COLLEGE OF MANAGEMENT
ANNUAL REPORT 2004-2005

UPDATED 5/31/2005

I. Changes in Service Environment

A new classroom, the Ericsson Video Classroom, came on-line this year, bringing to 14 the number of College of Management classrooms equipped with the latest instructional technology. Also, renovation of the college’s auditorium has begun.

Teaching loads in the Department of Business Management and in the College of Management (COM) increased in 2004-05 and remain at high levels for the entire college. The loads for both the college and business management as a percentage of the university average follow. (Note that the COM was not removed from the average, so the actual teaching load is somewhat higher.)

<table>
<thead>
<tr>
<th>Fall Year</th>
<th>COM</th>
<th>Business Management</th>
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</thead>
<tbody>
<tr>
<td>Fall 2004</td>
<td>152%</td>
<td>162%</td>
</tr>
<tr>
<td>Fall 2003</td>
<td>142%</td>
<td>153%</td>
</tr>
<tr>
<td>Fall 2002</td>
<td>142%</td>
<td>148%</td>
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<tr>
<td>Fall 2001</td>
<td>143%</td>
<td>153%</td>
</tr>
<tr>
<td>Fall 2000</td>
<td>146%</td>
<td>154%</td>
</tr>
<tr>
<td>Fall 1999</td>
<td>166%</td>
<td>206%</td>
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</table>

To help guarantee seats for COM undergraduate majors, enrollment has been restricted. All 300 and 400-level business courses are restricted to COM majors only. Non-majors are able to add a business course only if it is required in their degree. To control the growth of majors, the previous on-campus and off-campus 3.0 GPA requirement to transfer into the COM has been replaced by a target number of admissions and a competitive admissions policy.

The demand for our professional graduate programs remains strong, but we continue to experience difficulty attracting high quality non-resident students due to the lack of sufficient tuition remission, teaching assistantship funding, and other financial aid.

II. Compact Plan: Major Initiatives

1. Maintain Teaching Quality

During the 1990s, student credit hours grew much faster than the college’s faculty, resulting in too many large (auditorium) section sizes. Currently, undergraduate enrollment is capped, but we are aggressively recruiting additional graduate students. Our goal is to reduce our average teaching load to 125% of the average for all other colleges. Currently 48% of all sections and 42% of all credit hours are taught by tenured and tenure-track faculty. Our accrediting goal is for these two performance measures to be at least 70%.
We do not have the start-up funding necessary to be fully competitive with peer schools that typically offer 2/9ths summer research support to faculty for two or three years. We have reached the 2/9ths for the first year. Our goal is to achieve funding for 2/9ths for the second year. This is a potential major problem for retention of junior faculty who may receive offers of both higher salaries and summer research support.

2. Progress on Increase in Staff Support
   We have hired one new academic advisor. No other significant improvement has been achieved except through the use of non-state funds and MBA and MAC tuition.

3. Growth in Graduate Programs
   Growth of our professional master’s programs is one of the COM’s highest priorities. Fall enrollment of master’s students has increased from 302 in 2002 to 412 in 2004.

   The MBA program has made significant progress toward this goal during this time period, with enrollment increasing from 209 to 296. Despite a 40% decline in application volume at United States business schools, our MBA program anticipates growing to over 330 students in fall 2005. Fall enrollment in the MAC program has also grown significantly, from 48 in 2002 to 70 in 2004.

   The first step of the campus initiated tuition increase for the MBA and MAC programs became effective in fall 2004; the second step goes into effect in fall 2005. These funds will enhance the academic experience of MBA and MAC students, as well as provide the administrative infrastructure necessary to pursue our growth targets. However, the college must receive additional funding for faculty positions and graduate assistantships.

   The MBA program was ranked #74 in the US News and World Report rankings for 2005. This places NC State’s MBA program in the top 15 percent of all accredited MBA programs that participated in the survey.

4. Create a Doctoral Program in Management
   COM is positioned to plan a new doctoral program with support from the university.

