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## The Huntsman Post, March 2014

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March 2014 Issue

## Fatbikes Leading to Fat Money for Student Entrepreneur



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His business idea started by finding an innovative way to pay for school and an LDS mission. Spencer speaks Mandarin Chinese and us...

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 Alumnus Brady Murray Encourages Philanthropy as a Key to Success



## (Category) Size Doesn't Matter

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# Jon M. Huntsman School of Business

*learn about the latest and greatest from the School of Business*

**Tuesday, March 11, 2014**

## Fatbikes Leading to Fat Money for Student Entrepreneur

By Klydi Heywood

Some say that ultimate happiness in a career happens when you combine what you love with what makes you money.

At the age of 21, Spencer Bailey, international business & finance, '15, has done just that.

His business idea started by finding an innovative way to pay for school and an LDS mission. Spencer speaks Mandarin Chinese and used this skill to import bicycles from China and sell them on local sites such as KSL Classifieds.

Then while serving his LDS mission in Taichung, Taiwan, the mission president asked him to develop a new bicycle model for all missionaries.

"I went into some factories and really learned how to develop a bike. I learned the processes of going from conception to manufacturing and then distribution," he said.

After returning from his mission, his passion for creating bike models only grew. He partnered with [Joyride Bikes](#) manager, Wayne Wheeler, to create a new type of wheel rim for a new bicycle genre called fatbikes.

A fatbike is a bicycle with over-sized tires (typically 4-5" wide) that are designed for riding on soft unstable terrain such as snow and sand.

However, Spencer saw a problem with the new bike model: the rims for fatbikes were traditionally smaller than the width of the tire, and few companies were producing bigger tires, rims and frames.

"We did our analysis and found customers were simply asking for fatter tires and lighter bikes; we jumped in and never looked back," he said.

He initially pitched his idea to the [Entrepreneurship Club](#) at the Huntsman School to help get feedback on the Victorious Bikes business plan. When he asked if anyone knew of any good engineers, the person next to him, Mike Lichfield, excitedly explained he was a junior in mechanical engineering at USU and quickly joined the team. The trio then designed a new concept for lighter wider 100mm rims.



Through the Entrepreneurship Club Spencer heard about the commercial \$20,000 [USTAR Go-to-Market grant](#). During the process of applying for the grant, his team learned they would be able to apply in the outdoor sporting category.

"We pitched our designs and concepts to implement a new technology in the market," Spencer said. "And we got it."

A few weeks later Victorious Bikes was accepted and able to attend the Taipei International Cycle Show, in Taiwan, one of the World's biggest cycling expos.

"At the show we were able to work with multiple facilities in Taiwan and China and expand to more than making just rims. Right now we are developing an entire high performance fatbike product line, which will come to market at the Las Vegas Interbike Show this September," Spencer said.

"Starting my business in school has taught me a lot," he continued. "Right now I am in Accounting 2020, where we are learning about cost base manufacturing, and I'm able to apply it every day. My homework is my business."

With the grant money and trade shows accelerating the company forward, the future looks bright for the student entrepreneur.



Spencer Bailey at Taipei International Cycle Show

Spencer Bailey, Wayne Wheeler, Mike Lichfield

“We are just testing all

our prototypes and getting ready to go to production so we can be ready for Interbike in September. We are currently exploring some different avenues for financing and looking for some energetic and adventurous people to join our team,” Spencer said.

You can find and contact Spencer and his team at their website [www.VictoriousBikes.com](http://www.VictoriousBikes.com).





# Jon M. Huntsman School of Business

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**Thursday, March 6, 2014**

## Two Huntsman Teams Make it to Final Four of International Information Systems Competition

By Steve Eaton

Two Huntsman teams are finalists in an information systems competition that drew initial submissions from around the world.

The competition is sponsored by Association for Information Systems, a professional organization that earlier this year recognized the Huntsman AIS chapter with an “outstanding” designation, something given to only three other chapters in the nation last year.



Allan Follett, Chad Williams, Conner Sorensen

Chad Williams, Conner Sorensen and Allan Follett entered a contest that required them to create a video. Their production focused on explaining what the phrase “big data” means and why students who study in this area have increased job opportunities. [Their video can be viewed by clicking here.](#) They were one of four teams selected as finalists in their category for the AIS 2014 Student Chapter Conference and Competition that will be hosted by Arizona State University from March 20 – 22, 2014.

