while raising awareness
Baller Bus Trips	<i>Verity of Sonoma County</i>	Provide North Bay sports fans a safe and hassle-free trip to Bay Area sporting events by coordinating tickets and transportation so focus is on having fun
Student Apparel Works	<i>Community Health Foundation of Greater Petaluma</i>	Provide quality, affordable apparel to college students with an emphasis on specific courses of study
Seawolf Walkers	<i>Sonoma County Humane Society</i>	Give dogs the playtime and exercise they need to live a healthier happier life
Breakfast for Breasts	<i>Women's Cancer Awareness Group</i>	Provide delicious treats at an affordable price to the people of Sonoma County
Dream A Little Dream	<i>Boys and Girls Club of Rohnert Park</i>	Provide craft lovers of all ages with quality handmade dream catchers with the hope of enhancing the lives of children
Clever Goat	<i>Napa Emergency Women's Shelter; Japanese Tsunami Relief Effort</i>	Provide fun and creative T-shirts to college students
Re-conomy	<i>Redwood Empire Food Bank</i>	Acquire specialized products at an inexpensive price, which we redistribute to online shoppers nationwide

THE WELL-ROUNDED GRADUATE: THE ACCOUNTING FORUM

Professional student clubs such as our Accounting Forum enable students to take learning beyond the classroom and into their profession. Joe Standridge, the Accounting Forum's faculty mentor for the past 10 years, offers that *"The Accounting Forum provides a clear direction for students. It defines a path from college student to career."*

As faculty leader, Joe's job is to articulate that path. To this end, students are exposed to accounting firms and recruiters early on through a variety of activities such as Meet the Firms—an evening where students and firm representatives mingle together and get to know each other—and field trips to both local firms and Big 4 accounting firms in San Francisco. These events help students learn about the different types of accounting, the difference in firm cultures, and give them the opportunity to practice their professionalism in a less intimidating environment than in a job interview or in the first big meeting with a client.

In their sophomore and junior years, the Accounting Forum encourages students to participate in leadership programs put on by the accounting firms and helps them secure coveted internship positions. The Accounting Forum also has a resume and interview workshop to build skills and confidence, and to prepare students to fine-tune all aspects of the interview process.

But, as we often hear, the journey can be as important as the end goal. That journey is best reflected in the following words from Joe Standridge.

“The real value of the forum is in the students we attract and develop.

*Every semester we do something in the community. We have cleaned creeks, recycled, prepared income tax returns for the less fortunate, and raised funds for the boys and girls club through an annual 5k race. And, at every event, our students turn out in mass to support these projects. **They are not required, they just do...** They embrace these values.*

*It is also not good enough to just land a job. Even after a student receives an offer they stay involved. They believe in the program and perpetuate it. **They recruit, they come back to campus, they volunteer, they donate time and money, and they go beyond their needs.** They are loyal and take care of each other.*

*At the PWC field trip, I spoke at length to three former students: one just started a month ago; another, a manager; and the third had been there ten years and had been recently promoted to director. **These were good kids. Now they are good business professionals.** I would like to think that the Forum was a part of that success through our direction and focus.”*



Morgan Latham (senior), Joe Standridge, and Gillian Huggins (senior) at the Accounting Forum’s annual Meet the Firms event.

THE ECONOMICS BROWN BAG LECTURE SERIES

Our Economics Lecture Series reflects one way that we bring research, faculty, students, and learning together. The series is a forum for researchers to present work-in-progress to colleagues and students in order to foster discussion and receive valuable feedback that expands and enriches their research. In these informal brown-bag workshops, students experience more in-depth learning as they join faculty in debating the merits of an idea and the future directions of the empirical research. These workshops help to shape research on current issues that inform economic decisions, further economic scholarship, and ultimately advance our students’ learning.

One example is Dr. Florence Bouvet’s research on the European debt crisis. In March she presented a paper titled “Interest-rate Setting at the ECB Following the Financial and Sovereign Debt Crises, in Real-Time”. This research finds evidence of a shift in policy affecting the European Overnight Index Average in December 2008 and an increase in the index as Greek sovereign risk rises.

This is one of the outcomes of Dr. Bouvet’s research on the European Union, and is illustrative of the way in which research, because of its multi-faceted implications, provides an extraordinary experience in learning for faculty, students, and the community.

“Most of my research is centered on the European Union, and I do use my expertise about these countries in class, notably when I want to put our class discussion about the US in a global perspective. For instance, when we talk about unemployment, we discuss why the European labor markets are different and their rigidities lead to higher unemployment. ”

GOING THE DISTANCE: COHORT ONE COMPLETES THEIR EXECUTIVE MBA

In Spring 2011 the 19 members of Cohort One earned the first Executive MBA degrees conferred by the School of Business and Economics. As well as the coursework and projects that earned them their degree, fall 2010 found those 19 students on a 10-day international tour of businesses in Vietnam and China.

Students observed global business practices and the way they are shaped by differences in culture as they visited businesses varying from Chinese robotics entrepreneurs to Marriott Hotels to a firm focusing on the intellectual property aspects of piracy and patents.

In Vietnam students came face-to-face with the tradeoff between labor conditions and costs and the values-based dilemma it poses. They visited a US-owned factory built to replace its more costly Oregon-based predecessor. The cost reductions enabled it to survive (and eventually grow) when heavy competition threatened to shut down the business. But, the boost in business came at the expenses of substandard working conditions (and lost US jobs), and yet, for the Vietnamese employees, it represented tremendous economic opportunity. Was this an ethically run company?

"We don't tell students what the right values are," says Dean Silver, "but we do try to teach them how examining their own values can help them make decisions in the context of real business challenges and ethical dilemmas."



EMBA Cohort One students shows their colors after business meetings in China.

What did their EMBA experience gain them?



Meredith Nicklas:

Director of Finance,
Marriott Hotels

"You learn a lot when sharing your experiences with other students. We'd read a business case and interject our own experiences."



