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Business anchor Maria Bartiromo closely watches the corporate world to learn what makes the markets move—and she encourages business students to sift through massive amounts of information to arrive at core truths.

by Sharon Shinn

photos courtesy of CNBC

maria Bartiromo has the mind of an analyst and the instincts of a reporter. Like any good journalist, she understands how to dig for information, how to cultivate sources, and how to frame questions to get the information she wants. And she's taken this quest for knowledge to the heart of Wall Street where, as an anchor for CNBC, she follows the stock market on an almost minute-by-minute basis.

At the cable news network she has several roles, including producing and hosting "Market Week with Maria Bartiromo" and anchoring segments of "Street Signs" and "Market Wrap." She was the first journalist to report live from the floor of the New York Stock Exchange on a daily basis.

Whether reporters present interviews with executives, money managers, or analysts, she says, the media really acts as a liaison between investors and corporations. "The media has a responsibility to report what is going on in business, giving investors the opportunity to hear both sides of each story so they can make their own decisions," she says.

Bartiromo believes that anyone can gather the resources to understand how the market works and make informed decisions on how to invest personal money. Her 2001 book, *Use the News*, clearly and comprehensively explains how the stock market works—what the numbers mean, why the market responds to news, and who affects the economy. In the book and on the job, she emphasizes how important it is to separate true news from superfluous noise so that investors are not deflected from paying attention to the critical events unfolding in the marketplace.

Business school students and educators can follow her basic formula of sorting "news" from "noise" when they study the stock market and other key corporate drivers. She offers additional nuggets of advice here as she explains what new graduates need to know before they enter the working world.

Advances in technology have made market information available to all investors. A number of business schools have taken advantage of that technology by building virtual trading rooms on their campuses. If you were teaching a class set on one of these mock trading floors, what would you want students to learn?

It's important for students to be skeptical. They need to make sure they have a full understanding of what they're looking at—a full understanding of the industry, of the company, of the players, of the market opportunity—in order to make really informed decisions. They should ask themselves the "what if" questions. "What if we go to war? What if the market opportunity is gone in five years?" That's important.

I would also tell students that while the market can be easy to understand, it's important not to assume that this cycle is the same as the last cycle.

Even a very realistic campus trading floor can't replicate the excitement of being at the New York Stock Exchange. What do you think is the biggest shock to people who've just earned their business degrees when they go to Wall Street for the first time?

As competitive as school has been, work is ten times more competitive. When you're in the workplace, you only have a few opportunities. You don't have a lot of chances the way you have in school. For example, in school, you can catch up if you miss a few classes. In the workplace, things are so competitive that there are two or three or four people who would like your job. So you need to know your subject, and you need to be aggressive.

It's important to love what you do, work incredibly hard, and always do the right thing. Not *try* to do the right thing, always *do* the right thing, because the decisions that you make in life will follow



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you. It's not like school, where you can be forgiven for certain things. If you break the law or you have poor judgment, that follows you in the workplace, and it can be devastating.

That brings up the topic of ethics, a subject that has come to the forefront with the recent troubles at companies like Enron, Andersen, and WorldCom. How do you expect corporations to try to raise the ethical bar in the future? Is there anything that business schools should do to play a role in improving corporate ethics?

Ethics has become the theme of the day, and it would be wonderful if schools could make ethics a bigger part of the coursework. But what's really important today is leadership. The words "corporate governance" have been thrown around a lot lately, but governance is not leadership. Governance sets a floor—it sets a minimum. Leadership soars way above those floors and past those minimums. Leaders take people places they didn't know they could go. When you're a strong leader, it's contagious.

I think everything comes down to individual behavior, which can either boost the success of an organization or severely damage it. We've been disappointed lately when it comes to individual behavior. Some CEOs have shown poor judgment—others have broken the law. When executives show poor judgment and personal behavior, the employees pay the price at the end of the day. The people at the front line are the ones who will be fired when the company goes bankrupt.

It's a shame for corporate America. We've seen a few—just a few, a handful of individuals—who have shown poor judgment, and this has tainted corporate executives in general. That's not fair. I do believe that 90 percent of the corporate executives are decent human beings who have exhibited very strong and responsible judgment. And that's why I stress that everything follows you. You have to learn that lesson at some point, so you might as well learn it at business school when you're setting out your path for life.

Has the issue of ethics come up recently when you've talked to executives?

It's the *only* thing people talk about. That's why we're seeing so many proposals about what should be done, whether it be expensing stock options and lowering the salary of CEOs, or downsizing, or trying to put more checks and balances in place. Across the board, corporate America is worried about the perception issue. It's one of the reasons the markets have been under pressure. It snowballs into a down economy, a feeling people have that they're not as wealthy as they thought they were. They stop spending, and that affects the market.

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"That doesn't look right. I don't like that. That's not the way I see it."

