

# directions

WILLAMETTE UNIVERSITY MBA Atkinson Graduate School of Management



PEOPLE  
PLANET  
PROFIT

STORIES THAT GO BEYOND THE BOTTOM LINE ...

## SALUTE!

The Oregon Wine Industry's  
Sustainable Success

## WILLAMETTE MBAs GO TO WASHINGTON

Alumni Making a Difference  
in the Nation's Capital

2011-12

## BEYOND THE BOTTOM LINE ...



### 10 Salute!

THE OREGON WINE INDUSTRY'S  
SUSTAINABLE SUCCESS



### 16 Willamette MBAs Go To Washington

ALUMNI MAKING A DIFFERENCE  
IN THE NATION'S CAPITAL

### 24 Angels Among Us

WILLAMETTE MBA ANGEL FUND  
MAKES NATIONAL HEADLINES



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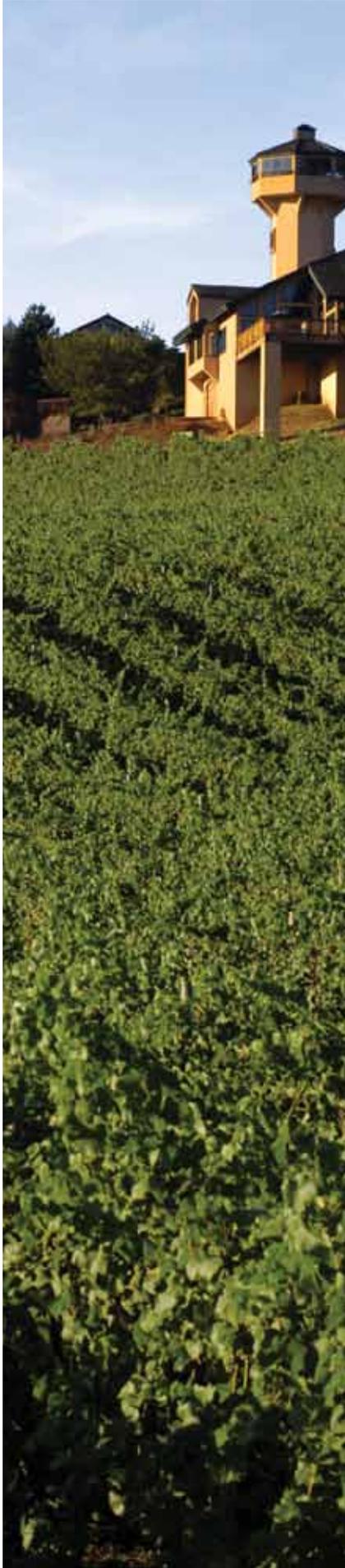
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# directions





# Oregon Wine Pioneer

## People, Planet, Profits *and Palate*

by Mike Russell

**A**SK JIM BERNAU, FORMER ATKINSON STUDENT AND FOUNDER AND OWNER OF WILLAMETTE VALLEY VINEYARDS, ABOUT THE SMASHING SUCCESS OF HIS WINES AND YOU WILL LIKELY GET A SHORT LESSON ON LANGUAGE AND ECOLOGY; HE'LL TELL YOU, "IT'S ALL THANKS TO THE WINE'S *TERROIR*."

French for "of the earth," *terroir* (teh-wa) describes the unique combination of interrelated factors affecting the grape's growth: starting with slope, it includes orientation to the sun, elevation, microclimate, wind velocity and soil. While vintners must adapt to those factors outside of their control, they can exert some influence over a few key components: namely, the soil and the millions of beneficial creatures thriving among the vine's roots.

"From fungi to insects, these tiny creatures are the most amazing natural farmers," explains Bernau. They live in a symbiotic relationship with the roots of the vines. The fruit takes on the character of the soil in which it grows, enhancing aroma and flavor. Consumers enjoy that uniqueness, that 'personality.' In this context, appreciating wine tickles the intellect as much as the taste buds."

