

Ian Schrager '68

Life After Studio 54

In the disco days of the '70s, Studio 54 co-owner Ian Schrager helped define celebrity culture. Today he's shaking up the hotel industry with his unique vision and enthusiasm for catering to guests.

By Charles Salzberg

Ian Schrager is running late, but that's nothing new. This is a busy time for the owner of such high-profile, ultra-cool hotels as Morgans, the Royalton, and the Hudson in New York; the Delano in Miami Beach; and the Mondrian in Los Angeles. From the waiting area in his bright, spacious midtown loft office on Manhattan's 10th Avenue, there are occasional glimpses of him moving quickly about the labyrinthine maze of cubicles and glass-enclosed conference rooms. Finally, he settles down in a conference room with mock-up designs of various parts of hotels in progress pinned to the walls. Dressed in an unpretentious T-shirt and slacks, he is gracious and remarkably focused, considering all that's going on around him these days. "I'm sorry we had so much trouble getting together," he says, "but I'm quite busy right now. We've opened three one-of-a-kind hotels in the last year and we plan to open three or four more in the next couple of years. We're in a transition period from a mom-and-pop business to a larger business and this is a difficult move to make. Entrepreneurs bite off more than they can chew," he continues, almost apologetically, "then, just when they're ready to digest it, they take another bite."

This is not Ian Schrager's first bite. If you recognize his name at all, it's probably as part of a duo that was almost as famous in the mid- to late-'70s as Batman and Robin. Back then, it was Steve Rubell and Ian Schrager. And if you were living in New York City, ever visited New York City, read about New York City, or if you weren't living in the Bat Cave, you knew about the infamous Studio 54 (and later the Palladium), hangout of everyone with just a first name—Liza (Minelli), Halston, Calvin (Klein), Cher, Bianca (Jagger), Andy (Warhol) and every celebrity, would-

be celebrity, wannabe celebrity, and celebrity watcher.

But as high as Rubell and Schrager were riding, and they were riding very, very high, that's how low they fell. Low enough to spend a year incarcerated for tax fraud after skimming hundreds of thousands from their operations.

F. Scott Fitzgerald once mightily proclaimed that there are no second acts in America, but certainly Ian Schrager puts the lie to that lofty pronouncement.

Schrager's first act started in East Flatbush, Brooklyn, where he was born and raised. In 1964, he entered Syracuse University, majoring in economics. "If I could do it again," he says now, "I would choose history, because history puts things into perspective," which is an interesting thought for someone who has so much history of his own.

It was at Syracuse that Schrager, who pledged Sigma Alpha Mu his freshman year, met Rubell, a result of their both dating the same young woman. Although physically and emotionally at polar opposites—Rubell was short and outgoing; Schrager, tall, thin, and shy—they became close friends. Those college years were priceless to Schrager. "The socialization process was very important," he says. "Above and beyond the education in the classroom, it was an eye-opener, a refining process. That's where I came of age. And the friends I made in college turned out to be lifelong friends."

After college, Schrager enrolled in law school and then, following graduation in 1972, he took a job in a commercial law firm that handled estates and trusts. Steve Rubell was one of his first clients.

As the '70s wore on, the so-called sexual revolution took hold and Andy Warhol's proclamation that everyone would have 15

minutes of fame was born. "I was intrigued by the new lifestyle," says Schrager, 54, who is now married to Rita Naroni, a former dancer with the New York City Ballet, and father to two girls, Sophia, 6, and Ava, 3. "It was a very exciting time—the period when people were waiting on line to get into discos and I realized that, without a lot of capital, this could be my access into the economic system."

And so, in 1974, the two partners opened Studio 54. "At first we didn't even have a liquor license," Schrager says. It didn't matter. Studio 54 took off, and so did Schrager and Rubell, who had already tasted some success when he started up a chain of steak-and-salad joints on Long Island. But this was like nothing either of them had ever seen or dreamed of. Suddenly they were as famous as those single-name celebrities who were waved past those velvet ropes. Loads of cash came pouring in. And, as Schrager says now, "We did a stupid thing." What they did was skim money and stiff Uncle Sam, who was not pleased. When the IRS finally raided the place, they found hundreds of thousands of dollars in unreported cash. Schrager and Rubell pleaded guilty to tax evasion and went to federal prison for 13 months.