Even if it's a subject that's really, really important to the boss, he has to cultivate an environment where people are not afraid to speak up.



Have reverses in the market had any impact on what executives are looking for when they hire new business school graduates?

Many of the traits that executives look for are the same—they want hardworking, decent people who will make good decisions. I don't necessarily see executives looking for any new traits as a result of what's happened in the market. I do say that integrity, decency, honesty, and good judgment are in higher demand than ever before.

Do you think that business school graduates truly understand the business world? What do you think students should be learning that they're not?

I think it would be worthwhile for schools to offer one whole class on conflict of interest. Maybe this class would just examine all the potential conflicts of interest between certain professions, such as accountants versus consultants, analysts versus bankers, or bankers versus executives. It could also look at the conflict of interest caused when a journalist accepts cheesecake from the CEO of The Cheesecake Factory. You know, it's only cheesecake, but how does it look to accept gifts and favors? I go by the rule, "If you don't

want to see it on the front page of *The Wall Street Journal*, don't do it." If you follow that rule, you're fine.

From all your interviews with top executives, how would you describe the "perfect CEO"? What traits and skills should such a person have?

A good CEO is someone who's hands-on, who's involved with employees. That means watching the product to such an extent that he'll call or send a note to an employee to comment on a job. He doesn't always have to say, "You're the greatest." He could say, "You know, I noticed that piece, and I thought it was really good, but at the same time I would have liked to see this." Sometimes employees don't necessarily do what the boss expects—they do what the boss *inspects*. When they know a boss is really watching, they work a little harder. The employees take that extra step, because they know they're getting noticed. Even in a large organization, if the top guy of the parent company can treat you in a way that makes you feel loved, you'll work as hard as you can for that company.

Another mark of a good CEO is someone who encourages camaraderie in the office among employees. A good CEO also encourages risk taking, which is an expensive exercise. It's not easy for corporations to allow employees to try something and then say, "OK, forget it" when that project fails. It doesn't matter whether your company makes widgets or cars. Whenever you start working on a project, whether it be a new marketing campaign or a new product, it takes a lot of money, and it takes a lot of humans investing their time. If it doesn't work, you've wasted time and money. But if you're working in an organization that encourages taking a little risk, you probably will have more successes.

The other thing that's very important in the workplace is for employees to feel as if they can disagree with the boss. A CEO needs to create an environment where employees are not afraid to say, "That doesn't look right. I don't like that. That's not the way I see it." Even if it's a subject that's really, really important to the boss and he has a strong opinion on it, he has to cultivate an environment where people are not afraid to speak up. That's how he can figure out if something's wrong. Look at the whistle-blowers at Enron. If only they hadn't been afraid to point out problems earlier, the company could have saved a lot of employees and a lot of 401(k) money.

Which CEOs have impressed you the most and why?

This is biased on my part, but I absolutely love my boss, Jeffrey Immelt. He has handled GE's transition from Jack

Welch beautifully. He's very involved, and he's a straight talker. He told me the other day, "I don't expect this economy to come back for the next 12 to 18 months." I'm impressed by straight talk like that.

Richard Grasso is a great leader, I think. He handled September 11 at the New York Stock Exchange incredibly well. He organized everyone and stayed calm in a time that was riddled with panic.

I recently spent some time with Steve Reinemund, the CEO of PepsiCo, and I found him delightful. It seems to me that he has his hand in every part of the operation. He also is down-to-earth, so that people feel comfortable talking with him. It seems as if he operates in an environment where people are free to speak up.

Barry Diller, the new head of Vivendi Universal Entertainment, is a proven manager—every company he has run has done very well. He's very focused on work, but also he's easy to talk to. He doesn't talk over your head. He tries to create an environment where people can share ideas and take risks.

Finally, it's been a rocky year for the stock market. What are the best lessons that investors can take from today's stock market fluctuations? What lessons did you learn?

The No. 1 lesson I came away with was that things don't go well forever. Into everyone's life a little adversity is thrown, but I think that it only makes you stronger. You can't feel as though the world is coming to an end. I'm a realist. If the situation that I'm facing is bad in any way, I say to myself, "OK, here's what I have. What do I do about it now? How can I make the best of this?"

Now is also a good time to do some soul-searching, and that's true for the media, the executive community, and the analyst community. In this tough time, we all have to say to ourselves, "What can I leave here with? How can I do better next time?"

I also learned that if something doesn't seem to make sense, it probably doesn't. Companies that aren't generating any revenue shouldn't be valued highly even if they're getting millions of hits on their Web sites. But when you're in the forest, sometimes it's hard to see the trees in front of you, and I think that was the case for many of us.

The other thing I learned is, it's not so bad to come down a few notches. To keep your feet on the ground and just remember who you are, what you're trying to accomplish. Get your goals in place, and don't get caught up in the hype. I think this is a good thing that's happening. It's only going to be cleansing. It's only going to take out the excess. 