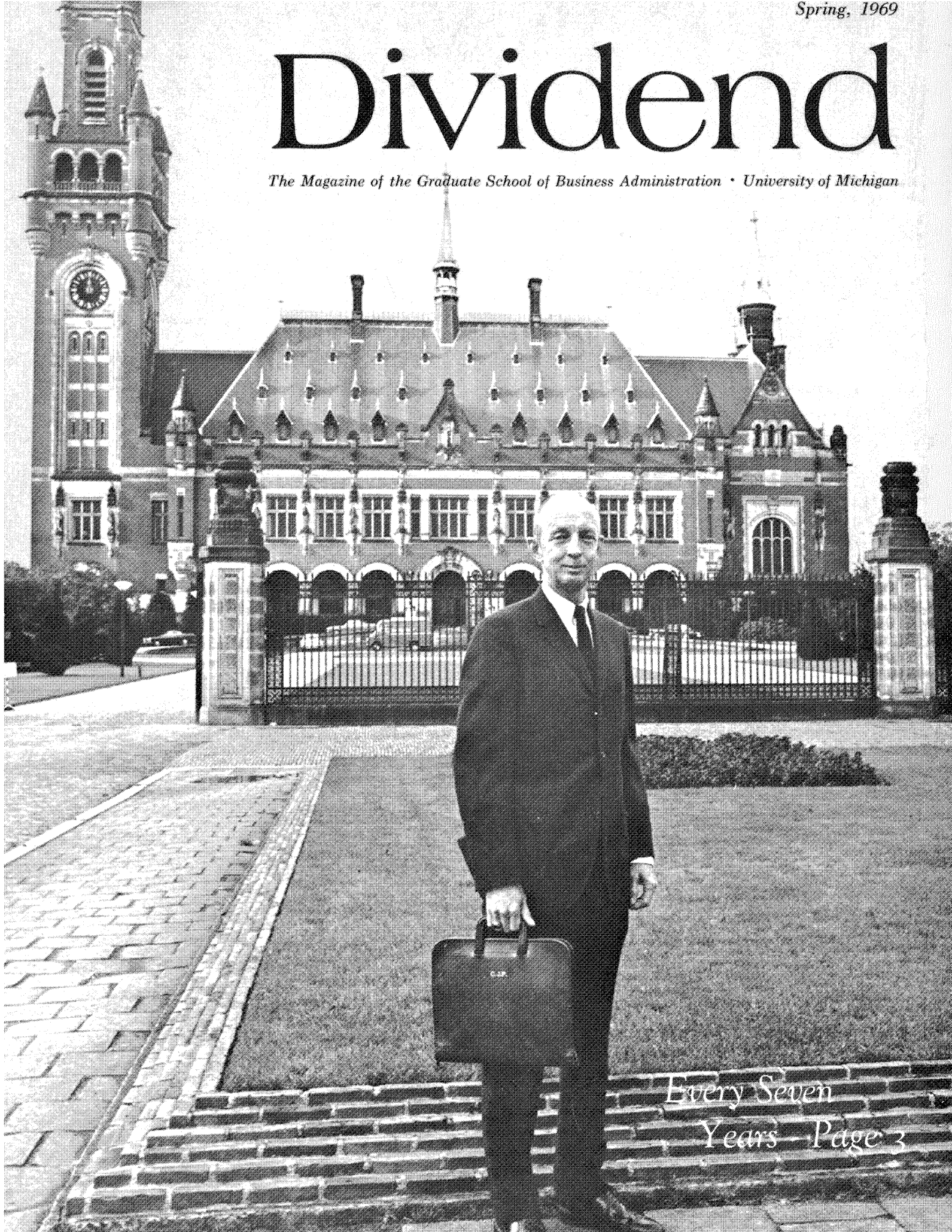


Spring, 1969

# Dividend

*The Magazine of the Graduate School of Business Administration • University of Michigan*



*Every Seven  
Years Page 3*

*The Magazine of the Graduate School of Business Administration*

With this issue we launch a new magazine, designed to bring you news of the Michigan Graduate School of Business Administration, as well as articles about business topics that we think will interest you. This magazine is particularly *yours*, as a graduate of this school, and we hope you will give us your reactions, suggestions, comments and criticisms. We'd like each issue to be, for you, a valued dividend from your business *alma mater*.

*The Editor*

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Does the behavior of modern business firms parallel the behavior of nations of the past? Is there a similarity between Richard the Lion Hearted and any modern day businessman? Englishman Antony Jay thinks so, and his imaginative book on the subject is reviewed by Professor of Business History David L. Lewis.

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An informal collection of items, including facts about faculty, news of alumni and of the school, and assorted other information, opinion or comment that we think will interest you.

About the Cover

C. James Pilcher, Professor of Finance at the Michigan Business School, is pictured standing in front of the Peace Palace in the Hague. Dr. Pilcher lived in Holland during his sabbatical leave last fall. For more about him and other professors on sabbatical, see page 3. Cover photo by Ton Janssen.

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# very Seven Years

*A report on 10 Business School*

*Professors, and how they spent*

*their sabbatical leaves*

A NOTICEABLE aspect of sabbatical leave is that, though classes do not meet, professorial duties persist. For example, doctoral committees meet, Ph.D. students write dissertations and must consult faculty advisers, editorial duties continue, and the necessity for keeping up with reading is ever present. Despite these distractions, professors find that relief from classroom duties does free them for research and writing that defy completion unless large blocks of uninterrupted time can be devoted to them.