Bryce Pattison:

VP and CFO,
Royal Petroleum Company

"I wanted to expand my business network and remain in this community...Professionally, it's given me a bigger tool kit."



Dr. Stefan Tunev:

Senior Scientific Program
Manager, Medtronic

"Now I know how to make a business case, and my operation has nearly doubled in the last 18 months in space, equipment and staffing..."

At 15, the Wine Business Institute has aged well.

We are not only a catalyst of growth and learning for our students, but also for our community. If we are to realize our vision – *to become the educational nucleus of the North Bay Economy* – we must be a key element of the many inter-related parts, adding value to give our community its force and power.

When we look back at what the Wine Business Institute has done over its 15 years, it is the strong interaction with the wine industry that stands out. It is not only about what we have done, but also about what our alumni have accomplished in the industry and what they are bringing back to campus.

OUR ALUMNI LEADING OUT IN THE WINE INDUSTRY

Roy Cecchetti (MBA, '89)



As president & CEO of Cecchetti Wine Company with production of 220,000 cases in 2010, Roy emphasizes the importance of business knowledge for those striving to be successful leaders in the industry. Despite 15+ years of experience in management, when Roy moved into the wine business in 1985, he knew he couldn't succeed without refining his skills in finance and accounting. "People entering the industry have to see beyond the romance and be prepared with a realistic approach to running a business. I would not be where I am today without the tools I gained in Sonoma State's MBA program," he says. We're delighted that he agreed to bring his insights and experience to the Board of Directors of our Wine Business Institute this year.

Erica Hiller Harrop (MBA, '02)



In 2006, Erica started her own import packaging company, Global Package, LLC, where she holds the position of president. The journey that brought her to this place includes an MBA from the School of Business and Economics earned while working first as the president of an international import company and then as the US facility manager at Rémy Martin. Erica's ability to embrace challenges such as rising fuel costs, exchange rate increases, and the consolidation of many of the suppliers and wineries with whom she works has resulted in a highly successful business. Along with the support of her family, she attributes her success to the education she received at Sonoma State University.

Read more stories about our alumni at work in the wine industry.



Read about Nyk King's accomplishments at Chateau Montelena and about other outstanding alumni.

Visit the alumni section of our website at www.sonoma.edu/sbe/alumni—or—use your smartphone to scan this QR code.

OUR ALUMNI LEADING HERE ON THE SSU CAMPUS

"Sips, Bites, and Bids" Event

The Wine Business Institute Alumni Council, dedicated to supporting the Wine Business Institute (WBI) and our wine business programs, welcomed parents and students to SSU's October 2nd Parents and Homecoming Weekend with a wine tasting and silent auction. Two hundred and twenty five guests shared sips of wine poured by the Alumni Council from their wineries along with cheese donated by Whole Foods. Meanwhile, guests enjoyed the opportunity to bid on donations generously provided by the wine industry.

But, perhaps, more importantly, they were able to talk with alumni and representatives of the industry to find out more about what we offer and what the wine industry offers our students. Broad participation from companies and industry leaders like Arrowhead Mountain Vineyards, Buena Vista Carneros, Ehlers Estate, Gary Farrell Winery, Gary Long, Geyser Peak Winery, Hanzell Vineyards, Hartford Court Winery, Jordan Vineyards and Winery, Kendall-Jackson, La Crema, Londer Vineyards, Schug Winery, Sonoma County Vintners Co-op, and Stephen and Pamela Schwitalla added to the event.

Said Ray Johnson, Director of the WBI, *"Seeing a group of our wine business graduates gathered together in one event was truly impressive. They have become the industry's next generation of leaders and entrepreneurs."*



Wine Business Institute Alumni Council members

Hailey Cook Covey ('11)	Social Media Marketing/Accts Receivable, Rombauer Vineyards
Paul Finn ('01)	Senior Analyst, Constellation Brands
Tyler Hancock ('09)	Wine Associate, Vino Volo
Armen Khachaturian ('03)	National Sales Manager, Ehlers Estate
Nyk King ('09)	E-Commerce Sales Specialist, Chateau Montelena Winery
Jessica Link ('07)	Owner, Linked Vineyards
Joe Lozinto ('09)	Sales Analyst, Jordan Vineyards and Winery
Remy Moore ('09)	Paralegal, Jackson Family Wines
Alissa Russell ('07)	Tasting Room Supervisor, Benziger Family Winery
Brian D. Shapiro ('10)	Media/Marketing Director, Accounting & Production, Stryker Sonoma
Joe Webb ('05)	Managing Partner, Londer Vineyards

THE 2011 SSU ECONOMIC OUTLOOK CONFERENCE: FINDING THE SUSTAINABLE PATH FOR THE PUBLIC SECTOR

In the wake of the financial crisis, the structural challenges facing our public sector are more evident. At our 2011 Economic Outlook Conference, we challenged those attending to find the path that would lead the public sector into a sustainable future. In his welcoming comments, Dean Silver framed this challenge in terms that resonated with the political and business leaders present in the room, inviting them to *“embrace the principles that are foundational to the success of our best-run businesses and organizations.”*

As a catalyst for regional economic development, the School of Business and Economics is working with our counties and cities to facilitate public sector transformation through partnerships with business, pension reform, and operational efficiencies. Our economic research, our leadership on economic development boards, and our educational programs and events are contributing in part to the journey the North Bay counties are making along their respective paths to sustainability. Along with keynotes from Rob Eyler and Dr. Joe Nation, the conference featured the Chief Administrative Officers from Marin, Napa, and Sonoma describing how their county government agencies have risen to the challenge.

MARIN COUNTY: CAO Matthew Hymel

Over the past three years, Marin County has reduced ongoing expenses by \$30 million and eliminated approximately 240 positions (or about 11% of its workforce). It created a new, lower cost retiree health plan for new employees, limited growth in existing retiree health plans, and set aside and budgeted for unfunded retiree health liabilities above ‘pay-as-you-go’ levels. Marin County has also negotiated a new miscellaneous retirement tier of 2% @ 61.25 with 5 of 6 bargaining groups.