"It was the darkest period of my life, other than the death of my parents," Schrager says, his voice dropping slightly. He does not shirk talking about this time, nor does he make excuses for it. "When we got out we were below ground zero, because we couldn't get a liquor license, couldn't get credit cards, couldn't even open a checking account," he says. "They took everything from us, but I'm not complaining. That's just the way the system works. We lost our way, but that didn't affect my enthusiasm or my ambition. As my mother and father used to say: 'There's no real harm in falling down. The harm is in not picking yourself up and moving forward.' Any success I have is the result of being relentless."

After their release, the two men, still close friends and partners, decided to look in another direction. They gobbled up a dilapidated hotel on lower Madison Avenue, renovated it, added a hip sense of style, called it Morgans, and they were off

Schrager continued

and running.

Why the hotel business? "Because it was a logical progression," Schrager says, leaning forward, his arms on the table. "They're both hospitality businesses. With nightclubs you have no discernible product—it's just magic and cachet. It's the same basic approach in the hotel business, although I do have a product—a bed. But you still approach it the same way. They have the same goal, to take care of guests. Only one place they sleep over and one place they don't."

The differences between Rubell and Schrager worked to their advantage. "Steve was more of a person who got gratification from taking care of others. I'm more visual and perceptual. I like to overwhelm people, blow them away with the strength of my ideas. I feel this instinctively, that something could be special, that I'm tapping into the *zeitgeist*. Anything involving vision involves listen-

ing to your gut. I don't believe in focus groups. I do it for me and evidently there are other people out there who are like me. You know, if I go to a movie that's very popular and I don't like it, I just keep going back until I can understand what the rest of the culture sees in it."

Rubell died of hepatitis in 1989, leaving Schrager to go it alone. "Steve and I complemented each other," Schrager says. "He was very smart, clever, sensitive, and people-oriented. I don't intrinsically enjoy the attention. Steve really enjoyed having a public persona. But in our case, one plus one equaled three."

Schrager took to the hotel business like Michael Jordan took to basketball. He listened to his gut and every one of his hotels has been a roaring success. To explain this, Schrager, who now owns 16 hotels across this country and Europe, says: "I'm not a manager—I'm an entrepreneur with vision. I'm not interested in

cookie-cutter anything. That just doesn't interest me. I like to go into a 24-hour gateway city and saturate it at different price points. I'm not interested just in concentration, unless it makes sense to me."

Schrager is far from finished. He plans at least three new hotels in the next couple of years, two in New York City—one on Astor Place, the other on Bond Street—and another in Los Angeles. The Hudson is his latest and it's a hit, in large part because it's affordable, with rooms going for as little as \$99 a night. "I like the lower end of the market," he explains. "It's more modern. The money is really irrelevant. It's what I call vertical marketing. It's like with a nightclub," he continues, moving back to his roots, getting some perspective from history. "Diversity and tension are what make it interesting."

And how much longer can he go? He smiles. "I'll keep doing this as long as my passion stays with me."



Courtesy of Gizelle Ortiz-Velazquez

When Opportunity Knocks

When Gizelle Ortiz-Velazquez graduated from the College of Arts and Sciences in 1984, she hoped her degree in international relations would help her land a dream job—one in diplomacy with a chance to travel and use her bilingual skills.

Ortiz-Velazquez has done all this, but not as a diplomat. She has traveled extensively as an insurance executive, working in such places as Mexico, Chile, Brazil, Argentina, and Puerto Rico. "It was wonderful to be exposed to all those different cultures," she says.