Vishal Patel and Divya Reddy competed in the IT security category. To qualify as finalists they were asked to take on a case study that involved a company with very complex IT problems that wanted to simplify its systems and get a better return on investment. That team is also one of four selected to be a finalist in the competition.

Vishal said the case studies are very similar to the type of complex problems they will face after graduation and that he considers the experience he is gaining by competing very valuable. The

students said the competition gives them a chance to showcase their skills on an international stage and to network with top industry officials. Last year Vishal was on a team that took first place in the “IT risk and identification” category. Another Huntsman team took second in the “interactive learning module” category.

“It’s very rewarding when students from around the world enter this competition and we have teams that come out on top,” said David Olsen, the head of the Management Information Systems Department. “This bodes well for our students as they enter the marketplace and it keeps the bar high for our department. Leading organizations and companies seek out Huntsman students because they know they will contribute in a big way and they want that competitive edge.”

The students are members of the Huntsman AIS student chapter which was recently recognized as an “outstanding chapter” by the AIS parent organization, an honor only four chapters in the world earned last year, according to Timothy McFall, the president of the chapter.

“Our AIS chapter competed with top schools; many of which have substantial budgets and administrative support,” said Susan Jones, the faculty advisor for the club. “This year’s top honors went to schools like the University of Alabama, University of Georgia and the University of Michigan. Our students have reason to be proud that their hard work has paid off with this recognition.”

The student chapter was judged in five areas: professional development, community service, recruitment, communications and the management of the chapter, she said.

“Being active in the chapter gives us opportunities to distinguish ourselves from our peers and to get experience, knowledge and skills that are difficult to gain in just a classroom setting,” Timothy said.



Divya Reddy and Vishal Patel

# Jon M. Huntsman School of Business

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**Friday, March 7, 2014**

## Judging a Part by the Size of its Whole: The Category Size Bias in Probability Judgments

By [Aaron R. Brough](#) (Huntsman School of Business, Utah State University) and [Mathew S. Isaac](#) (Albers School of Business and Economics, Seattle University)

Consumers might be said to have a prediction addiction—they speculate about sports, politics, weather, stocks, sweepstakes, health, and relationships, to name just a few areas. What's more, predictions often guide their decisions. For example, they may decide to carry an umbrella after considering the chance of rain, to invest after forecasting the stock market's performance, or to marry after predicting the likelihood of marital bliss. With all this practice, one might expect consumers to be good at judging probability. However, their predictions are often wrong.

One factor contributing to consumers' flawed judgments is categorization; when making a prediction, consumers may be distracted by how all the possibilities are grouped. Our research looks at one aspect of categorization that hasn't previously been explored—whether size matters. Our basic question is: can the size of its category make an outcome seem more or less likely to occur? For example, would a spectator feel that a particular Olympic skier is more likely to win an individual gold medal if many (vs. few) skiers in the race are from the same country? Similarly, would an investor expect a specific stock to perform better if many (vs. few) other stocks in the portfolio are classified into the same industry? Or would a patient's decision to visit the doctor for a lung cancer screening be influenced by whether lung cancer is one of many (vs. few) of the diseases listed on a health brochure as being potentially preventable?



To each of these questions, the rather obvious answer is that category size shouldn't matter. By analogy, common sense suggests that simply because a bird belongs to a large flock doesn't mean it's a large bird. However, we discovered that people don't seem to apply the same logic when it comes to probability judgments, even though they should. Instead, they sometimes believe that if an outcome is grouped with many other possible outcomes into a large category, it must be more likely to occur. The problem with bundling predictions in this way is that it interferes with people's likelihood estimates. The "real" likelihood of American Olympic skier Bode Miller winning the slalom shouldn't be influenced by the number of Americans who also compete in the final race. And yet, when there are more Americans in the race, people may somehow think there's a greater chance that Bode will win. We call this mistake the category size bias.