NAPA COUNTY: CEO Nancy Watt

Napa County implemented a new, second tier retirement formula (3% @ 55) for safety employees and is in the process of implementing a new, lower tier retirement formula (2% @ 60) for all future non-safety employees. Both agreements retain the 50/50 cost-sharing provisions where county and employees share equally in pension increases and decreases from year-to-year. The new plans are expected to save the County and employees close to \$13.5 million over the next decade.

SONOMA COUNTY: CAO Veronica Ferguson

Sonoma County is working with fewer resources and developing new service models that cross political boundaries and old thinking in order to preserve core services and build new cooperative partnerships with the private sector. In addition to working on pension reform, Sonoma has modeled thoughtful stewardship with the following.

- Adopting a balanced budget in June incorporating new policies including no reserves or one-time funds for on-going costs. Strategically reduced the workforce, eliminating 172 positions, and concentrating existing resources on critical services.
- Advancing its Energy Independence program and investigating the feasibility of a locally controlled power system through a possible Community Choice Segregation system.
- Launching a comprehensive plan to boost private sector employment.
- Working with other jurisdictions to provide services to residents without duplication.

SEEDING ENTREPRENEURSHIP AND INNOVATION AT SSU

This past year, Steve Weiss and Mary Caldwell invested in the School's Entrepreneurship and Innovation efforts with a generous \$25,000 gift of "seed money" to create the **Weiss/Caldwell Entrepreneurs Society**. But even more valuable than the financial gift is the gift of dedication and commitment that gave birth to this society, founded to mentor, guide, and support the synergy between entrepreneurs and the vibrancy of our region.

Steve and Mary's love of region, entrepreneurship, and education comes together in the Society which will be comprised of members of the North Bay Angels and other volunteers who will share their expertise with students and faculty across the Sonoma State campus. The resulting Sonoma State University Entrepreneurship and Innovation Program, which lays the foundation for a permanent Entrepreneurship and Innovation Center, will offer a range of mentoring and support activities such as the development of entrepreneurship classes, the creation of hands-on learning experiences with student-run enterprises, support for the annual business plan competition, and funding for research projects that explore entrepreneurial success, innovation, and business strategies for growth.

We are proud to partner with Steve and Mary as we grow and nurture entrepreneurship at Sonoma State.

"As a scientist, as an entrepreneur, and as an investor I've learned that success often has as much, if not more, to do with people and with mentoring along the way as it does with the product. Seeding an Entrepreneurship Society is a way to invest in developing both new talent and innovative businesses."



THE ECONOMICS OF GOING LOCAL: THE OLIVER'S MARKET CASE



When Tom Scott, General Manager of Oliver's Market and Sonoma State alumnus wanted an independent evaluation of Oliver's "Go Local" business strategy, he turned to his alma mater for help. Our Center for Regional Economic Analysis, headed by Dr. Robert Eyler, conducted research which showed that even when a non-local price is lower, it still pays to buy local. How can that be? In economic terms it is called the multiplier effect and means that Oliver's strategy to "go local" not only benefits the market, but benefits all of Sonoma County and beyond.

For example, when Oliver's buys its goods, this generates revenues for its supplier. That supplier then pays taxes, pays its own suppliers, and needs to fill jobs. Thus, if that supplier is local, those taxes, dollars, and jobs nurture our local economy. From the supplier's point of view, the ability to sell to Oliver's rather than a non-local market means that the taxes, retail sales, and jobs generated by the sale of their product to the end consumer *also* stay local. Eyler's study shows that the benefit to the community is 32% higher when local suppliers can sell to Oliver's than when they sell to a non-local market. When we buy local at a market that also buys local, the difference in additional business revenue generated is over 100% and 42% in additional state and local taxes. This gives us a lot of power to boost our economy.

Oliver's Markets' current operations provide over \$84 million in business revenue for Sonoma County, \$8.5 million in state and local taxes, and create or sustain over 667 jobs locally."¹

Matching talent with opportunities (and opportunities with talent.)

NETWORKING MIXER: ALL ABOARD, NEXT STOP THE FUTURE

This past April we held our first all-SBE Networking Mixer to bring students into the world of networking and to give them practice interacting with business leaders, marketing themselves, and growing their networks as they begin to explore careers and employment opportunities. The mixer featured an inspiring message by keynote speaker John Jordan, CEO, Jordan Winery and Vineyard.

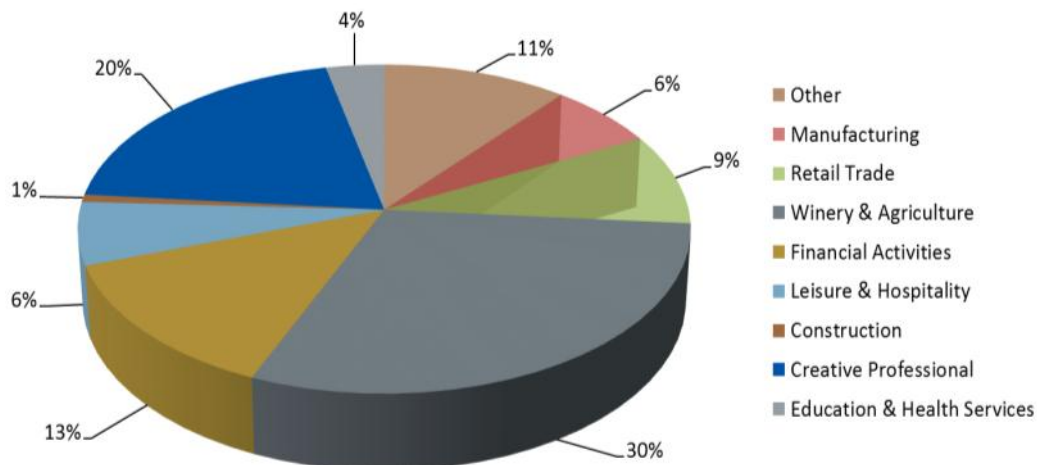
The energy generated by the **132 industry representatives, 22% of whom were alumni, and the 111 students attending reflects the power** that we can bring to bear when we work together. The students ranged from freshmen to graduating seniors. And the industry representatives came from a broad spectrum of companies, including those at right.