J. Philip Wernette, Professor of Business Administration, is pictured left with one of the eight file drawers of material he is continually updating as background for his course in business and government. In order to keep up with business and government, Professor Wernette reads six daily papers, seven weekly publications, four bi-weekly, nineteen monthly, five bi-monthly and five quarterly publications plus occasional news releases and reports from 25 federal agencies. This reading goes on, sabbatical or no sabbatical, as does the *Michigan Business Review*, of which Professor Wernette is the editor. During his sabbatical leave this winter, Professor Wernette worked on his ninth book, which deals with the economic basis necessary for a good society. He plans to have the book dovetail with his section of a new MBA course offered this year for the first time. The course, entitled "Business, the Economy, and Public Policy," is taught by three professors besides Wernette: Ross Wilhelm, Associate Professor of Business Economics; Arthur Southwick, Professor of Business Law; and Paul McCracken, Edmund Ezra Day University Professor of Business Administration. Dr. Wernette is currently filling in for Dr. McCracken, who has taken a leave of absence to serve as chairman of President Nixon's Council of Economic Advisers. Dr. Wernette spends his "spare time" giving public lectures—many as a member of the Speakers' Bureau of General Motors. He also manages to work in a daily swim at the Intramural Sports Building on campus.

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1. Philip Wernette, Professor of Business Administration



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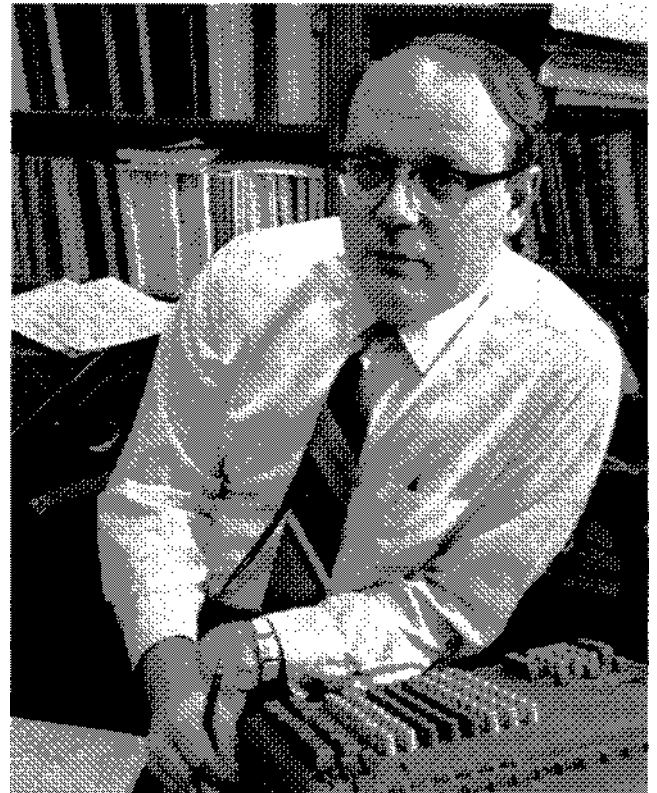
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C. James Pilcher, Professor of Finance who is pictured on our cover, spent his sabbatical doing a comparative study, and evaluation of the practice of and reasons for using the convertible bond as a capital-raising instrument in various European capital markets. His study was instituted with the support of the International Business Program of the Michigan Business School, and carried on with the idea that it would enable business-



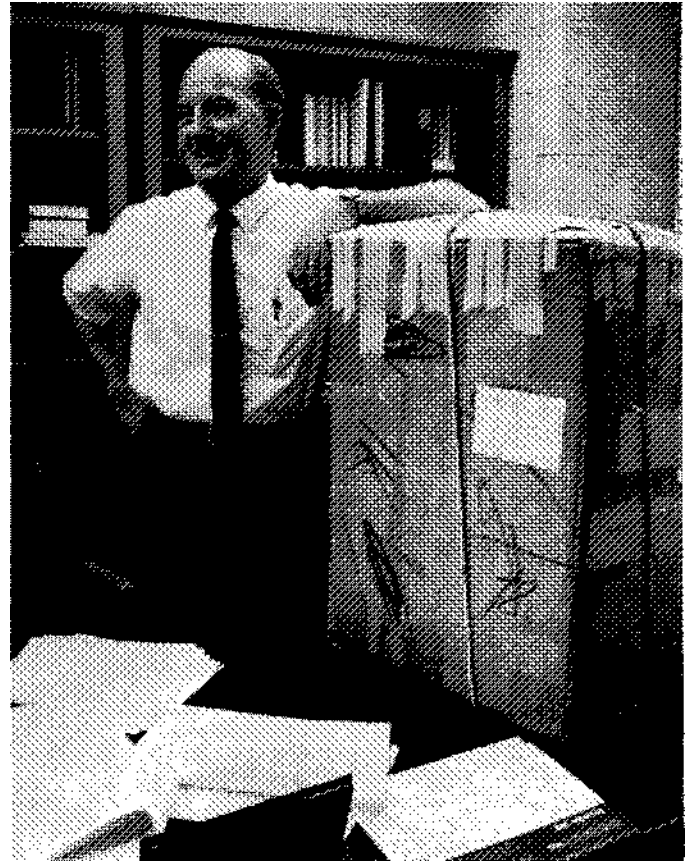
f men to use the convertible bond to maximum advantage in international finance. Dr. Pilcher made his headquarters in Rijswijk, Holland, next door to the Hague, but traveled considerably to talk with businessmen, bankers and investors in the financial centers of Europe. While in Holland, Professor Pilcher lectured at the Stichting Bedrijfskunde of Rotterdam on capital markets in the United States, and his research project. The Stichting, with supportive assistance from the Michigan Business School, is seeking to expand the teaching of business administration in the Netherlands by offering adult courses in business subjects to European businessmen.