In a series of five experiments, we investigated how changes in category size affect people's judgments about probability and found evidence of the category size bias. We examined predictions across numerous contexts, including games of chance (e.g., lotteries), games of skill (e.g., athletic competitions), and assessments of risk (e.g., security threats). We discovered that predictions can be biased by category size—even when the basis for categorization is completely irrelevant and every outcome is equally likely to occur. For example, in one experiment, participants believed that the probability of winning a lottery was higher if their ticket color happened to be the same as many (vs. few) of the other gamblers' tickets—and they were willing to wager an average of 24% more as a result. In another experiment, participants estimated a team's odds of winning the NCAA basketball tournament to be significantly better when the team's mascot shared similar features with the mascots of many (vs. few) other teams. Participants in yet another experiment judged the risk of an IT security threat to be higher and were more likely to take precautions when their actions were seen as part of a large (vs. small) group of preventative behaviors.

"We found that the accuracy of people's predictions, as well as related decisions, can be affected by meaningless groupings," Dr. Brough said. "For example, imagine a lottery in which most of the players have a blue ticket and only a few have a yellow ticket. You would correctly conclude that the winning ticket is more likely to be blue than yellow. However, you might also incorrectly conclude that if your ticket is blue you are more likely to win, and that if your ticket is yellow you are less likely to win. Even though every ticket in reality provides an equal chance of winning, people act as though their ticket somehow inherits the probability of its entire group. I like to think of it as a case when bunches change hunches."

It's not just that people are bad at math. Instead, they seem to confuse judgments about an entire category with judgments about an individual member of that category. There's a difference between predicting that any diamond card will be drawn from a standard deck of 52 playing cards and predicting that a specific card (e.g., the Queen of diamonds) will be drawn. Knowing the number of cards in the diamond suit is relevant to the first prediction, but to make the second prediction all you need to know is how many cards are in the deck—categorization is irrelevant. Yet people tend to rely on information about a category when making predictions about an individual category member, and that's where they get into trouble.

This research aims to provide consumers, businesses, and policy makers with new insights regarding how categorization—and specifically category size—can impact perceptions of risk and probability. Our findings suggest that managing how risk-related information is grouped may increase early detection of preventable diseases and encourage responsible behavior. For example, when policy makers are crafting health-related messages for consumers, grouping a highly preventable disease such as lung cancer with a large (vs. small) number of other potential health risks could increase the perceived risk of contracting lung cancer, which may in turn persuade consumers to visit their doctor for regular screenings. Similarly, to the extent that a fatality report increases perceived risk by grouping car accidents with a large (vs. small) number of avoidable causes of death, drivers may be more inclined to wear a seatbelt. On the flip side, when accurate predictions are the goal, ignoring categories and focusing instead on individual outcomes can help avoid the category size bias and improve accuracy.



Dr. Aaron Brough



# Jon M. Huntsman School of Business

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**Friday, February 28, 2014**

## **Dr. Larry Walther Awarded Federation of Schools of Accountancy (FSA)/Joseph A. Silvoso Faculty Merit Award**

In February [Dr. Larry Walther](#), department head for the School of Accountancy, was awarded the Federation of Schools of Accountancy (FSA)/Joseph A. Silvoso Faculty Merit Award for 2013.

"I have the greatest respect for all of the past award recipients and am truly honored to receive this award," Dr. Walther said. "I am humbled and moved that my colleagues across the country have bestowed this recognition."

The intent of the award is to recognize and reward an outstanding faculty member, teaching in a post-baccalaureate program offered by a member school of the Federation of Schools of Accountancy. FSA promotes and supports accredited graduate programs in accounting to achieve and maintain public trust in the accounting profession.

"Larry is one of our treasures, and I simply could not be more proud of all he has done for the Huntsman School and for our students," said Dean Douglas D. Anderson.

Dr. Walther's leadership in the profession for accounting education is known throughout the industry.

Dr. Walther was presented with a plaque commemorating his service to the Federation of Schools of Accountancy and a stipend for \$2,500. This award is funded annually by a contribution from the KPMG Foundation.

The honor was announced at the recent Accounting Program Leadership Group/Federation of Schools of Accountancy joint conference in San Antonio.

Dr. Walther's professional experience includes having owned an outdoor advertising company and served as a director and/or consultant to various public and non-public companies. He has authored numerous accounting textbooks and articles and has been published in many major professional and accounting journals. He currently dedicates much of his time to his website: [www.principlesofaccounting.com/](http://www.principlesofaccounting.com/), which is a free online textbook that has received extensive global use. As a professor, Dr. Walther focuses on rigor and excellence in his teaching.