5. Undergraduate Enrollment in Management
   COM has adopted a capacity-based competitive enrollment process for transfer students, effective beginning with students entering in June 2005. This will help to reduce teaching loads to the targeted 125% of the average level.
6. Progress on Diversity Initiatives (See Section III)

7. AACSB Accreditation
   The Department of Accounting submitted its eligibility application for separate accounting accreditation to AACSB in August 2003. The AACSB pre-accreditation committee accepted the department’s application in October 2003. Dean Terry Strawser from Texas A&M was assigned as the department’s accreditation mentor by the AACSB. He visited the campus in March 2004 and met with administrators, faculty, staff, and students and submitted a favorable report to the AACSB pre-accreditation committee. The accounting department is currently in the process of developing its accreditation plan and self-evaluation report. The accreditation plan is expected to be submitted to AACSB during the fall 2005 semester. The department will finalize its self-evaluation report once its accreditation plan is accepted by the AACSB.

8. Enhanced undergraduate advising
   A new student organization, Peer Leaders, was formed by Millie Herget, undergraduate advisor, to assist with mentoring of first year students. The college has extended an offer to a new academic advisor and plans to hire a second new academic advisor this coming academic year.

9. Supply Chain Management
   Under the direction of Rob Handfield, Bank of America University Distinguished Professor and director of the Supply Chain Resource Consortium (SCRC), and Steven Edwards, co-director, the consortium was extremely successful in reaching its performance goals, with annual commitments from corporate partners totaling $420,000. In addition, the SCRC accomplished the following goals:
   - First organization of its kind to successfully integrate company challenges into both undergraduate and graduate education environments.
   - Fourteen corporations partnering physically and financially with the university to develop a pipeline of talented employees.
   - 100% placement of students concentrating in supply chain management.

10. High Technology, Entrepreneurship and Commercialization Center (HiTEC)
    The HiTEC Program and its accompanying MBA courses teach a rigorous analytical approach to technology commercialization utilizing real technologies. The COM continues its efforts to expand the scope of this program to accommodate a higher volume of projects involving technology originating at NC State, other universities, and the private sector. The HiTEC program has launched one biotechnology company based on NC State intellectual property. HiTEC is seeking outside funding to expand its program.

    The HiTEC curricula has gained international recognition and is being adapted and implemented in Loughborough, England and Porto, Portugal.
The college’s undergraduate Entrepreneurship Education Initiative (EEI) was ranked in the top tier by *Entrepreneur* magazine. EEI’s 12th Annual Business Plan Competition (with undergraduate and $10,000 open divisions) was held in May 2005. The open division first place winner was a team of MBA students whose business plan was based on technology they evaluated as part of their studies in the MBA HiTEC concentration.

**11. Center for Enterprise Risk Management (ERM)**

Under the direction of Professor Mark Beasley the department of accounting undertook several activities to further develop its ERM initiative, including:

- Secured $1,000,000 gift from Bank of America Foundation to fund the ERM initiative.
- Mailed an announcement regarding the Bank of America gift and the ERM Initiative to over 5000 business professionals, deans, accounting department heads, and former MAC and accounting undergraduate alumni.
- Hosted eight ERM Roundtables, with average attendance of about 100 professionals. Approximately 300 people have attended one or more ERM Roundtables. About 500 business professionals in North Carolina are invited to each session, and about 300 have attended one or more.
- Developed an ERM Initiative website which includes background information as well as archived presentation slides from previous ERM Roundtables.
- Published three practitioner articles about ERM in the *Strategic Finance*, *Internal Auditor*, and *Wisconsin CPA* professional journals.
- Developed a continuing professional education course on ERM for the American Institute of Certified Public Accountants.
- Gave speeches or presentations on ERM to 21 groups across the United States and in England during the year, including one to the Chancellor’s Academic and Administrative Group and another to all the internal audit staffs from the 16 campuses of the UNC system.
- Submitted a research grant for ERM research to the National Textiles Center.
- Completed an ERM research grant study funded by the Institute of Internal Auditors Research Foundation.
- Hosted three workshops for the COM faculty to discuss ERM issues.
- Created an ERM Initiative Advisory Council consisting of business professionals.
- Created an ERM Initiative Research Fellows group consisting of academic faculty from across the United States.
- Had an article on the ERM Initiative published in the April 2005 issue of NC State’s Alumni Magazine.
- Developed the first ERM-related MBA course in conjunction with the college’s business management faculty.
• Held numerous one-on-one meetings throughout the year with stakeholders to discuss ERM issues, the ERM Initiative, and/or the COSO ERM project. COSO is the Committee of Sponsoring Organizations of the Treadway Commission, formed to sponsor the National Committee on Fraudulent Financial Reporting.