Did it work? It did according to Kim Powers (Marketing, '12) who secured an internship with the Napa Valley Wine Train for Summer 2011. Says Kim, *"The Wine Train is so much fun! I am very glad that the School hosted the Spring Mixer where I met Andrea Guzman, business alum and promotions manager at the Wine Train. I am proof that the event does work!"*

Allen Wine Group / Bank of Marin
 Vineyard and Winery Management
 Stryker Sonoma / Silicon Valley
 Bank / HydroPoint / Artesa
 Vineyards / Eagle Strategies / Wines
 and Vines / County of Sonoma / City
 of Napa / Constellation Brands
 Sherwin Williams / Traditional
 Medicinals / Merrill Lynch / CED
 Santa Rosa / Exchange Bank, Kaiser-
 Permanente / Zoe's Meats / Target
 Robert Young Vineyards / Ghilotti
 Construction / Jordan Winery
 Trinchero Estates / Kendall Jackson
 Alcatel-Lucent / Edward Jones
 Hertz / Comcast Spotlight / Metier
 Mineral Fusion / Enterprise

EMPLOYER OUTREACH

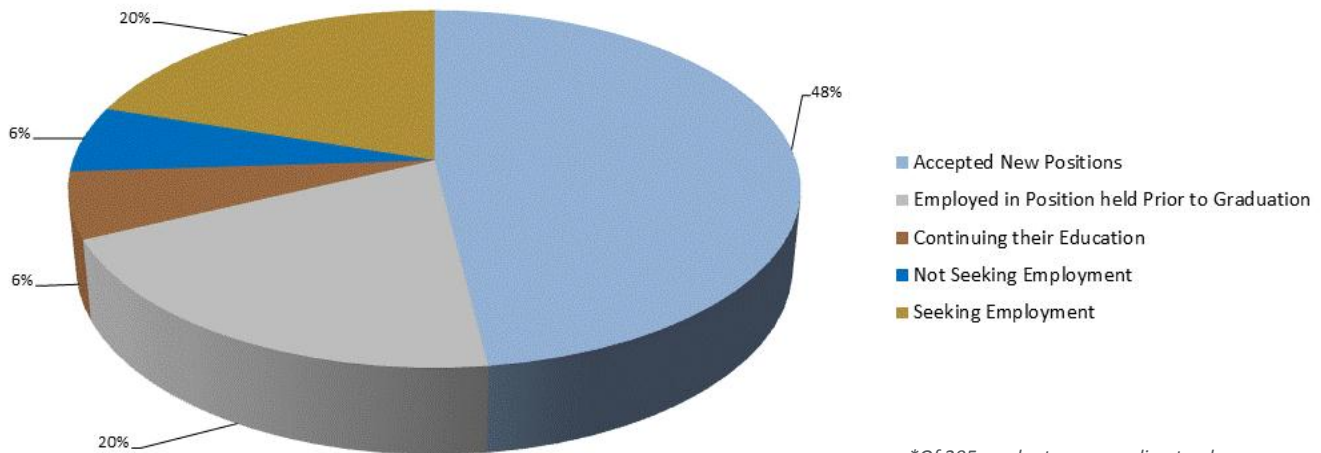
We have more than doubled the organizations that we serve and the many industries represented in this **pool of over 750 employers** reflect the School of Business and Economics Career Center's commitment to serving both our business community and our students by facilitating the link between them.



The Results?

- Our internship program continues strong with **140 internships throughout the year** serving 95 organizations. 40% of internships culminate in full-time positions, double that of 2009-2010.
- Three months after graduation, 76% of our students were employed or continuing their education.

Placements Three Months After Graduation*



**Of 205 graduates responding to phone survey*

Reach out. Learn more about hiring our students.

Since its launch in 2008, the School of Business and Economics Career Center has proven its value to students and regional employers. We invite you to access our dedicated resources to help with your hiring needs. And we likewise ask you to spread the word about the many ways to engage with our growing talent pool of undergrads, graduate students and alums.

Mentor Program—Workplace professionals partner with a student in a variety of career-building activities.

Internship Program—Students apply knowledge gained in the classroom to meaningful positions in the business world.

Job Search Workshops—Human Resources professionals deliver training on resume and cover letter writing, networking and interviewing.

Company Information Sessions—Employers present their organization's internship opportunities and career positions.

Career Events—Career and Internship EXPO (partnering with Santa Rosa Chamber of Commerce); World of Work Fair; Spring Networking Mixer.

On-Campus Recruiting—Interview rooms and recruitment assistance are provided to employers.

Job Listings—Career positions (full & part time) are posted for students and alumni; the Career Center list-serve and Linked-in Group provide news on Career Center programs, activities, workshops, jobs, internships.

Advancing Best Business Practices

GOAL 4

Research that changes the way we do business.

Our goal is not just to perform research but to advance business practices that inform, excite, and benefit our stakeholders—not just other academics but our students, our community, and the businesses in our region. Below are examples showing the breadth and relevance of the many research projects in which our faculty engaged in 2010-2011.