Successfully nurturing nature's fragile balance while exciting wine enthusiasts' appreciation has reaped Willamette Valley Vineyards (WVV) broad support. *Wine Spectator* magazine awarded WVV designation as one of the "Top 100 in the World." *Wine Enthusiast* gave the 2008 Pinot Gris a score of 90 in its November 2008 issue. Recently, Robert Parker's *Wine Advocate* recognized several WVV pinots ...

... including a 94 point score for the O'Brien Pinot Noir. Even in the hard times of 2010, WVV reported a modest increase in sales, despite concerns that consumers would 'trade down' in quality, or satisfy their thirst with cellar reserves.

**Atkinson roots.** The seeds of Bernau's success were sown at Atkinson, where he envisioned producing high-quality pinot noir for national and international markets with the support and involvement of thousands

of Oregon wine enthusiasts. From the beginning, the late professor of accounting, Earl Littrell, supported Bernau with advice, critique and several early morning meetings to review progress. As Bernau continued to grow his business, he never forgot the support and direction Littrell provided.

Upon his retirement in 2004, a scholarship honoring Professor Littrell was established; Bernau immediately saw a way to give back to the man who had helped him get his start. With a generous lead gift,

Bernau helped the scholarship become endowed, allowing Littrell's name to be honored into perpetuity.

**Cultivating acclaim from infamy.** Before 1966, no one had dared to plant pinot noir in Oregon. Today, comprising 60 percent of the Oregon wine industry's planted acres, it is the state's primary grape — this, in spite of the plant's notoriety among vintners.

Typically, pinot noir is less vigorous than other varieties. On the vine, it is sensitive

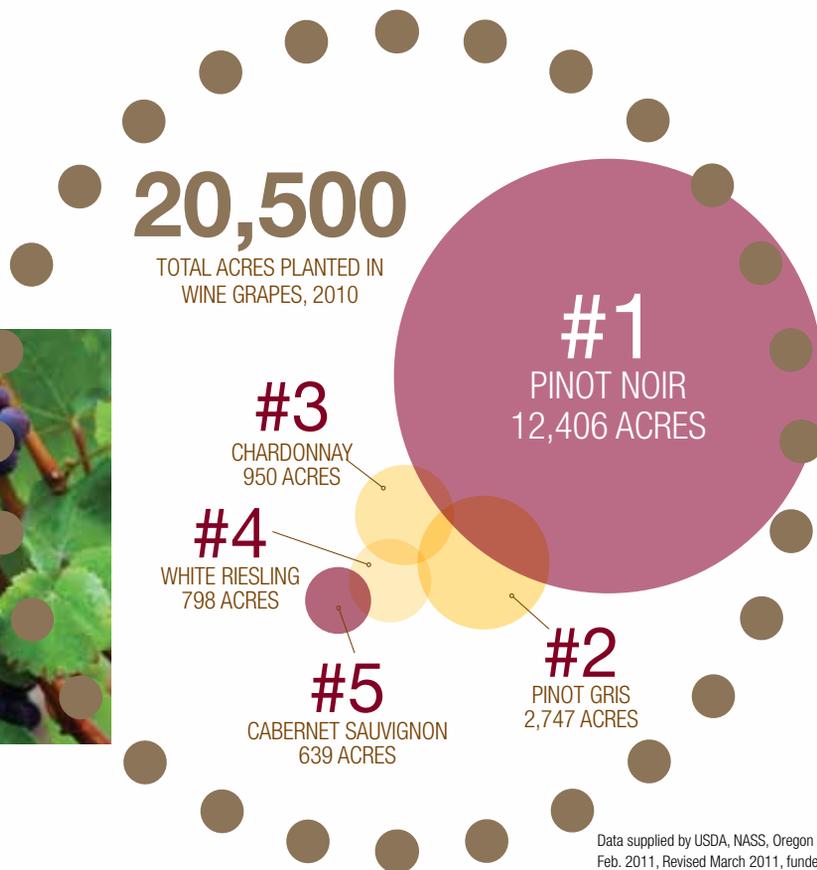
to wind and frost; quality production requires yields be kept low; its preferred soil type limits its versatility; and it demands particular pruning techniques. What's more, its thin skin makes it susceptible to bunch rot and other fungal diseases while the vines are vulnerable to mildew and leaf viruses. Given the extent of sensitivities, pinot noir has acquired a difficult reputation: André Tchelistcheff, mentor to a generation of American winemakers, famously declared that "God made cabernet sauvignon whereas the devil made pinot noir."