Meyer S. Ryder, Professor of Industrial Relations, spent his sabbatical leave this fall analyzing data on how in-plant disputes are settled in union-organized British industry. Much of this data he collected while serving as a visiting professor at the University of Aston in Birmingham, England in 1966. There he held seminars on American management-union relationships and practices and gathered information about British management-union relationships. Professor Ryder has completed a study on managing industrial conflict at the plant level in Holland, and his study of industrial conflict in Britain will follow the same lines. He says that the systems for the resolution of industrial conflict in Holland differ from those typical of England, and both are different from the American situation. For example, collective agreements in the United States are made for a definite term, whereas in England they are traditionally open-ended. After his sabbatical leave, Professor Ryder left for Tuskegee Institute, Alabama, where he is now a visiting professor teaching courses in labor problems and industrial relations as well as helping to develop Tuskegee's curriculum in this area. (For several years now, the Michigan Graduate School of Business has been serving as a resource center for Tuskegee's business school program, and Professor Ryder's visiting professorship is part of that effort). Professor Ryder is the senior author of the book *Management Preparation for Collective Bargaining*, published in 1966 by Dow Jones-Irwin, Inc.

#### 4

James Bulloch, Associate Professor of Accounting, spent his sabbatical leave working on a revision of the book *Cost Accounting* by Charles Schlatter and William J. Schlatter. He spent part of the time in Canada working with William Schlatter, who was formerly Professor of Accounting here, and is now Dean of the Faculty of Commerce of McMaster University in Hamilton, Ontario. The revision will emphasize changes that have taken place in the cost accounting field. In the past, for example, the important emphasis of cost accounting was on the development of unit costs of manufactured items. Now, however, cost accountants are placing much more importance on the development of relevant accounting information to be used in management decision-making: for example, determining how much an item *should* cost, analyzing administrative and marketing expenses, and studying the behavior of costs with respect to different variables. Dr. Bulloch also continued some regular duties while on sabbatical, such as teaching in the executive development program here, and serving on the Core Course Coordinating Committee.



On the day we interviewed Harold E. Arnett, Associate Professor of Accounting, he was preparing to return to the Michigan State Board of Accountancy a huge box of test papers which he had just finished grading. So we pictured him with the box, as a graphic representation of those jobs that must be done, sabbatical or no sabbatical. This particular semi-annual job involves grading questions in the economics and finance section added by the State of Michigan to the Uniform Certified Public Accountant's Examination. On this occasion, Dr. Arnett read about 3300 questions, a job which took him a week and a half and momentarily interrupted his main sabbatical project of developing a high school accounting textbook with a different slant. Rather than dealing primarily with accounting procedures, the book will first describe the economic environment; secondly, explain how accounting operates within this environment, and *then* go on to discuss accounting procedures. Besides the high school textbook, he is also compiling a book of readings in financial accounting theory and working on a monograph entitled "The Nature and Measurement of Goodwill—An Empirical Study" promised for completion at the end of the year. Work on the monograph is supported by a research grant received by Dr. Arnett from the American Accounting Association.



Walter G. Kell, Professor of Accounting, is shown here reviewing the print outs from a computer. He is spending part of his sabbatical leave working with a national public accounting firm in order to observe the implications of electronic data processing for auditing. Knowledge of computers and their application to auditing has become more and more important over the past ten years, and Professor Kell feels his sabbatical experience will help him keep his auditing classes up to date on the complicated questions raised by use of the computer. For example, what happens to the conventional "audit trail" when company records are on a computer? When records are manually kept, the auditor can review both the written records of transactions and source documents behind the written records. But when a computer is used, such a direct method is no longer possible. Either the auditor checks the source records and the computer's output, without checking the middle process (i.e., the program) or he must make up a test deck of cards and run them through the computer itself. These factors, and others, make knowledge of computers an important element in today's auditing process. During the last month of his sabbatical Professor Kell will give a series of lectures at the Netherlands School of Economics in Rotterdam, Holland, on contemporary issues in public accounting. His lectures will touch on such issues as the auditor's legal liability in cases of fraud, and whether an auditor can maintain his independence if he is also providing management services for an audit client. Professor Kell is also completing a textbook on accounting principles.

Franklin G. Moore, Professor of Industrial Management, spent his winter, 1968 sabbatical helping to work out plans for the new MBA courses to be initiated in 1970, continuing his work as a sponsor of a Fulbright scholar here from Japan, supervising two Ph.D. candidates who were writing dissertations, and keeping up with what behavioral scientists are doing in the field of organization theory. Along with these jobs, he also traveled to Spain on assignment for the International Business Program, and prepared material for new editions of each of his three books on management. He is pictured here at home, going over galley proofs for the fifth edition of *Manufacturing Management*, published by Richard Irwin of Homewood, 111., January 8. Material also had to be prepared for a new edition of his *Management: Organization and Practice* published by Harper and Row and for the third edition of *Production Control* which was brought out by McGraw Hill in December.