12. E-Commerce Initiative
The E-Commerce @ NC State initiative is a collaborative effort of the Department of Business Management and the College of Engineering’s Department of Computer Science, co-directed by Michael Rappa, Alan T. Dickson Distinguished University Professor of Technology Management in COM and Peter Wurman, associate professor of computer science in the College of Engineering. The program is the preeminent e-commerce graduate education program in the state, and on a national scale, it has been ranked among the top 20 most influential centers of e-commerce education. The initiative is supported by donations from numerous corporate partners and by grants from the National Science Foundation (NSF) for faculty research. Proposals totaling $200,000 were submitted to the NSF this year.

The E-Commerce Program’s free online course, Managing the Digital Enterprise, is one of the most widely used sources of e-commerce education and research available on the Internet.

13. Center for Innovation Management Studies (CIMS)
CIMS, currently comprised of a network of five corporate sponsors and two non-voting members, maintains a strong relationship with the entire membership of the Industrial Research Institute (IRI). This year, through the efforts of Al Bean, director of the college’s Center for Innovation Management, and professors Angus Kingon, Steve Markham, and Lynda Aiman-Smith, in business management and HiTEC, CIMS received $600,000 over three years from the NSF to research the management of nanoscience knowledge and information. The center celebrated its 10th anniversary this year.

14. Center for the Study of Markets, Trade and Development
Funding efforts are under way to support the foundation of this proposed center.

III. Diversity Initiatives and Progress

Faculty
The COM has retained all of our minority faculty members. The Department of Economics will hire two women faculty members, one African American and one international. The latter is the first tenure track female faculty member for this department; the other will serve both as teaching faculty and as an administrator for the graduate programs. Business Management has three new hires for the upcoming year, one of whom is an international male.
Once again, through Wachovia funding, we were able to support retention of our minority faculty through travel support for professional development.

**Students**

Despite efforts to increase the yield of accepted minority students, there was a dramatic decrease in the college’s number of entering African American students for fall 2005. Twenty-one African American students are enrolled for fall 2005, almost a 50% decrease from the 44 enrolled for fall 2004. The number of entering minority students is the lowest enrollment in COM since the first class of 13 in 1992. A possible explanation for this drastic reduction lies in the admission process. The applicant pool of African American freshmen has remained steady; however, only 31% of the African American students who applied to the college were accepted, compared to the 52% university-wide acceptance rate, 50% for the College of Engineering, and 50% for majority students in COM. The 31% represents a significant departure from the six-year average of the 46% admitted-to-applied rate. Thus, without the pool of admitted students, it was difficult to generate an acceptable yield for enrollment.

Two Native American students will be entering the college this fall, the same number as in last year’s entering class.

The minority population is 8.7 percent of the college’s entering freshmen class for fall 2005, compared to 9.4% for the university. Two points of note: This is the first year the college has been below the university’s percentage, and the number of African American students applying to COM increased from the 2004 year. The number of minority admits for our master’s and doctoral programs is virtually the same as last year despite the continuing decline in graduate enrollment in business schools nationally.

In the area of retention, the college has seen continued success with traditional programs serving minority students: the multidisciplinary studies courses and targeted advising. Sixty-three percent of the 2004 entering class of minority freshmen saw achieved above a 3.0 grade point average, and 98% of the African American population in the entering class is matriculating to the sophomore year. Participation in the African American Visitation Day and at the Native American Visitation Day reflects the college’s commitment to fostering a welcoming environment for all students.