Title	Author	Focus
An Investigation of Old School Values in the Arena Football League	D Aiken, R Campbell, A Sukhdial	Finds demographic differences in those who hold old school values with females being significantly more old school
Impromptu Presentations: Boosting Student Learning and Engagement Through Spontaneous Collaboration	A Gilinsky and K Thompson	Describes pedagogical approach that produces full engagement and rapid information processing by students
Selling Sommeliers on Your Wine-New Study Identifies Factors Restaurants Use to Buy Wine	L Thach and T Lease	Provides an overview of the most important factors in convincing California restaurants to sell your wine
Cult Wine	D Horowitz	Offers an alternative conceptualization of cult wine that explains a willingness to pay exorbitant prices
Ceja Vineyards: Marketing to the Hispanic Wine Consumer	A Gilinsky, L Nowak, C Santini, R Villarreal daSilva	Promotes in students the value of analyzing the pros and cons of marketing to a specific demographic
A Game-Theoretic Approach to Hedonic Housing Prices	C Habito, M Santos, A Victorio	Uses sequential bargaining between buyer and seller to explain hedonic housing prices
Does Mental Workload Matter in Self-Service Design?	K Phongkusolchit and J Sutanonpaiboon	Finds that mental workload affects customers' willingness to adopt self-service technologies
Unto Others: Three Exercises that Demonstrate the Human Capacity for Altruism	J Urbanski	Provides guidance to educators to explore the human capacity for cooperation and counter the overreliance on self-interest
Benchmarking Northern California Wineries	D Jordan, D Aguilar, A Gilinsky	Provides winery financial ratios typically not shared
Wine Pricing Strategies in Good Times & Bad	S Cuellar and L Thach	Describes pricing strategies that help to sell wine while protecting brand image
Marketing Green Wine: New Study Provides Insights to Encourage Consumers to Buy Organic and Eco-Friendly Wines	J Olsen and L Thach	Finds that the popularity of green wine is complicated by the fact that many already perceive wine as healthy
Implementing Ethical Leadership: Current Challenges and Solutions	K Thompson, L Thach, M Morelli	Finds that a surprising percentage of leaders who witnessed ethical misconduct chose not to report it
Teaching Green Business	R Girling	Analyzes value of sustainability practices for business and shows how to teach relevant management techniques
The Role of Human Capital in Network Effects	C Kim and Gieyoung Lim	Finds that the human capital level of immigrants plays an important role in enhancing US exports

LIZ THACH: F. KORBEL & BROTHERS PROFESSOR OF WINE BUSINESS



The inspiration of Gary Heck, owner, president and CEO of Korbel Champagne Cellars, has been a driving factor behind the 15-years of our Wine Business Institute, and his creation of a professorship is yet another manifestation of his vision and generous support. The professorship gives faculty the freedom to focus on all of their roles: as educator, as researcher, and as advocate for the wine community and its needs.

And who better to be awarded this professorship than Dr. Elizabeth “Liz” Thach who has recently achieved the prestigious Masters of Wine. The Masters of Wine epitomizes the need for

expertise in both theory and practice and in the treatment of wine as an art, a science, and a business. It indicates a commitment to professional excellence and the promotion of learning. As one of only 300 Masters of Wine in the world and only the seventh woman to earn that distinction in the US, Liz is a perfect candidate for the F. Korbel & Brothers Professorship which represents those same high standards as they are held by our Wine Business Institute and the industry professionals that support it.

Liz has a thirst for learning about and furthering all aspects of the field of wine and then turning around and sharing all that she has learned. Her research this past year has ranged from a study examining the market for organic or “green” wines to the expanded list of “wine occasions” enjoyed by Millennials to the way Millennials in five countries react to “bubbles” with both similar and different ways of perceiving sparkling wine. And, of course, each study provides the practical marketing implications so important to the wine business industry.

Her goals reflect her understanding that the many different aspects of the wine industry and of wine education are entwined. Thus they include, among others:

- Completing her book on the ten top vineyards of Napa and Sonoma;
- Working the harvest season at a winery for even deeper hands-on experience;
- Developing her research stream on the wine preferences of Millennials;
- Producing an annual report of practical aspects of the research conducted by the Wine Business Institute.

“It is a special honor to receive this professorship since Korbel is the oldest continually operated champagne house in the USA and a shining example of a successful wine business. I am excited about the opportunities it presents. I will be able to hire more students to assist with wine business research, which will not only help our students learn and grow, but will allow us to focus on critical wine research needs in the community.”



ROB EYLER: FRANK HOWARD ALLEN REALTORS RESEARCH FELLOW IN ECONOMICS

Regional economic prosperity has been a passion shared by both Larry Brackett, Chairman and CEO of Frank Howard Allen Realtors, and Dr. Robert “Rob” Eyler for many years. Therefore, it is fitting that Larry Brackett be honored as one of SSU’s Distinguished Alums this year and equally fitting that Rob Eyler be named the Frank Howard Allen Research Fellow in Economics, a fellowship designed to promote research and education in regional economic development.

These two distinguished “fellows” share a love of the region and an understanding that our region is underachieving when economic development is directed towards a more narrow local focus rather than the broader and more prosperous regional context. As well as being an insightful researcher, Rob’s gift is in synthesizing and communicating his economic research so that it benefits policy makers and the business community. He excels at analyzing trends from the global arena, the US arena, and the California arena and bringing that understanding to bear on what it means for the region as well as how the region can work together to prosper within that economic environment.

Rob has been a resource to the business community for many years as the featured speaker at SSU’s annual Economic Outlook Conference. And he is often called upon to share his economic outlook with various organizations and at conferences all across Northern California.

As well as his work on the economy as a world, as a country, as a state, and as a region, he works with individual companies and organizations. He has been involved in a number of studies helping businesses to understand their economic impact and what they need to do to fit their strategies to succeed in the economic environment in which they find themselves. One such endeavor is the Go Local study for Oliver’s, featured earlier in this report.

Rob’s contributions across a broad spectrum of activities include:

- Chief Economist, Marin County (previously held CEO position);
- Impact of proposed regulation to restrict water use for frost protection on regional revenues, jobs, and land values;
- An international textbook on Money and Banking published by Rutledge Publishers as well as a number of cases helping students to understand business within our region;
- Co-Leading the 1st Annual Seed Round Business Plan Competition to mentor and support entrepreneurs.