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Pictured here revising a draft of his research on the decision-making process in public schools is Fred Munson, Associate Professor of Industrial Relations, who spent his sabbatical studying this process. To get his data, Dr. Munson used questionnaires and interviews to study 12 decisions made in four different schools. He was particularly interested in the interaction between school administrators, who decide how resources will be allocated (i.e. what text-books and equipment will be used, whether a remedial reading program can be introduced, etc.) and teachers, who decide what actually happens in the classroom. To what extent, he wondered, do these groups share the same goals, and how do they interact to produce a decision on, say, revision of the high school curriculum, or the introduction of a vocational program? His results show that the two groups often work in comparative isolation, a finding that throws considerable light on the causes of certain types of organization conflict. Part of Dr. Munson's sabbatical time went toward finishing the writing up of research he did in India in 1966, when he spent a year in New Delhi as a Ford Foundation consultant to the Shri Ram Centre for Industrial Relations. He is author of a forthcoming book, *Structure and Function of Indian Trade Unions* and co-author of two others: *The Industrial Relations System in Delhi's Printing Industry* and *Administrative Dimensions of Labor Law*, both of which will be published by the Shri Ram Centre.

*All photographs in this story, except for those on page 8, are by Dean Russell*



Carl H. Fischer, Professor of Insurance and Actuarial Mathematics and a leading authority on pension funds, spent his sabbatical leave studying current legislative proposals for the regulation of private pension plans by the federal government. He says there are seven crucial areas in pension planning: integration (combining pensions with social security); funding (orderly budgeting of future pension costs); compulsory vesting (giving an employee a right to receive future benefits, even though he terminates his employment before retirement); portability (giving employees an opportunity to carry pension rights with them from job to job); reinsurance (guarantee of pension benefits by the federal government); disclosure (annual report requirements) and cost-of-living provisions in pension funds. Part of his sabbatical work consisted of reading the congressional bills and trying to trace out what their provisions would mean in terms of the funding and maintaining of pension funds. Dr. Fischer has served on several advisory groups appointed by Congress and has been a consultant to the Philippine government on its social security system and government insurance systems. His course on private pensions here is believed to be the first established in a major university.

Pictured at Sea Island, Georgia, is Morgan Collins (far right), Professor of Business Administration, who attended a conference sponsored by the Harvard Business School there during his sabbatical. Professor Collins spent most of his sabbatical in Ann Arbor, and focused the major part of his time on the development of material for his section of a business policy course which will be offered for the first time in 1970. As a visiting professor at the Stichting Bedrijfskunde in Rotterdam, Holland, in 1968 he taught a similar but shortened course, and his sabbatical gave him an opportunity to develop more extensive coverage of the problems of general management with which the course deals. Others on the teaching staff of the new course include Professors Franklin G. Moore and David C. D. Rogers.



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# What's the Problem?

A pharmaceutical company was marketing a complex drug to combat a complex disease. The drug was relatively new, quite sophisticated, and required considerable understanding on the part of the physician for its safe and effective use. Despite extensive initial training and continuous follow-up training in the field, new salesmen were often on the job six to nine months before beginning to discuss the drug with physicians. The pharmaceutical firm wanted to shorten this time.

The firm decided to send two people to the Programmed Learning Workshop conducted by the Center for Programmed Learning for Business at The University of Michigan. There, they began to work on the project that eventually resulted in two six-hour programmed courses for salesmen—one on the disease and the other on the drug to combat it. As a result of these two programs, new salesmen now approach physicians about this particular drug within the first month they are on the job; use of the drug has increased and so have sales; training time and cost has been reduced.

This is but one example of the types of problems brought to the Programmed Learning Workshops of the Center for Programmed Learning for Business.

The Center was founded in 1962 as part of the Bureau of Industrial Relations of the Graduate School of Business Administration. Its purpose was to help business and industry use programmed learning effectively. How well it has succeeded in that purpose

was proved in 1967, when it received an award from the National Society for Programmed Instruction which named it "the outstanding private organization" in the country for its "creative efforts to promote understanding and application of behavioral technology in business."

When the Center was founded, its major activity was the Programmed Learning Workshop, which has been given every month on the University of Michigan campus since August of 1962. About 2,000 people from more than 500 different organizations have attended the workshop to date—a number coming from abroad. This workshop has graduated more programmers than any course in the world and is now the only regularly scheduled programming workshop in existence outside of several conducted by the U. S. Air Force.

## "Do it" rather than "Talk about it"

The one-week workshop has a practical "how to" approach to the development of programmed learning materials. It is not an abstract theory course—that is, it was never meant to teach people "about programmed learning" but always to teach people "to develop effective programmed learning materials." The workshop is designed to prepare each participant to begin actual development of programmed learning materials, to determine the reasonable use of such materials in his organization and to apply the basic program development process to any potential training situation. Staff consultants work with par-

ticipants in a ratio of one to six on participants' programs, and thus the staff of the workshop has analyzed and assisted in the initial steps of programming over 2,000 problems in five years. They are continually made aware of what *does* work (despite whatever various theories say *should* work).

The first thing workshop students learn is the importance of proper analysis of the problem. Programming is not just a manipulation of words. It is a *process* of developing programmed materials, and the first question to ask is "What's the problem this program should solve?" or "What task do we want the program to teach?" Difficulties develop if this initial step is not carefully understood. For example, some programs teach a bank teller how to differentiate between good and bad money. But they do not create a situation in which the bank teller is handling money, which is the true situation when looking for particular high spots that would indicate whether or not a bill is counterfeit. The fault here is that the program does not treat the problem in terms of what the person will actually be doing. A careful analysis of the task is the first step in an effective program.