Shortly after graduation she was recruited by a New Jersey-based insurance company and has worked in that field ever since, except for a stint as a diversity consultant for a firm in Pennsylvania. "Life has interesting ways of making us go into things that we don't necessarily plan for," says the Miami resident who is now vice president at FINPRO, a division of Marsh USA Inc., an insurance broker and risk management firm. "I enjoyed working in the field of diversity consulting, but with a growing family, the travel got to be too much."

Joining FINPRO seemed like a natural progression for Ortiz-Velazquez, who serves as a resource for clients, advising them on their financial product needs, loss control, and business risk. "I can build on my knowledge of the insurance industry, the connections I've made, and the networking I've done," she says. "It seems like a natural fit."

As busy as she is with work, family, and other commitments, Ortiz-Velazquez maintains a close connection with SU. She attends the triennial Coming Back Together reunions and also serves as an alumni representative, meeting with prospective SU students and their parents at college fairs in the Miami area. "One of my proudest accomplishments is that I continue to contribute to SU as an alumni representative," she says. "It's a way to give back to the people at Syracuse University, to thank them for all the great things they did for me. It's a way to talk about the positive experiences I had there."

—Paula Meseroll

Faith in Programming

A made-for-TV movie about media mogul Lowell “Bud” Paxson would have to feature two pivotal props: an electric can opener and a Gideons’ Bible. The can opener helped make Paxson a billionaire. The bedstand Bible brought focus to his affluent, hard-driving life.

At one time, Paxson—now chairman and chief executive of Pax TV—was the owner of a struggling radio station who agreed to accept 112 Rival electric can openers as payment from a cash-strapped advertiser. Paxson, a born retailer who bought his first radio station at age 22, offered the gadgets on air and sold out in a few minutes. Two years later, he took the concept to television, and the Home Shopping Network was born.

In the 1980s, Paxson’s lucrative communications network grew from 5 to 7,000 employees. “It was like riding a tiger—and the hardest job I’ve ever done,” Paxson says. Still, the intensity took its toll. In 1986, the year he spent 260 days on the road negotiating with manufacturers in 100 countries, Paxson’s marriage broke up.

A few weeks after the split, Paxson and his four children were staying at Caesar’s Palace in Las Vegas. “It was New Year’s Eve Day, and I was not feeling festive,” he remembers. In the middle of that sleepless night, Paxson flipped through the pages of a Gideons’ Bible on his bedstand. Two passages about God’s unconditional love for sinners stopped him short. “I had an instant response in terms of my comfort and inner peace,” Paxson says. “I was 54 years old, yet I had never realized how important faith is in life.”

Soon after, Paxson left the Home Shopping Network and sold his stock. He cashed out for \$1 billion in 1990, and used the funds to create Paxson Communications, a publicly traded empire of radio and television stations. In 1998, Paxson consolidated his empire and parlayed his 67 UHF television stations into Pax TV, the nation’s seventh-largest television network and the focus of Paxson’s book, *Threading the Needle: The Pax Net Story* (HarperCollins).

The new network’s programming, inspired by Paxson’s now firmly entrenched faith, focused on families and spirituality. The wholesome lineup raised red flags on Wall Street. “Lots of skeptics said, ‘No sex, no violence, no ratings,’” remembers Paxson. “I love it when people tell me I can’t do something. As far as I was concerned, Paxson Communications had a good track record, and Pax TV had a good business plan. I knew I could raise money from investors.”

Two-and-a-half years after its launch, Pax TV operates in the black and reaches 82 percent of American households. Its stock is stable, despite a rocky market. “Between February 2000 and February 2001, our viewership was up by 39 percent,” reports Paxson, who owns 46 percent of the network. “There is a niche



Lowell ‘Bud’ Paxson ’56

for what we are doing. Television can either support or undermine moral values. Parents want to know there is a safe haven for family viewing.”