Business Exemplar

GOAL 5

Not only teaching best practices; implementing them as well.

Our stakeholders expect to see the School of Business and Economics grow and thrive. And we owe it to them to find ways to increase the value of the SSU degree. The best way to fulfill this expectation and obligation is by being authentic.

THE SCHOOL OF BUSINESS AND ECONOMICS BRAND

Having established a new vision for the School and a plan for reaching it, we have been tackling the challenge of communicating our vision and inspiring involvement in the action priorities that support it. The implementation of a successful marketing effort to develop and achieve our brand is an ongoing and urgent focus of activity and one way we hold ourselves accountable to our business exemplar goal.

The success of our marketing efforts has depended in large part on changing the broader reputation issues the School, Sonoma State, and the CSU system as a whole have been facing. The story and the expression of the School of Business and Economics is becoming something exciting and something everyone is inspired to expend discretionary time, treasure, and talent toward. Aligning marketing efforts with the School leadership's efforts in this area is critical for our success and will remain a priority for the coming year.

Our focus for the 2010-2011 academic year included:

Significant growth in PR outcomes	<ul style="list-style-type: none">• Increased press hits from 9 in 2009-2010 to 57 in 2010-2011• Ensured coverage across many centers of activity: 41% wine; 23% economic development; 18% academics; 11% scholarships & gifts; 7% events
Development of a “crack marketing team” of student talent	<ul style="list-style-type: none">• Hired and trained business undergrads who are continuing as team members (and trainers) in the 2011-2012 academic year
Expansion of advertising placements	<ul style="list-style-type: none">• Invested in ads to: 1) increase brand awareness and applications to grad programs and 2) drive attendance at info sessions• Highlight current students and alums as means to tell our story
Growth of an asset library	<ul style="list-style-type: none">• Ran photo and video shoots for all executive MBA students, for all concentrations on commencement day and of alums in their work place
Expansion of community outreach and in-kind sponsorship activities	<ul style="list-style-type: none">• Participated in targeted community events like Women in Business and the Sustainability Conferences• Partnered with Business Journal to increase effectiveness and reach of our Economic Outlook Conference, including a special content insert
Enhancement of web capabilities and content	<ul style="list-style-type: none">• Applied new assets, PR outcomes and event activity to enhance communication with stakeholders

TRIPLE BOTTOM LINE RESEARCH ADVANCING BEST PRACTICES FOR REGIONAL PROSPERITY

Three ways in which we implement our commitment to the triple-bottom line are through research, community engagement, and education .

Sustainability Matters

A study by Dr. Tom Atkin, Dr. Armand Gilinsky, and Dr. Sandra Newton provides guidance to the wine industry about the impact of Environmental Management Systems (EMS) use by wineries across the US. In a sample of 98 randomly selected wineries, a little over a fifth indicated a clear case for EMS while up to 75% indicated they had adopted some sustainable practices. According to respondents these practices had the most impact on their customer loyalty and brand differentiation and on their cost efficiency with those companies with a clear EMS indicating a cost leadership advantage relative to those without. The impact of wineries that focus on sustainability also reaches further in that many respondents required their grape growers and other suppliers to meet sustainability standards.



Sustainable Enterprise Conference

The School of Business and Economics actively supports the Sustainable Enterprises Conference which celebrated its sixth year this past spring. Our own Professor Robert Girling is a founding conference Board Director and continues to spearhead the effort. The conference meets the needs of businesses wishing to prosper in the North Bay by providing up-to-date information on how sustainability can drive the economy of our future. As part of this effort to educate and help businesses as they develop new sustainable business practices, Dean Silver and Robert Eyler joined 5th District Supervisor Efren Carrillo and Soiland Management Co. President and Owner Marlene Soiland in sharing North Bay opportunities in sustainability.



“Good Hotel: Doing Good, Doing Well”

Good Hotel is a San Francisco hotel that has built into its operations the ethics of a positive attitude, environmental sensitivity, and philanthropy and has, thus, become the first to be branded as a “hotel with a conscience.” This was not an accident or a by-product but a specific strategic decision made when the hotel’s management was taken over by Joie de Vivre in 2008. Dr. Armand Gilinsky, along with his co-author Dr. Noorein Inamdar of San Jose State University, won a 2010 Best Case Award from the North American Case Research Association for their case describing how development of this commitment to social entrepreneurship earned the hotel a competitive advantage in the hospitality industry. Through this case, they bring into the classroom and into the tool set of students everywhere not just the viability of sustainable practices and strategic corporate social responsibility but also a company’s ability to achieve success through innovative implementation of such an ethic.



THE SBE EXECUTIVE COUNCIL

The most well run organizations of today are known for their intimate connection with and knowledge of customers and stakeholders. It is part of doing business in the “experience economy” and requires creating opportunities for stakeholders to be part of the key decision making processes. In the spring of 2011, we formed a new Executive Council to serve as the board of advisors for the School of Business and Economics, and to represent key community constituencies in our strategic management. Our Executive Council includes prominent regional business and government leaders who give of their time, talent, and resources to help us reach for our vision.