Undeterred, Oregon wine-makers have cultivated acclaim from this infamously difficult variety. In January 2011, *New York Times* wine critic Eric Asimov heaped heavenly praise on Oregon's 2008 vintage of pinot noir.

**Pleasing palate and planet.** Given pinot noir's sensitivity, and its central role in Oregon winemaking, it should come as no surprise that local vintners are concerned about the effects climate change might have on their livelihood.

Over the past half-century, many wine regions around the world have noticed a decline in frost frequency, a shift in the timing of those frosts, and warmer growing seasons. So far, these changes have favored the Willamette Valley's pinot noir growing season. However, increasingly variable weather in the future could curb that advantage.

## Top Grapes — Oregon's 5 Most Plentiful Wine Grape Varieties



Data supplied by USDA, NASS, Oregon Field Office, Feb. 2011, Revised March 2011, funded by the Oregon Wine Board.

# TIPPING POINT..!

"We are rapidly approaching a global tipping point, and consumers hold the power to change the world."

Conservative estimates of warming rates may nudge the valley's average temperature — historically ideal for pinot noir — toward the limits of preferable growing conditions.

Although Oregon winemakers' carbon footprint pales in comparison to other sectors of agriculture, regional efforts are taking strides to reduce that impact further. A handful of programs have emerged to help Oregon wineries reduce environmental impact, improve operations and articulate those efforts to consumers.

One such program, the Carbon Neutral Challenge ([www.cncwine.org](http://www.cncwine.org)), helps participating wineries and vineyards measure, track and reduce greenhouse gas emissions voluntarily, with the ultimate aim of attaining carbon neutrality. Although CNC participants concentrate on curbing their respective environmental impacts, they also collaborate on addressing sustainability issues facing all Oregon wineries and vineyards. Combined, the 14 participants represent approximately 20 percent of Oregon wine production.

By doing environmental good, wineries can do well financially, too.

A 2007 study on "core wine consumers" asserted that sustainably minded production efforts serve as a favorable differentiator. According to the study, conducted by Full Glass Research in partnership with the Oregon Wine Board Core, "core wine consumers are interested in purchasing sustainable wines because they want to support producers of sustainable products and because they believe it to be better for the environment. However, many [consumers] remain confused about exact definitions and certifications; accessibility is a key barrier to purchase." To clarify consumers' uncertainty, advance sustainable wine production, and help sustainably driven wineries distinguish themselves, the Oregon Certified Sustainable Wine (OCSW) initiative was introduced in 2008.

According to the OCSW website ([ocsw.org](http://ocsw.org)), there's a new breed of wine connoisseurs who

"are no longer content just to drink great-tasting wines. They want to know how the wines were made. They want to be assured that the grower and winemaker treated the land and the process

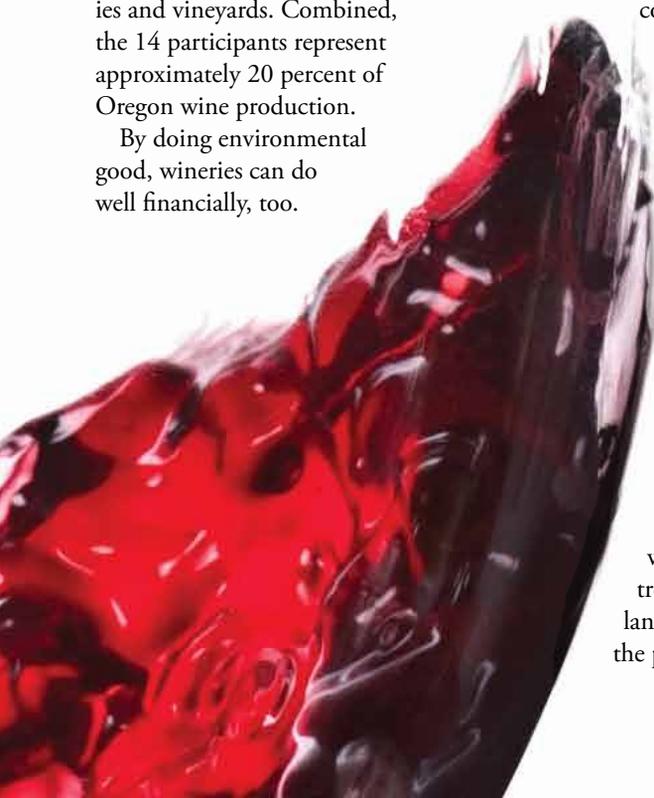
respectfully. That's where OCSW comes in. [They] combine third party certifications and give the wine buyer one clear mark with which to easily identify an Oregon Certified Sustainable Wine." The mark indicates that the wine was produced using responsible agricultural and winemaking practices certified by an independent third party. Consumers now have a clear, easy choice; 21 Oregon wineries currently carry the OCSW logo on their labels.