The next job is to break the task down into sequential steps by asking the question, "How do we get people from behavior x to behavior y?" An important factor here is to get the steps spaced correctly, so that students will be neither bored nor out-paced. When the steps, or frames, have been developed, the programming process goes on to the testing and revision stage

Workshop in programmed learning helps businessmen use behavioral technology to solve a variety of problems.



Geary A. Rummler, MBA 1960, Director of the Center for Programmed Learning for Business, speaks to participants in a programmed learning workshop held this winter at the Michigan Union. (Photo by Dean Russell)

("Is there a more effective way to get from step x to step y?").

Advantages of programmed learning to an organization are many: the material can be revised until the results are satisfactory; varying sized groups can be trained; students can be trained in remote locations without an instructor; the training is uniform and therefore open to economic evaluation. The student benefits because he knows where he is going and can go at his own rate because the material is "self-teaching." Also, by the time he is studying it, the material has been checked and rechecked for actual results, so that the student can be sure he will learn only relevant information, and that the instruction he receives will be effective and useful. The Center defines this as "empirically developed validated self instruction."

In addition to the workshop, the Center now offers two seminars in programmed learning. *Managing the Programmed Learning Effort* provides

basic information for managers investigating programmed learning, and skill in making the key decisions involved in successful management of programming efforts. The *Advanced Programming Clinic* is a three-day seminar for people with experience in development and/or supervision of programs that have been used for actual training.

#### More than a method

Many practitioners and some "programming" schools see programmed instruction as a *method* only—a certain kind of text book format. In contrast, the Center sees programmed instruction as a way to apply an educational technology based on learning theory. The point is that the theory underlying programmed instruction can be used to analyze and change systems influencing human behavior. The Center has put a good deal of energy into building a practical technology out of theoretical statements and limited laboratory examples. The

result has been the addition of three courses to the Center's curriculum: *Management of Behavior Change* is a three day seminar in which participants learn how to develop, shape and control behavior through job conditions and supervisory practices; the *Training Systems Workshops* is a one week course concerned with the analysis and design of behavior change systems, and *Instructional Design Workshop* is a new course in which participants 1) design a training course so that people are most likely to *continue* using the knowledge and skills they learn; 2) make decisions on the sequence of parts within a course; 3) develop systems for monitoring progress of trainees during and after training and 4) design performance measurements to evaluate and alter courses. Participants apply these techniques to a training course within their company. They receive individual consultation and guidance from experienced design consultants.

Field work by the Center staff and

consultants contributed to the design of the Training Systems Workshop and the Management of Behavior Change seminar, both of which are unique with the Center and now are receiving considerable attention from around the country. The training departments of Standard Oil of California and the U. S. Internal Revenue Service are in the process of implementing the systems approach to training with the help of the Center.

Work done as part of the development and conduct of the Center courses has led to a continual contribution to the field of programmed instruction. Again this year the Center staff will make major presentations to the conventions of the National Society for Programmed Instruction and the American Society of Training and Development. In addition, the Center has published occasional papers dealing with various aspects of programmed learning. Recently the Bureau of Industrial Relations published a book entitled *Managing the Instructional Programming Effort*. The book deals with the principles and techniques of programmed learning, its methods of application, and how to manage the programming project. It includes an analysis of the four different ways a program can be obtained, first hand case studies describing how companies have used programs, and a detailed examination of costs. The book is edited by Geary A. Rummler, Director of the Center for Programmed Learning for Business; Joseph P. Yaney, also on the staff of the Center, and Albert W. Schrader, Associate Director, Bureau of Industrial Relations.

Working for years with companies and their programs has lead the Center staff to conclude that what is needed in organizations is not training men who tend to be technicians applying a technique, but manpower performance specialists who are also technologists. In 1965, the Center began work on a conceptualization of the training man of the future—and Center courses were redesigned to meet the educational prerequisites for such a position. The result has been to graduate a number of members of management who can apply behavioral technology in a total systems approach to human performance problems.

## *Some Successful Applications of Programmed Learning*

*(All these projects began in the workshops run by the Center for Programmed Learning for Business)*

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|------------------|--|
| <i>Industry:</i> | Manufacturer   |
| <i>Problem:</i>  | Heavy training expense for technical training of retail dealers. Brought to home office for a two-week course.   |
| <i>Program:</i>  | In-house program prepared to replace first week of course. Sent to dealers before the course, must complete before attending the one-week course at the home office.   |
| <i>Payoff:</i>   | Net reduction in training costs (including living expenses and salaries) of \$ 100,000 in first year alone.  |
| <i>Industry:</i> | Airlines   |
| <i>Problem:</i>  | Teaching company station attendants the codes of cities serviced by that airline (e.g. YPS for Ypsilanti, ORD for Chicago). Previous training done by conventional methods requiring four hours. Over 1500 employees to be trained each year.                  |
| <i>Program:</i>  | Program developed to teach codes. Average time to complete is U/2 hours. Developed in-house.   |
| <i>Payoff:</i>   | Annual saving in reduced training time of approximately \$12,800.  |
| <i>Industry:</i> | Supermarket  |
| <i>Problem:</i>  | Heavy incidence of back injuries, caused by improper lifting method. Tests indicated employees knew proper method, but weren't using it. Supervisors usually criticized improper lifting, said nothing when an employee lifted correctly.                      |
| <i>Program:</i>  | A two-hour in-house-developed program teaches supervisors how to "positively reinforce" employees for proper lifting. Administered to supervisors in two widely separated areas of the country.  |
| <i>Payoff:</i>   | Combined back injuries of 39 in a six-month period before training of supervisors were reduced to 3 in the six months following training, (average total cost of each back injury estimated at \$4050.)  |
| <i>Industry:</i> | Retail Chain   |
| <i>Problem:</i>  | Training temporary Christmas employees each year.  |
| <i>Program:</i>  | Store systems (how to write saleschecks, etc.)   |
| <i>Payoff:</i>   | Reduced training time from 8 hours to 2-5 hours, with equal performance. Payroll expense savings of approximately \$ 10,000 per year.<br>Following year, 95% of people trained previous year passed test without re-training and went directly to sales floor. |