Dr. Larry Walther

# Jon M. Huntsman School of Business

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**Wednesday, February 26, 2014**

## **USU Study Details How U.S. House Politicians Have Changed the Rules for Their Own Political Gain**

By Steve Eaton

A USU professor says the committee system in Congress has evolved over the years, shaped by individual “political entrepreneurs” who realized they were going to have to change the rules to push their own pet projects and policy changes through the system.

Public Choice, a top academic journal, has recognized Diana Thomas, an assistant professor of economics at the Jon M. Huntsman School of Business, with a “best paper” award. Her study of the evolution of the House committee system found major rule or policy changes that impact all of Congress were sparked by individual politicians she calls “political entrepreneurs” who were seeking out their own best interests or those of their special interest constituents.

The first congress had no standing committees making it very difficult for anyone to get legislation passed, Dr. Thomas said.

“What we are showing in this paper is that the rules that govern committees in Congress have changed over time to make it easier for individual politicians to seek legislation that would benefit their constituents,” she said. “Whenever they encountered road blocks, they would just change the rules of the political game and that has had a long-term impact on the way things work in Washington, D.C. For example, these rule changes have made it easier for politicians to trade votes and for lobbyists and special interest groups to influence legislation made in the nation’s capital.”

Dr. Thomas was notified recently that she and her co-author Dr. Adam Martin won the Gordon Tullock Prize for the best paper published by younger scholars in 2013. The paper, was called, “Two-tiered Political Entrepreneurship and the Congressional Committee System.” She and Dr. Martin will receive a \$1,000 honorarium paid for by the publisher of Public Choice, Springer.

Gordon Tullock, who is a retired professor of law and economics from George Mason University School of Law, was one of the first academics to look at political actors as individuals motivated by their own self-interest, much like economists do when they analyze individual behavior in markets. Until 1962 most of the thinking in political science was focused on parties and organizations and how they behaved as groups, she said.

Tyler Bowles, the head of the Department of Economics and Finance, said this is a prestigious award that recognizes Dr. Thomas’s “thorough, in-depth research.”

“Dr. Thomas is a great example of the kind of quality research our professors are doing and this award indicates that the outside academic world is noticing what’s going on here at the Huntsman School,” he said. “The Gordon Tullock Prize is a wonderful accomplishment for Dr. Thomas and we are proud of her contributions to the school and our students.”



Dr. Diana Thomas

# Jon M. Huntsman School of Business

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**Monday, March 3, 2014**

## **30th Annual Information Technology Conference**

By Brandon Layne

This year marked the 30th annual IT Conference for [Partners in Business](#). As an organization, Partners has always strived to bring students and professionals together in a learning setting, and this year has been no exception. The topics this year were narrowed to "Data Analytics" and "Security." The idea this year was not only to have specific subjects that attendees could choose, but also our team went to great lengths to bring in some of the best minds on these subjects from all over the nation.

For security we went into this knowing that the subject in IT is quite broad so we brought in specialists that focused on different aspects of security. David Thaw, a law professor from Connecticut helped pass Cyber Security Laws before congress. He was able to comprehensively explain what the laws are and how they relate to us as consumers and businesses. His presentation slides as of right now are the most requested piece of information since the conference has ended.

To complement David, we brought in Branson Matheson from NASA who literally teaches classes on hacking. He taught about social engineering and how it can be used to manipulate you into giving away more information than you should. Unbeknownst to us, he posted papers around the conference simply stating, "If you want a prize, text this number." In his presentation, he showed the list of people who blindly sent their information to a stranger because they didn't think to question it. That activity made for a pretty powerful example of the vulnerabilities in social engineering.

For those more interested in Big Data or Data Analytics, we wanted to focus on teaching business owners what they should do with the data that they already had. We brought in Zachary Howes, Service Engineering Manager for Microsoft, to talk about an under-the-hoods view of what it takes to process over 7 billion rows of telemetry a minute for Microsoft services. He taught about different ways that Microsoft is changing and adapting to handle its constantly growing organization. Our other speakers, Neil Nickolaisen, Richard Wellman, and John Johnson, focused on different techniques to sorting and visualizing the data that you have.

Our opening keynote was Cydni Tetro who works for Disney and specializes in 3D printing. She taught us about what the realistic future of 3D printing is and how it will change many things for the better at a lower cost.

I would say that overall, the students and attendees who participated came away with a better understanding of the power of data and information, the importance of security, and the steps we all need to take to stay ahead of these ever changing technologies.