**Tying terroir to sustainability.** When asked how he justifies the increased expense of growing organically and behaving sustainably, Bernau responds; "Cost doesn't matter, it really doesn't. It's everyone's duty to conduct themselves and their businesses in such a way that is respectful to everyone else. That means, by analogy, that you ensure you're not throwing your garbage into your neighbor's yard. Every one of us has this duty. No enterprise can ignore its externalities; company income statements must take reasonable

consideration of environmental outcomes. It's going to take a lot of innovation to re-invent American business. The best place for this [innovation] to occur is in graduate-level education."

In addition to the recognition received for the quality of his wines, Bernau has also been acknowledged for his efforts in making Willamette Valley Vineyards more sustainable.

Environmental responsibility isn't just an ethical decision for Bernau; there are tangible business benefits, too. "One of the benefits of doing the right thing: it always seems like we're rewarded by better outcomes. Customers base choices not only on value, but also on values. We are rapidly approaching a global tipping point, and consumers hold the power to change the world. Because profit margins are so thin, even a modest minority of consumers demanding sustainable products will force companies to change. It doesn't take much." 🍷





Darcy Winslow, director of the Sustainable Enterprise Certificate program, leads a discussion during the program's 2011 session. Winslow brings her extensive background as a sustainability manager at Nike to supplement the program's world-renown presenters.

"Rather than another course to enhance technical learning (e.g. 'green operational practices' or 'the technical aspects of carbon counting'), this was about effective problem solving through systems-thinking, expectant collaboration and approaching each task with my whole and present self."

—Holly Meyer, NW Natural

## From Theory Toward Action

*Sustainable Enterprise Certificate Integrates  
People, Planet and Profit*

In the beginning, there was 'profit,' and it was good. Then came 'planet.' We're taking strides in the right direction. But what about the final, oft-neglected, leg of the 'sustainability' stool: people?

**SURELY THERE'S** more to achieving this third of the solution than establishing living wages, safe working conditions, and fairness in the workplace.

So goes the logic of the Sustainable Enterprise Certificate (SEC), launched in 2009 to bolster the 'people' part of the triple bottom line. This isn't a program about 'the technical aspects of environmental conservation' or 'green operational practices;' this is about

fostering social well-being and collaboration to convert stakeholders into avid, vocal supporters. The

program aims to help participants gain a fresh perspective by answering a key question: "How can we achieve lasting, sustainable progress without the full engagement of the people involved and affected?"