# Around the World on a Motorcycle

**B**USINESS school alumna Kipp Franklin Farrell, B.B.A. '67 and her husband John, B.A. University of Michigan '66, are pictured right on their motorcycle just before they left Detroit in July, 1968 for a trip around the world. Kipp and John, who plan to be gone for three years, are financing their travels entirely by writing weekly articles for publication in six different newspapers (five Michigan newspapers and the *Toledo Blade*). This provides their basic income which they supplement occasionally by odd jobs along the way. They have found that they can live on about \$7 per day if they watch their pennies carefully. After leaving Detroit, they headed for Mexico and points south, and at this writing are in Lima, Peru. They plan to continue down the west coast of South America to Santiago, Chile and cross from there to the east

coast of South America, traveling north from Montevideo, Uruguay to Belem, Brazil (passing through Rio de Janeiro, Brasilia and Recife).

The Farrells are beginning to be known all over South America because of numerous newspaper stories about them and television interviews with them. For example, in Venezuela they were interviewed on a show similar to our "Today" show as well as on an evening program similar to the Johnny Carson show. Both of them are now fluent in Spanish.

Besides the articles that the Farrells are writing, enterprising Kipp is also acting as a buyer for Jacobson's Department Store. That is, she is keeping an eye out for unusual hand crafted items from South America. When she finds one, she sends it to Jacobson's along with the name and address of the person through whom the item

can be ordered in quantity. If any item should turn out to be very popular, Kipp's commissions on the sales could be a help in financing their travels. So far, however, there has been a difficulty in getting orders actually filled through the "middle man."

From Brazil, the Farrells plan to cross the Atlantic to Dakar, on the west coast of Africa and follow the coast of Africa all the way around the continent to Morocco, crossing from there into Spain. After traveling through Europe, they will go through the Middle East (Turkey, Iran, Afghanistan) to Pakistan, India, and the countries of Southeast Asia. From there, they will travel to Australia, and then turn north to Hong Kong, the Philippines, Korea, Japan and home by sometime in 1971. All in all, they will visit approximately 90 countries.

*Itinerary for the Farrells' trip is marked on this world map.*



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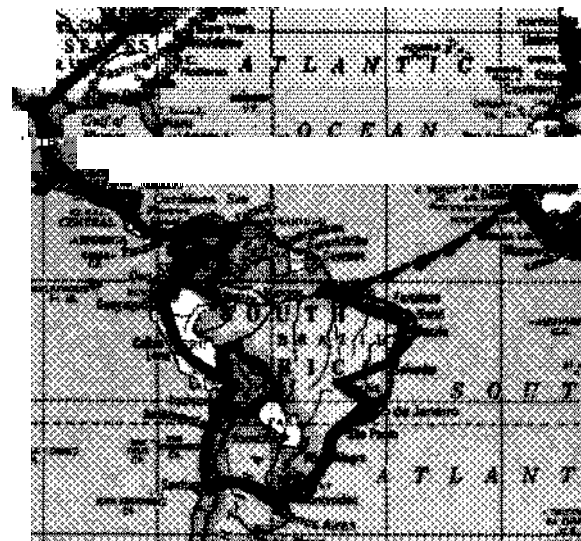
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"If a Latin is not 'macho' he might just as well cut his throat"

# M<sup>1</sup> 99 \* J1 Macho is the Word for It

BY KIPP FARRELL, B.B.A., '67



Kipp and John pose with their motorcycle and gear just before leaving Detroit on the first leg of their three year trip.



BARRANQUILLA, Colombia - Imagine for a moment a lady's first day in Rome if she had never heard of their curious custom of bottom-pinching. Her first day in Latin America could be equally as shaking. Here the men have their own curious customs which I feel it is my duty . . . in the interest of international peace and harmony . . . to report.

But first, I will explain what I understand of the Latin male so you won't judge him too harshly. He is, of course, dark and handsome. Tall we can overlook. The ruling force in his life is MACHO. "Macho" is a word which wraps in its dark velvety folds, "manly," "virile," "sexy," "proud," "daring," "courageous," "strong," "muscular" and all other words descriptive of the brave bull. If a Latin is not "macho" he might just as well cut his throat.

The practice of "macho" needn't wait for the teen years. As soon as a little boy has enough coordination to purse his lips, he begins practicing his wolf whistle. By the time it counts, his whistle is flawless. English is taught all through school here, but strangely, most of the boys seem to pick up only the important words like: honey, darling, I love you and so on.