Prime-time Pax TV features reruns of feel-good shows like *Touched by an Angel* and *Dr. Quinn, Medicine Woman*. It also produces 25 hours a week of original programming, such as the top-rated *It’s a Miracle* and highly applauded *Mysterious Ways* (which also airs on NBC). “Our shows are about storytelling and parables, which is how Christ taught,” explains Paxson. “The message is that there is a higher power intervening in our lives. That power is God, and he loves us.”

But on Pax TV, the message is subtle, according to Paxson. “We are not evangelists. This is not a network on which people accept Jesus as their savior. It’s a network that acknowledges that many people have a spiritual side.” As Paxson told *USA Today* in 1998: “We understand that today’s baby boomer has a good job, two kids, two cars, and is not happy. He’s starting to seek, and that’s leading America back to church.”

Although Pax TV reflects Paxson’s personal values (“You can’t act in opposition to your faith, or you lose it,” he believes), the network is not a monument to his spiritual beliefs. “We do not begin the day with a prayer,” he says. “I spend most of my time on investor relations and leave the programming to the professionals. I believe in what I’m doing, but I do not lose sight of the fact that I am not running a church, I am running a business.”

—Denise Owen Harrigan

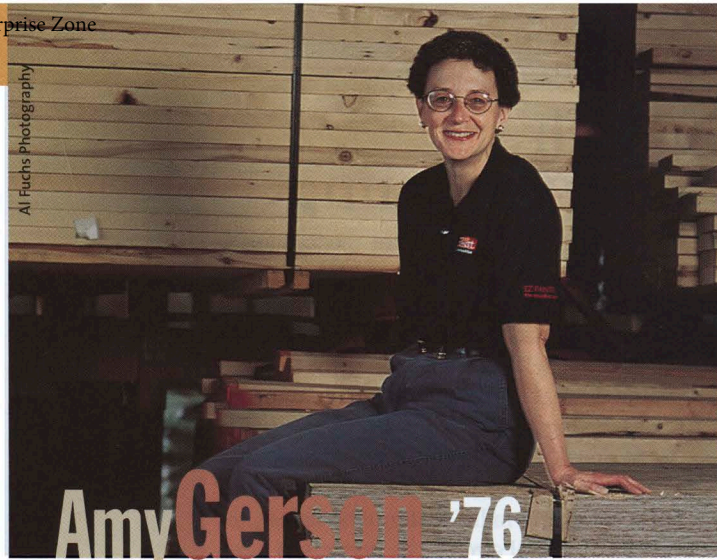
All in the Family

It could be seen as a battle of David versus Goliath, but Amy Gerson enjoys the challenge of taking on the giants of the home-improvement industry.

Gerson is president of Corlett Lumber Company, a full-service, retail home-center business her family started three generations ago in Cleveland. Corlett competes with the Home Depots and Lowes of the world, and is not only staying afloat, but succeeding. It's a particularly sweet victory for Gerson, her family, and the dedicated staff she employs. "We're not going head-to-head with the big boxes [national chains] in price or advertising," she says, "but we have a very fine reputation and people know they can get in and out of our store quickly with what they need."

After earning a bachelor's degree from the School of Education in 1976, Gerson taught special education for three years before joining Corlett to work for her father. She started as a bookkeeper and worked in the office for 14 years before becoming president in 1995. In 2000, the National Association of Women Business Owners selected Gerson as one of the top 10 women business owners in Northeast Ohio.

Gerson says that although the lumber business is male dominated, she felt comfortable becoming Corlett's president because of her father's success and the mentoring she received from him.



"I came into an already established business where my father and grandfather set the tone," she says. "I had to prove myself to my contacts and the people who work here, but it wasn't the same situation as someone trying to open a new store."

Gerson believes it's the family atmosphere of her company that appeals to customers. "There's a lot of history in this store that is very meaningful to me," she says. "I want to live up to that tradition and continue to help it grow."
—Jonathan Hay



Manufacturing Medical Miracles

Bill Allyn always wanted to work in the medical instrument business that his grandfather founded. He got an early start when his father hired him to work in the company's metal finishing division every summer during high school. "It was really tough work, but I learned the value of teamwork and that every job is important," Allyn says. "My father is one of the wisest people I've ever met."