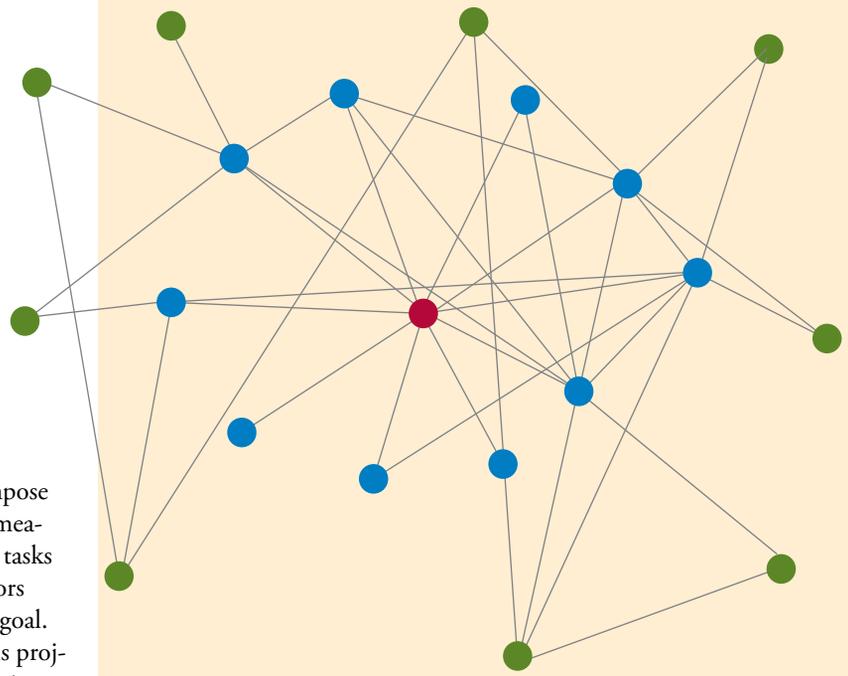
### **The fundamentals of a paradigm shift**

Participants begin with an

introduction to System Dynamics, the study of the underlying behavior patterns and systems responsible for everything from the price of organic apples at the store to traffic jams in Seattle. By taking a step back to map out the relevant causes and effects of a specific problem, participants acquire a more nuanced and comprehensive approach to developing enduring solutions. Participants are encouraged to look past the 'tip' of the iceberg-problem floating in plain view, and to peer down into the murky depths for root issues. In the context of an enterprise, this approach demands deep introspection and authentic conversation but promises the alignment and consensus that make sustained progress possible. Once participants explore system dynamics through a problem of their choice, they build on their learning with an examination of social equity.

Chilean biologist-turned-philosopher Humberto Maturana earned great renown for highlighting the importance of love in all collaborative situations.

EDC programs help organizations and individuals create value through understanding social networks and systems.



Not limited to the concept of romantic love, SEC participants learn about the power of love as ‘recognizing the other as legitimate.’ The reasoning: employees who feel heard at work tend to be more creative, loyal and engaged than those who feel marginalized. “Sustainable change can’t be driven,” declares Anne Murray Allen, director of the Executive Development Center. “We ought to dispense with the traditional, mechanistic language of ‘driving change,’ and embrace the potential of shared meaning as a way to achieve superior performance and expanded social well-being.” As the culmination of their experience, SEC participants apply this knowledge to their career paths.

certificate, they must compose a plan that identifies the measurable strategies, specific tasks and individual collaborators needed to complete their goal. For some participants, this project aligns with a challenge in the workplace. For others, the action plan serves as a springboard for a new project.

Although participants come from diverse professional backgrounds — from public utilities to not-for-profits to multinational corporations — they all emerge with the capacity and energy to effect change in their respective organizations. When they need support, inspiration or an objective perspective, they can always turn to the growing, close-knit community of SEC peers.



Anne Murray Allen  
Director, EDC

## Executive Development Center (EDC)

### CURRENT PROGRAMS:

- Utility Management Certificate Program
- Certificate in Public Management
- Sustainable Enterprise Certificate
- Certificate in Career Management and Coaching

For more information on upcoming programs offered through the Executive Development Center, visit [willamette.edu/mba/executive](http://willamette.edu/mba/executive) or call 503-370-6791.

Learn more about the Sustainable Enterprise Certificate at [willamette.edu/agsm/sustainability](http://willamette.edu/agsm/sustainability)



SEC program participants engage in a reflection exercise on the final day of the 2011 program at the Willamette University Portland Center.

### From conversation to collaboration

In the final session, participants review how the SEC’s principles have been applied in the real world and then tailor their final assignment to a current challenge. To receive their

With this platform of support, the hope is that our graduates will profit while helping the planet. 🌱

—Mike Russell