Being a young gringa with blonde hair and blue eyes to boot, I have been in a perfect position to observe the various customs of "macho" first hand as we travel through Latin America. In Mexico City, for example, the "Machos" seem to have an un-

spoken timetable. A lady can walk unnoticed through the streets until about 4:00 p.m. Then, suddenly, she is the center of attention. Usually the remarks are in Spanish so I found it well worth my while to learn the language. I would catch little things behind me like, "Hey, beautiful," or "What a doll." Once a remark was a bit crude, but fortunately John was with me and had an appropriate answer. It would have been unseemly for me to appear to notice any of the words muttered in my ear.

Often American girls find "macho" distressing or offensive. For me it provides a great morale boost, even though I know that anyone even vaguely resembling a female receives "macho" attention. But when I've spent 10 or 12 hours on the motorcycle my face develops that pained look of sheer exhaustion. A film of road dust has settled on me from head to foot, my hair resembles a zombie and my baggy army fatigues don't do much to change the impression. At that point, when a man says "What a doll;" I don't care how shriveled up and ugly he is, or how big a liar . . . he makes my day.

Of course, "macho" relates to many other things besides women. In some places a man must be a "macho" driver. In that case, you're well advised not to travel by bus. We heard of a driver with a fully loaded bus playing "chicken" with a truck driver at night down a country road. Finally, the bus just eked ahead as they reached a bridge

*(continued on inside back cover)*

# An Inquiry Into Ethics

On the opposite page  
are five of twenty  
questions on ethics  
sent to businessmen.  
See how *you* would  
answer, then turn to  
page 16 to find out  
how *they* answered.

What's ethical and what isn't? How do businessmen—specifically marketing research people—feel about possible unethical practices in their field? To find out, C. Merle Crawford, Professor of Marketing at the University of Michigan Graduate School of Business Administration, sent a questionnaire to 136 members of the Detroit Chapter of the American Marketing Association and 96 marketing research directors from around the country.

The questionnaire consisted of 20 hypothetical situations in which some possibly questionable action was taken by the Marketing Research Director. Respondents were asked to indicate approval or disapproval of these actions and to comment, if they wished, or condition their answers in the space provided. One hundred and thirty businessmen, or 56% of the total polled, replied.

Answers to the questionnaire were included in a speech entitled "Ethics Ain't Just for Everybody Else" and given by Professor Crawford to the Detroit Chapter of the American Marketing Association. The speech considered aspects of social responsibility as it applies to marketing research.

Students in marketing classes were also polled, and it was found that the student viewpoint on some issues differed substantially from that of the business community. For example, students were more tolerant of a possible conflict of interest situation than were marketing research directors.

On the other hand, when an M. R. Director refused to share a company pricing study with a group studying ghetto prices, 74% of the students disapproved as opposed to only 32% of the businessmen.

Professor Crawford has now enlarged his study to include a larger per cent of the business community and has sent the questionnaire to an additional 500 businessmen throughout the United States. The expanded results will be included in an article Professor Crawford plans to write for publication in a marketing journal.

Professor Crawford came to the University of Michigan Graduate School of Business Administration from Mead Johnson & Company, where he had been Director of Product Management. He received his M.S. and his Ph.D. from the University of Illinois and taught at the University of Florida before joining the Marketing Research Department of Mead Johnson in 1955. He is a member of the American Marketing Association (a past national vice-president) and was program chairman for the 1968 World Congress on Marketing. At the University of Michigan School of Business, he teaches an introductory course in marketing strategy, a course in new product development and one in trade channel management, all at the graduate level. He has also conducted Ph.D. seminars in the social responsibilities of marketing and is an active participant in the school's various executive development programs. His research interests include the future environment for marketing, new product development, and horizontal cooperation in retailing.

**1.** *In a study intended to probe rather deeply into the buying motivations of a group of wholesale customers by use of a semi-structured personal interview form, the M. R. Director authorized use of the department's special attache cases equipped with hidden tape recorders.*

—Approve—————Disapprove

*Comment:*

**2.** *A local Office of Economic Opportunity group recently called to ask that the M. R. Director assign one of his men to the planning group working on a ghetto shopping center. Since one result of such a center would be to force a good number of ghetto retailers out of business, and since some of these retailers were presently customers of X Company, the M. R. Director refused the request.*

Approve—————Disapprove

*Comment.*

**3.** *Some recent research showed that many customers of X Company are misusing Product B. There's no danger; they are simply wasting money by using too much of it at a time. But yesterday the M. R. Director saw final advertising layouts on Product B's new ad campaign, and the ads not only ignore the problem of misuse but actually seem to encourage it. He quietly referred the advertising manager to the research results, well-known to all people on B's advertising, and let it go at that.*

Approve—————Disapprove

*Comment,*

**4.** *The President of an interviewing firm which has been doing most of the field work for X Company wrote to say that a new account executive had been assigned to X. The new man was capable, personable, and black. The M. R. Director wrote back to say that there were no Negroes in the department at the moment, and that he felt it would be better all around if a different account man were assigned to X Company.*

—Approve—————Disapprove

*Comment:*

**5.** *X Company, like other firms, suffers occasional budget cut-back periods. During such periods the M. R. Director is forced to reduce his staff, and his standard for such terminations is 100% efficiency. Age and seniority are not a factor, and recently a 53 year old female tabulating supervisor was let go, even though she had some 22 years with the company, whereas several younger but more productive women were kept on.*

—Approve—————Disapprove

*Comment:*

# Here's How They Answered - Along With

## 1.

*In a study intended to probe rather deeply into the buying motivations of a group of wholesale customers by use of a semi-structured personal interview form, the Marketing Research Director authorized use of the department's special attache case equipped with hidden tape recorders.*

Among the businessmen, 34% approved of this practice and 66% disapproved. Among students, 52% approved and 48% disapproved. Many who disapproved would have changed their minds if the tape had been cleared with the respondents after the interview. "I disapprove," said one businessman, "unless the interviewee is told about it afterwards and offered an opportunity to erase the tape." "It's part of the M. R. Business," wrote an approving businessman. "The information is not going to be used against the interviewee—it's rather to be used to make a more accurate analysis of what he *really* said and meant." Several businessmen thought the practice was not too serious, but said that they would not feel right about doing it themselves. Wrote one: "I think a test of this is: How would you feel if the customer found out? If you could explain it calmly and sincerely, without feeling guilty, then for you it is not an unethical practice. For me, I'd want to crawl into a dark drawer and hide!"