Retention efforts during the 2003-04 year have focused on support efforts for our minority student organizations. We awarded 21 $400 book scholarships during the 2004-05 academic year and two $225 GMAT Scholarships. We funded registration for nine students to attend the Southeastern African American Leadership conference in Wilmington, NC in February 2005 and supported the annual Association for the Concerns of African American Graduate Students Awards Banquet. The college needs to continue a college-wide commitment to diversity at all levels.
IV. Instructional Program Advances

Curriculum Development
The Economics Department introduced ECG 580, *Writing in Economics*, in the applied master’s program as a required course to give students more practice in writing and presenting their research. In the Ph.D. program, the graduate faculty approved a change in the required econometrics sequence. ECG 752, *Topics in Economics*, will now cover topics in time series analysis and a new course, ECG 753, will cover topics in cross-section and panel data analysis. This change was made to help students focus on the research methods needed for their dissertation research.

The MBA program added a new concentration in *Biotechnology and Pharmaceutical Management*, the first such program in this region. It will include an industry overview course which was piloted this past year by Mitch Javidi, adjunct professor, and Sam Straight, executive in residence; a legal and regulatory environment course; and a project-based course. In addition, MBA courses in supply chain management, technology commercialization, and new product development will have projects dedicated to these industries. Also, in partnership with the College of Agriculture and Life Sciences, students will have the opportunity to complete the MBA and the Master’s of Microbial Biotechnology within three years.

Distance Education
Due to limited faculty resources, the COM continues to restrict its distance education initiatives while placing emphasis on our highly successful *Managing the Digital Enterprise* course and website maintained by Professor Rappa.

The Nelson videoconference studio is now online and is being used for courses offered in conjunction with the Supply Chain Research Consortium.

Program Reviews
Business Management developed a new business minor with enrollment controls to better service a limited number of non-COM students. The planned start date is fall 2005. All programs are under continual review.

V. Research

Ten faculty members are involved with five external grants totaling $978,498 for the 2004-05 academic year. Four of the grants are from the National Science Foundation.

VI. Extension

The college’s Executive Programs director works with faculty to develop and deliver executive and management development programs. This year, Executive Programs presented:

- A second year of programs to existing client JPS Communications and brought on two new clients: Electricities and Spirent Communications. Eight
faculty members and one outside consultant have been involved with these programs.

- Was the exclusive sponsor of the RTP edition of the Luminary Series, *Leadership from the Ground Up*. The one-day live via-satellite program was delivered at the McKimmon Center to about 440 senior and mid-level managers and professional staff.
- Collaborated with NC State’s Office of Professional Development in Continuing Education to offer a new open enrollment program in Supply Chain Risk Management, scheduled to run June 21 and 22, 2005.

In addition, the accounting department is delivering its CPA review program for graduates of the MAC program. Tuition and fees for the program are $1,400 and 40 to 45 recent graduates are expected to participate. Also, the HiTEC program has been involved in teaching its course to professionals in Portugal, and the Supply Chain Resource Consortium has been involved in teaching a distance supply chain course to students in China. In addition, business faculty members made 25 presentations to community groups as part of the college’s Faculty Speakers Bureau.

The college’s Management Academy did not make its minimum enrollment target so the May-June 2005 program was cancelled.

The college hosted the following major public events:

- Six Wachovia lectures
- The sixth annual Graduate Symposium
- The fifth annual Conference for Women
- The first annual JW Pope Lecture

Events hosted by several of the college’s centers, initiatives and academic programs also helped to distribute knowledge to key audiences and increase awareness of the college’s key areas of expertise.