Today, after 21 years as company president and CEO, Allyn is regarded as a visionary in the field of medical diagnostic equipment. Under his direction, Welch Allyn Inc., located in Skaneateles, New York, has grown into an international company that makes medical diagnostic instruments; bar code readers and optical scanning devices; miniature and subminiature incandescent, halogen, and arc lighting products; and inspection devices.

In addition to his business responsibilities, Allyn is a community leader who works to improve the quality of life in upstate New York; a philanthropist who aids people in need; an avid ice skater and former hockey coach; an active member of the L.C. Smith College of Engineering and Computer Science advisory board; and a Syracuse University trustee. "There are very few things I've enjoyed more in my career than serving on the Board of Trustees," Allyn says. "I'm deeply appre-

ciative of this honor—it's something I'll always treasure."

After earning a mechanical engineering degree from Dartmouth College in 1958, Allyn studied finance at Syracuse University, where he met and married Penny Jones Allyn '60. For the next three years, he served as a commissioned officer in the U.S. Coast Guard in Portland, Oregon, before returning home to enter the family business. Four sons and eight grandchildren later, he's ready to pass on the reins to a fourth generation of Allyn's, as he and his wife look forward to retirement in Florida. "I love to see the next generation taking over," Allyn says. "They're all so capable and sharp."

Although Allyn is no longer at the helm of Welch Allyn Inc., he'll remain active in the company as chairman and CEO of Welch Allyn Ventures, a holding company that was created when the parent company split into three distinct businesses. In his new role, he'll look across all three companies to integrate the latest technologies. "I can take a broader view, see the possibilities, and put new ideas together," Allyn says. "We've already begun exploring the marriage of our medical diagnostic equipment with computer technology to make health care more efficient. I believe all things are possible."

—Christine Yackel

High-Tech Solutions

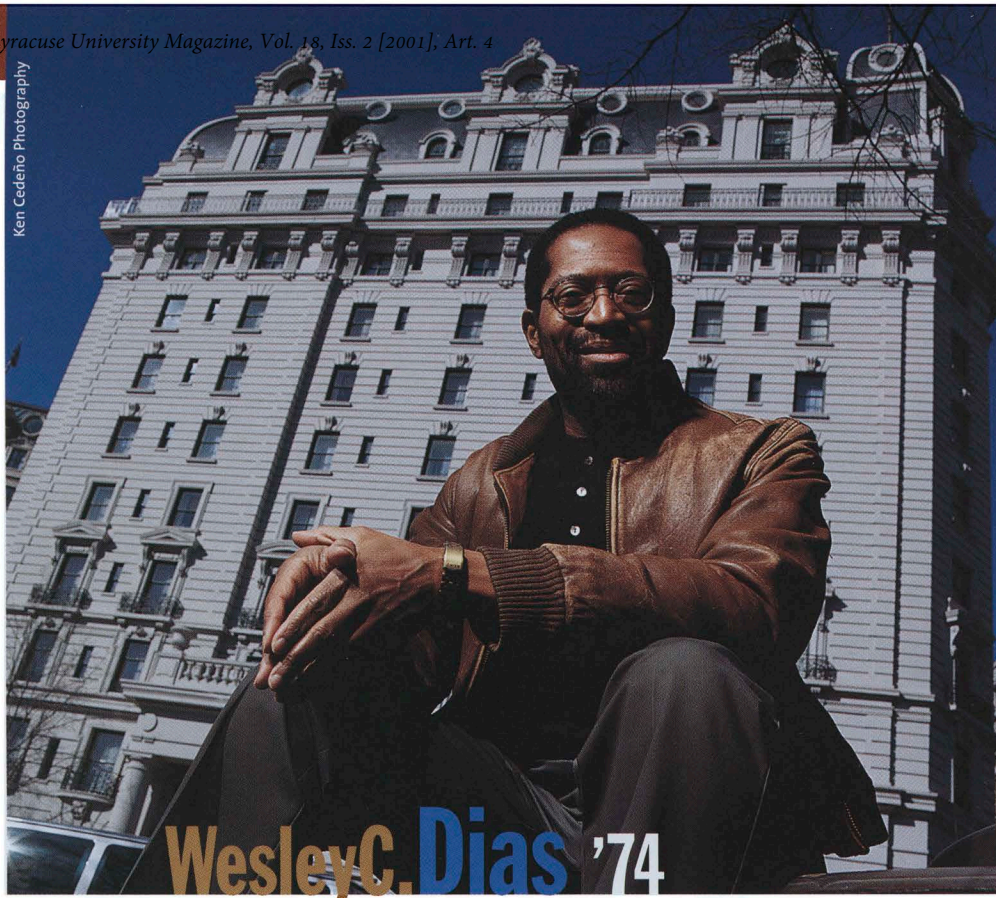
Wesley C. Dias is a problem solver. At his Washington, D.C.-based Argosy Consulting Group, he helps companies and government agencies use new technology to handle information flow and get the most out of their investment. Otherwise, he says, high-tech computers are just glorified typewriters. "You don't need a \$2,500 machine to type," says Dias. "The work flow in that situation stays exactly the same."

