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A Pattern of Success

by
Robert Barnett

In 1990, entrepreneur Sabrina Kay started a company called California Design College, her modest office doubling as her bedroom in her parents' house. Her first class consisted of six students studying for certificates in computer fashion design.

Just twelve years later, in 2002, Kay sold her school to Pittsburgh-based Education Management Corporation for enough money to retire. By then, California Design College had grown to 500 students and offered accredited Associate and BA design degrees in both fashion and computer fashion design.

So you might assume when Kay enrolled in USC Marshall's Executive MBA program in 2003, already a millionaire many times over, it would be a walk in the park. Not so.

"It was a very humbling experience," she recalls with a laugh. "The first week, I was panicking. I didn't understand 'z' statistics, multiple regression analysis or MPV calculations," she says, referring to her courses in probability and finance.

"I never knew any of that. Cash

flow was the way we did accounting in my company,” she adds. But she loved the academic challenge, and went on to graduate with honors.

And now, armed with an MBA, a track record in the business world and a chance to catch her breath, Kay shared some of her observations in a recent interview with Marshall, Inc. about entrepreneurship, the value of underestimating risk and the benefits of perseverance.

Kay’s story begins in Korea where she lived until she was 19, when she with her family moved to Orange County, California.

“Growing up, my mother convinced me I was the prettiest and smartest kid on the block,” she says. “As soon as I moved to the U.S., I was convinced overnight that I was the ugliest and stupidest. I wasn’t five-ten and blonde, and I didn’t speak a word of English.”

With a BS degree in computer science from California State University at Long Beach, where she also studied industrial design, Sabrina went to work for a school that taught fashion design. A self-confessed overachiever, she rose in five years from an admissions recruiter to director of international students.

“My international students were paying a lot of tuition,” Kay recalls, “but they weren’t getting the value they deserved out of their education due to language barriers. They really didn’t know what was going on.” Kay suggested that the school add courses for the international students, such as English as a Second Language, and offered to coordinate the program. Her idea failed to catch on at the school, but stayed alive in her mind.

At about the same time, Kay became interested in the new CAD/CAM technology, which was just being introduced into fashion design. With their three-dimensional capabilities, the new computer software programs had the potential to revolutionize the fashion industry. The programs along with the proprietary hardware were being sold to apparel manufacturers for \$250,000 each, but

there was no ongoing training for the industry, which affected sales.

“I told the computer software companies that they were having a hard time selling the computers because the fashion houses didn’t have people who knew how to use them. I knew a lot of fashion students who would be interested in learning,” Kay recalls.

Kay saw herself as a bridge between the two groups and her school was born.

“I signed a lease. I rebuilt the leased space, got all the furniture, wrote the curriculum, the catalogs, the textbooks, negotiated a deal for the computers,

“The night security guards and janitors were my best friends,” says Kay.

hired all the staff and faculty, recruited the students, and started the school. All in four months.”

Then began years of Kay pulling all-nighters.

“The night security guards and janitors were my best friends,” says Kay, adding, “When you’re a micromanager, you know every single inch of your business. I had to. I knew how much toilet paper we needed because I was the one who changed it when we first started.”

In Kay’s 15-year business plan, the first five years would be devoted to establishing the school as a real academic institution with a real product. The second five years would focus on becoming profitable. The third five years called for the school to expand globally through online education.

Kay met her first two goals, but Kay began to have second thoughts as she approached stage three of her business plan. Expanding into the international market would take more capital and a new corporate strategy. She had also put her personal life on hold for more than a

decade. When Education Management Corporation, which owns and operates 71 technical and professional schools and colleges in the United States and Canada, came knocking, Kay decided to sell.

Following the sale, she enrolled in USC Marshall’s Executive MBA program, a fertile two years that led to some reassessments about corporate strategy and insights into her management style.

“When I sold my company, I had no debt,” says Kay. “Going to business school, I realized that’s probably not the best business practice because the corporation had absolutely no leverage.” And rather than manage her next company as a self-described “benevolent dictator,” Kay says she looks forward to being a “servant-leader,” a person who teaches rather than manages. She is also taking her time in considering options for her next business venture, she says, concerned that success might be more elusive.

“The second time, you’re not desperate or driven enough. You’re more careful, with too much delegating. You’re not enough of a micromanager,” she worries.

In the meantime, Kay has agreed to join the board of a new business bank opening in downtown Los Angeles in spring 2006 and she is serving on the planning commission of the City of Los Angeles, appointed by Mayor Antonio Villaraigosa. Among her many philanthropic activities, is an after-school program for inter-city kids and a full-service homeless shelter with the Weingart Center in Los Angeles.

As for selling her company, Kay says she has no regrets.

“I was very, very lucky that the business didn’t fail. It gave me enough money to retire and everyone in the business was taken care of. And the company is still doing a good job,” she says.

Starting California College of Design reminds her of a passionate, intense love affair, she says, adding, “A first love may be your strongest love, but I’m looking forward to experiencing love again.” ■