Mike Adler	<i>CEO & Chairman (retired)</i>	MotoPhoto
Hoji Alimi	<i>CEO</i>	Oculus
Brad Baker	<i>CEO</i>	Coding Enterprises
Brad Bollinger	<i>Editor-in-Chief</i>	North Bay Business Journal
Larry Brackett	<i>Chairman</i>	Frank Howard Allen Realtors
John Brady	<i>CEO</i>	Sonoma Warehouse
Efren Carillo	<i>Chairman</i>	Sonoma County Board of Supervisors
Don Chigazola	<i>Site Director of Operations</i>	Medtronic
Kevin Evans	<i>CEO</i>	Energy Connect
Jim Ford	<i>Principal</i>	Fifth Resource Group
Brenda Gilchrist	<i>Managing Partner</i>	HR Matrix
Jeff Gutsch	<i>Partner</i>	Moss Adams
Jean Hackenburg	<i>Vice President Finance (retired)</i>	Alantro
Gary Heck	<i>CEO</i>	Korbel
David Hehman	<i>Founder</i>	Spartina Ventures
Blair Kellison	<i>CEO</i>	Traditional Medicinals
Jim Kuhns	<i>Chairman (retired)</i>	Independent Consulting Resources
Chris Lynch	<i>Vice President of Operations</i>	Foley Family Wines
Lisa Schafner	<i>CEO</i>	Sonoma County Alliance
Bill Schrader	<i>CEO</i>	Exchange Bank
Chris Stewart	<i>President</i>	Invention Planet
Tracy Terrill	<i>CIO</i>	Legalzoom
Henry Trione	<i>Consultant</i>	Trione Winery
John Webley	<i>CEO</i>	Innovative Labs
Steve Weiss	<i>Founder & Chairman Emeritus</i>	North Bay Angels

This past year, the Executive Council was focused on a number of key opportunities and challenges facing the School. First, we looked at our resource base and evaluated strategies for diversifying our revenue portfolio. We discussed the SBE’s role in economic development efforts and are working together to help the School be a catalyst for regional collaboration. A number of Council Members are active participants in building our Entrepreneurship and Innovation program. The work of the SBE Executive Council exemplifies the bilateral commitment between the School and its regional community. We are indebted to Council members for their service, and honor their commitment by holding ourselves accountable to the core business principle of adding value to receive value.

Management Discussion & Analysis

BUSINESS ENVIRONMENT

This past year, what has stood out most about our business environment is the strength and support of the community in which we live and work. Our relationship with the community is a symbiotic give and take that fosters synergistic, mutually beneficial results. The University as a whole is supported by prominent business leaders reflected in the funding for the Green Music Center gifted by Don Green (former CEO of Advanced Fiber Communications) and Sandy Weill (former CEO and Chairman of Citicorp). In the School of Business and Economics the programs of our Career Center, Accounting Forum, Wine Business Institute, Center for Regional Economic Analysis, and Business and Economic Student Association receive annual corporate sponsorship by our region's most prominent businesses. And, this past year we received three substantial gifts, investments from community leaders reflecting their support for our work and accomplishments.

The growing financial support only tells part of the story about our relationship with the community. Equally important is the interest we have from supporters who share generously of their time and experience. We have seen tremendous excitement from the many successful business leaders—both retired and active—to be involved in the School serving as volunteer faculty, mentors, judges, guest speakers, and advisory board members.

We are also partnered with many of our region's most important business associations on various programs and projects. In this past year we launched the Seed Round Business Plan Competition with the North Bay iHub and the North Bay Angels; the Career and Internship Expo with the Santa Rosa Chamber of Commerce; and the Economic Outlook Conference with the North Bay Business Journal. As we realize our vision—to become the educational nucleus of a thriving North Bay economy—we are becoming one of the many parts, adding value to give our community its force and power.

OPERATIONS

Strategic Management

The 2010-2011 financial statements reflect the progress we have made fulfilling our strategic plan. This was year two of our 5-year forward looking strategic planning cycle. We have worked carefully to align our annual action priorities and operations with our strategic goals and mission. In the pages of this report we have discussed some of the ways in which we use broad stakeholder input to keep our resources deployed where they can have the greatest impact in moving towards our vision. Our financial performance reflects this progress in a number of ways.

Center Support

Our financial performance includes sustained support for our Career Center efforts to expand the employers served and the job performance of our students. We also have maintained start-up support for our Economic Development and Entrepreneurship Centers building a foundation in preparation for increased investment in the near future as these efforts mature. Finally, the increase for the Wine Business Institute reflects new activities and programs to better support our wine industry stakeholders.

Revenue

In 2010-2011, we increased revenue from new programs, expanding our new revenue portfolio and decreasing our dependency on State funding from 92% to 77%.

Operating Expenses

The increased revenues have allowed us to increase our general operating, planning, and accreditation budgets to better serve our students and community with increasing quality. The largest increase in operating costs is in Departments, Stakeholders, and Programs reflecting our ability to mount a high quality and unique Executive MBA program which serves our community and strengthens our ties with the current and future leaders of the region.

INVESTMENT

Investment in our students and career success

With the Career Center building steadily, we have been able to turn our attention to supporting students in other ways. The expenses for operations, planning, marketing, programs, and the centers all reflect funds we have dedicated to hiring student interns to do many of the jobs that are needed to build and operate our School. Thus the funding we devote to getting the work done also invests in our students who are learning to apply their business skills

In addition, the Stakeholder expenses reflect our launch of the Business and Economics Student Association (BESA), a group of student leaders drawn from each of our student professional clubs. This group is focused on enhancing the co-curricular experience of all SBE students by sharing best practices, collaborating on activities, and facilitating peer learning. It is a forum that allows us to provide advanced leadership training and support to students who have embraced the challenge of leading their peers.

Investment in our faculty and staff

As the next step in developing our management operating system and as part of the business exemplar goal to develop our people, we invested in an organizational development effort for faculty and staff and revised communication and meeting processes as a result. We also continued to invest in our faculty's development through funding research projects and participation in academic and professional conferences. As well as resulting in 33 publications this year, faculty research informed industry professionals and academic communities in areas such as wine business (pricing, benchmarking, and marketing to the Hispanic consumer), sustainability (teaching green business), ethics (ethical leadership and understanding altruism), and even combinations of these (marketing green wine).