- Enterprise Risk Management Breakfast Roundtables, hosted monthly during the academic year by Dr. Mark Beasley, accounting, draw about 100 participants.
- 10th annual $10K Business Plan Competition Awards Announcement and Networking Event drew over 100 entrepreneurs, alumni and other members of the business community.
- The First annual BioPharma Forum, a kick-off for the new BioPharma Concentration in the MBA program, attracted key industry leaders. There has been strong student interest in the new MBA concentration coming this fall.
- The spring HiTEC student project presentation attracted over 50 entrepreneurs, venture capitalists and others interested in learning about the business potential of technology evaluated by MBAs in this academic discipline.
• The Supply Chain Research Consortium’s two biannual meetings drew over 100 individuals from partner companies to share knowledge and hear student projects on team projects.
• The Center for Innovation Management Studies held a successful biannual partner meeting in New York.

VII. Faculty

A. Honors

Teaching Awards
• Lee A. Craig, Alumni Distinguished Undergraduate Professors
• William B. Sloan, Alumni Distinguished Undergraduate Professors
• Deborah Brown, Academy of Outstanding Teachers
• John Giles, Academy of Outstanding Teachers
• John S. Lapp, Richard Felder Award for Outstanding Service in Support of Teaching and Learning
• Shannon Davis, COM Board of Governors’ Award for Excellence in Teaching
• Michael Rappa, COM Excellence in Graduate Teaching
• Charles Knoeber, COM Excellence in Graduate and Undergraduate Teaching
• Robin Thomas, COM Excellence in Undergraduate Teaching
• Jodi Barnes, COM Excellence in Undergraduate Teaching

Research Awards and Professional Recognition
• Walter N. Thurman, Senior Fellow, Property and Environment Research Center

Extension Awards
• Mitzi Montoya-Weiss, University Outstanding Extension Service Award
• Lorraine M. Wright, University Outstanding Extension Service Award

B. Publications and Other Professional Activities
The accounting faculty published 19 journal articles, 13 conference proceedings, and 14 books or monographs. Accounting faculty had 18 publications in press and made 20 research presentations.

The business management department had a total of 59 journal articles published and in press, 42 conference proceeding papers, and two textbooks.

The economics faculty published 19 articles, two books, had seven articles and four books in press, and made 41 research presentations.
VIII. Students

- Undergraduate students in the dual-degree Hamilton Scholars Program, which has an international component, started a new International Business Club, inviting members of the university community to attend presentations by individuals with international business experience.
- The Society for Politics, Economics and Law student organization was formed as part of a new multidisciplinary program led jointly by faculty in the College of Management and the College of Humanities and Social Sciences (CHASS). This program, funded by a grant from the Pope Foundation, provides intellectual opportunities for students interested in the interdisciplinary study and discussion of economic, political and legal issues.
- A new undergraduate Peer Advisors group was formed in the undergraduate Academic Affairs office to help students in their transition to the business program and assist the advising staff.

Honors and other measures of quality

- Our graduation rates remain above the university average. The college’s five-year graduation rate is 71.1% compared to 64.9% for the university.
- The college’s Entrepreneurship Education Initiative was ranked in the top tier by Entrepreneur magazine. A variety of faculty, particularly in finance and economics, were quoted in national and regional news stories.
- Jerry Perkinson, an MBA student, received first place nationally in the Best-Strategy Invitational. Steve Chapman, associate professor of business management, was instructor of the course through which Perkinson competed, and thus was inducted in the 2005 BSG-Online Hall of Fame and designated as Master Professor.
- A team of undergraduate human resources students in the college’s Society for Human Resource Management chapter, was named the 2005 Southeast Regional HR Games Champion, and represented the southeast U.S. region in the national competition for the fourth consecutive year. SCHRM also receive the outstanding national chapter award for the fifth year in a row.

Other Student Activities
The College of Management held its first winter semester career fair, with the assistance of the undergraduate Ambassador’s Club. Undergrads also served as mentors for elementary school children participating in Community Hope, a program hosted by the YMCA. MBA and undergrads also participated in Service Raleigh.