Argosy advises various industries on how to take maximum advantage of technology. Dias and his business partner, Mark J. Hamilton, count information technology companies, physicians, credit unions, federal government agencies, and even law enforcement agencies among their clients. "As computers began to play an information management role, people moved away from restructuring and began throwing hardware at issues," says the College of Arts and Sciences graduate. "This is all about organizational evolution."

In fact, it's not surprising to find companies suffering from "growing pains" as they begin to incorporate new technology into their work, Dias says. "We see ourselves facilitating their effectiveness in dealing with the changes so they can be successful. It all comes down to problem solving."

Besides work, fitness and meditation are

Ken Cedeño Photography



mainstays of Dias's life. In 1994, he discovered Chi Gung, an internal martial arts technique that combines exercise and meditation to promote physical, emotional, and spiritual well-being. Dias says Chi Gung "enables you to identify, strengthen, and reinvent yourself constantly and lovingly. You become comfortable with the path you've chosen."

Dias credits Chi Gung, as part of his personal development regimen, with giving him confidence in decision-making, and helping him maintain his vision, stamina, and creativity. "It's amazingly freeing to embrace complete personal power and responsibility and realize at each moment you've made the best decision you could make at the time," he says. —Erin Duggan



Musical Memories

Mark Stevens doesn't have to sit around wondering if his product is selling. In fact, he usually knows within minutes, because he creates specialized music collections that are advertised through television commercials or 30-minute infomercials. Think "Singers and Songwriters," "Treasury of Christmas," "Classic Rhythm & Blues," or "Songs 4 Worship." If viewers want to buy, they pick up the phone right away. "We create music packages aimed at an audience older than the traditional music store customer," says Stevens, president of Time-Life Music in Alexandria, Virginia. "We license the music from major record labels and package and promote it in a very emotional way. The secret is putting together the favorite music people grew up with, and marketing it with a certain spin that lets them revisit that era."

Stevens got his start while still at SU. As

a dual major in television-radio-film in the S.I. Newhouse School of Public Communications and marketing management in the School of Management, he was part of a team that won a national contest sponsored by the American Advertising Federation. The team's efforts led to a job offer for Stevens from advertising giant Young & Rubicam.

In 1981 Stevens moved to Home Box Office, where he soon became a regional manager and then director of advertising. He jumped into a new area of entertainment with HBO's parent company, Time Warner (now AOL/Time Warner), eventually rising to his present position. "We sell a lot of music because we evoke memories by combining the right music selections with classic footage of performances and experiences," says Stevens, who clearly loves his work. "Knowing that people buy and enjoy what we've produced is a great feeling." —Carol North Schmuckler