Investment in our School

As part of our effort to create more sustainable operations for the School, a critical investment was made this year in director positions. We hired a WBI director, funded through the philanthropic support of the wine industry; we hired a MBA director, funded through increased enrollments and fees in our MBA program; and we built the funding for an Executive MBA Director into the program costs of the EMBA to allow for more resources and permanent support to be devoted to that position. A rewarding aspect of investing in our School is that the "return" is to our student and community stakeholders.

SSU School of Business and Economics

Statement of Operations

Year ended	June 30, 2010	June 30, 2011
REVENUES		
State Funding	3,515,977	3,749,340
MBA Fee Revenue	138,557	139,706
EMBA Revenue	31,765	713,557
Other Program Revenues	60,909	84,978
Foundation-Trust	75,236	198,868
Total Revenues accrued	3,822,444	4,886,449
EXPENSES:		
Salaries		
Administrative Support	638,298	731,107
Tenure Track Faculty	2,743,491	2,783,475
Professional Faculty	228,938	374,560
Total Salaries	3,610,727	3,889,142
Operating Expenses		
Operations	53,017	62,518
Planning & Accreditation	24,992	32,624
Marketing & Communication	47,816	35,048
Departments, Stakeholders, & Programs	38,304	538,730
<u>Action Centers</u>		
Career Center	8,827	9,908
Wine Business Institute	18,797	47,203
Economic Development	4,739	6,572
Entrepreneurship & Small Business	7,374	4,984
Total OE	203,866	737,587
Professional Development		
SBE-wide research & development allocations	67,017	58,700
WBI research and development allocations	8,300	10,500
Total PD	75,317	69,200
Total Expenses accrued	3,889,910	4,695,929
Net Operations	(67,466)	190,520
Adjustment to Reserves (see footnotes)	(5,915)	(63,424)
Beginning Net Assets	623,315	549,934
Ending Net Assets	549,934	677,030

SSU School of Business and Economics

Statement of Cash Flow

Year ended	June 30, 2010	June 30, 2011
SOURCES		
State Funding	3,528,799	3,522,046
MBA Fee Revenues	138,557	139,706
EMBA Revenues	31,765	713,557
Other Program Revenues	72,893	98,728
Foundation-Trust	75,236	198,868
Total Sources	3,847,250	4,672,905
USES		
Salaries		
Administrative Support	632,763	707,867
Tenure Track Faculty	2,743,491	2,783,475
Professional Faculty	268,663	350,963
Total Salaries	3,644,917	3,842,305
Operating Expenditures		
Operations	51,962	65,854
Planning & Accreditation	37,933	27,199
Marketing & Communication	54,376	32,782
Departments, Stakeholders, & Programs	28,071	429,552
<u>Action Centers</u>		
Career Center	9,070	14,552
Wine Business Institute	18,484	47,684
Economic Development	5,369	5,872
Entrepreneurship & Small Business	7,374	4,984
Total OE	212,639	628,478
Professional Development		
SBE-wide research & development expenditures	51,472	57,166
WBI research and development expenditures	19,409	5,177
Total PD	70,881	62,343
Total Uses	3,928,437	4,533,127
Net Cash Flow	(81,187)	139,778
Beginning Cash	688,154	606,967
Ending Cash	606,967	746,745

SSU School of Business and Economics

Statement of Net Assets

	<u>June 30, 2010</u>	<u>June 30, 2011</u>
ASSETS		
Fund Balances	606,967	746,745
Rollover due from AA	77,467	114,241
Extended Ed Rec.	13,750	0
Total Assets	698,184	860,986
LIABILITIES		
Salary Pay	26,141	49,737
PD Outstanding	89,180	94,408
Accrued Expenses	32,930	39,811
Total Liabilities	148,251	183,956
NET ASSETS	549,934	677,030
Unrestricted	152,790	129,372
Designated	5,915	0
Restricted	391,229	547,658
Total Net Assets	549,934	677,030

FOOTNOTES TO THE FINANCIAL STATEMENTS

#1 Summary of Significant Accounting Principles

The SBE financial statements are prepared according to a modified version of GAAP for Not-for-Profit Organizations. (1) We report designated funds as a separate category of net assets for clarity. (2) We do not report permanently restricted funds as our endowments are managed by the University. (3) All transfers are due to release of temporary restrictions so we do not report them separately as such.

#2 Rollover due from AA

This is the State-funded allocation for 2010-2011 (2009-2010) that carries over into 2011-2012 (2010-2011) to pay for costs incurred but paid will not be paid for until the following year.

#3 Adjustment to Reserves

09-10 Adjustment to Reserves is to recognize funds reserved for Encumbrances

10-11 Adjustment to Reserves reflects a net deferral:

Consistent with government accounting, the \$190,520 revenue received in excess of costs is deferred (reallocated) to be recognized as revenue in the next fiscal year to match with costs incurred. This amount is net of \$127,096 in costs expensed in 09-10 that received reimbursement from the EMBA self-support program under the new CERF (Continuing Education Revenue Fund) requirements for cost recovery. These costs are recognized in 10-11 as costs in Department, Stakeholders, & Programs for proper matching with EMBA revenue recognition and, therefore, an adjustment is made to add them back to beginning net assets to avoid double-counting.

What if "good enough" was never good enough ?

When you study business and economics you learn to appreciate the entrepreneurial spirit. The intangible spark that recognizes a need and creates something in response to it. To rally around that voice that says "This can be better."

That's how SSU was born and from where SBE has grown. From a group of faculty who connected the North Bay's unique spirit with a new teaching philosophy that pivoted around personal attention. Because listening to the voice calling for improvement empowers change.

We know this because we ourselves are entrepreneurs. We are looking at higher education and saying, "This can be better."

This Annual Report documents the accomplishments achieved in the past year. We are proud of what we have done but getting better is in our DNA. As we celebrate our 25th anniversary year, we simply can't help but seek more effective ways to encourage learning, to add value to our alumni's degrees, to help employers find excellent and adaptable talent, and to play our part in bringing together the North Bay community.



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School of Business and Economics

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