IX. Fund Raising and External Affairs
As of May 1, the COM Development Office achieved 91% of its $3.8 million goal to support the college’s academic priorities, with approximately $1.7 million in cash gifts and $1.2 million in pledges and $600,000 in documented deferred gifts.
Our most significant fund-raising accomplishments for the year included: $1,000,000 from Bank of America for the ERM Initiative, $500,000 (deferred) from Jim Owens for Economics, $406,000 in trust deposits to support the SCRC and E-Commerce, $380,000 from Caterpillar for Supply Chain (cash and pledge), $200,000 from Wachovia as part of their pledge, $100,000 from Smedes York (deferred), $56,795 from the Pope Foundation to support Economics, $50,000 from EC Hunt for unrestricted use, $50,000 (pledge) from Gary Massey for a MAC Scholarship, and $30,000 (pledge) from Grant Johnston for the Hamilton Scholars Program.

An additional $100,000 in gifts and pledges was received for finance, accounting, MAC, and entrepreneurship scholarships. Also, $25,000 was received from PWC and Cisco for the Graduate Symposium, and $20,000 from Ernst & Young employees and Foundation for their endowment.

The college’s Development Office continues to staff the Campaign Committee for the university capital campaign. The college is nearing 50% of its $30 million campaign goal.

The college continues to engage the regional business community, and added four executives to our Board of Advisors, with Mike Constantino continuing to serve as the board chair.

Dean Ira Weiss has been reaching out to the corporate community across the state. He has met with nearly 30 individuals since joining the college in December, including a visit to the Charleston Chamber of Commerce with Chancellor Jim Oblinger. The college continues its strong relationship with its three executives-in-residence and has started the process of engaging a fourth individual, Ernest Roessler, retired CEO of CCB and National Commerce.

A number of alumni events were held for several college constituencies, including regional alumni events in Charlotte, Raleigh and Atlanta for accounting alumni. The college held its first homecoming celebration, reaching out to MBA and MAC alumni. The MBA Alumni Society has been very active with six alumni events and three alumni board meetings, and economics alumni were invited to the successful Pope Lecture in March 2005. Additionally, Matt Smith has hosted alumni and corporate guests at every home basketball game and several home football games.

Public events offered for students and members of the Triangle community are listed in the Extension section of this report.

The college also has been strengthening its communications efforts by:

- Aggressively promoting its MBA program through advertising and participation in networking and other public events.
- Launching a redesign of the college website, to provide increased visibility of research and other news of the college while improving navigation and access to key information by the college’s main audience groups.
• Starting a communications campaign to bring the news of the college to AACSB deans, a vital audience in the ranking of business schools, and other key audiences.
• Increasing reporting of college news and providing dedicated response to media queries for faculty expertise. College faculty members are frequently interviewed by local, regional and national reporters, particularly for stories in finance and economics.

X. Administration

A. Staff changes
Our new Dean, Dr. Ira Weiss, was hired December 1, 2004. Matt Smith was promoted to executive director of development and Anna Rzewnicki was named director of communications, both on November 1, 2004. The college is currently searching for assistant director of development. In May 2005, Vicki Spake joined the college as administrative associate serving the dean’s office and development.

B. Facilities and equipment
Construction was completed on the Ericsson Video Classroom; the MBA computer lab was converted to four offices, and a new, smaller lab has replaced the decision support lab. Installation of a wireless network in portions of Nelson Hall is in progress, and work has begun on the renovation of the auditorium in Nelson Hall. The COM continues to have insufficient space, and growth of our graduate programs will create even greater pressure for expansion of our facilities.

XI. Recommendations and Concerns for the Future

1. Our goal is to reduce the average COM teaching load to 125% of the university average of the remainder of the university and to provide at least 70% coverage by tenured and tenure-track faculty of all sections and credit hours. Additional salary funding is needed to maintain salaries competitive with peer schools and avoid the loss of skilled faculty.

2. Many classes are taught outside of Nelson Hall, and the COM is quickly filling all available office space in Nelson Hall. It may be necessary to displace doctoral students in the near future if alternative space cannot be obtained. There also is a need for laboratory space and student team rooms.

3. The COM is committed to aggressive promotion of the MBA and MAC programs in order to reach its aggressive enrollment targets.

4. The COM will continue to explore the possibility of offering doctoral degrees in management (the departments of business management and accounting).