A similar question asked whether respondents approved or disapproved of pre-coding a supposedly anonymous survey in ultra violet ink, to permit "adequate cross tabulations of the data." More students (66%) disapproved of this than disapproved of hidden tape recorders (48%) but business disapproval remained constant (66%). Most businessmen said that either some other method of cross-tabulating should be developed, or that the letter sent with the questionnaire should not refer to an "anonymous" survey. One student approved "as long as the customer is unable to see the code," but another remarked, "This is pure deception, and consumer discovery would be disastrous, although the former point is more important."

*ping center. Since one result of such a Center would be to force a good number of ghetto retailers out of business, and since some of these retailers were presently customers of X Company, the M. R. Director refused the request.*

Thirty-nine per cent of the businessmen approved of this, as against only 19% of the students. One businessman wrote: "Employees of X Company should not participate in activities that will directly and negatively affect the profits of X Company." Those who disapproved said that the economic health of the ghetto was to the company's advantage in the long run, or cited social responsibility, "which may not be expressed only in sales volume." A student commented, "Even if the action results in loss of customers, the company should get socially involved in community problems. This would help pre-empt federal participation."

## 3.

*Some recent research showed that many customers of X Company are misusing Product B. There's no danger; they are simply wasting money by using too much of it at a time. But yesterday the M. R. Director saw final advertising layouts on Product B's new ad campaign, and the ads not only ignore the problem of misuse but actually seem to encourage it. He quietly referred the advertising manager to the research results, well-known to all people on B's advertising, and let it go at that.*

Both students and businessmen kept "the long run" in mind when commenting on this. "Bad business in the long run. Better to emphasize how *little* of Product B consumer needs to use. If overuse encouraged, you open door for competition," said one businessman. Another went more deeply into the matter: "The decision is the advertising manager's to make," he said. "One would hope that the M. R. Director would point out, however, that the decision to encourage misuse is not an ethical decision, but a pragmatic profit-and-loss decision. By encouraging higher consumer cost/use, he is planting the seeds of the product's eventual demise."

Forty per cent of the businessmen approved of the M. R. Director's action as opposed to a 30% approval from the students. Those who approved cited "Caveat Emptor" as justification. "I assume the ad copy did not have usage instructions; that usage instructions on the package are correct, but that consumers are not reading these," said one approving businessman, and a student commented that misuse, or over-use, is not the pro-

*A local Office of Economic Opportunity group recently called to ask that the M. R. Director assign one of his men to the planning group working on a ghetto shop-*



# Some of Their Comments:

ducer's problem, but the consumer's. "Maybe the customer prefers to use the product that way," wrote one businessman. "Maybe the company has an inaccurate view of the value perceived by the customer. I would advocate accurate instructions for use—not unusually strong measures to change customer and reduce revenue."

*The president of an interviewing firm which has been doing most of the field work for X Company wrote to say that a new account executive had been assigned to X. The new man was capable, personable, and black. The M. R. Director wrote back to say that there were no Negroes in the department at the moment, and that he felt it would be better all around if a different account man were assigned to X Company.*

Businessmen and students agreed on this—94% of each group disapproved. However, one businessman said "Very few would react this way. Your situation is too untypical for this discussion," and another gave conditional disapproval saying "If the M. R. Director did this because of fear of some unknown repercussions, he is wrong. If he did it because he knows that 50% of his staff is rabidly anti-Negro, then I think he is entitled to make a *business* decision."

However, when the question involves hiring a market analyst *into the firm* rather than dealing with an *outside* account executive, and when the person in question is Jewish instead of Negro, the percentages change. The situation was described as follows: "When interviewing applicants for a newly created analyst position, the M. R. Director was impressed with one man in particular. But he didn't offer him the job, since the applicant referred to himself as Jewish, and it was well known that X Company wanted no Jewish marketing people."

Sixty-four per cent of the businessmen disapproved of this, and 86% of the students. Several businessmen, as in the question about the black account executive, said such a situation was "unrealistic in 1969." One thought the M. R. Director "did the man a favor considering company attitude," but another thought the M. R. Director should "go to bat for the applicant by telling his boss he wants to hire this man in spite of any understood taboo, and then advise the applicant of the climate he would be working in and let *him* decide if he wants the job." One respondent disapproved on a practical basis. He wrote "Good men are tough to find."

## 5.

*X Company, like other firms, suffers occasional budget cut-back periods. During such periods the Marketing Research Director is forced to reduce his staff, and his standard for such terminations is 100% efficiency. Age and seniority are not a factor, and recently a 53-year-old female tabulating supervisor was let go, even though she had some 22 years with the company, whereas several younger but more productive women were kept on.*

Seventy-eight per cent of businessmen disapproved of this, as opposed to only 51% disapproval from students. Some business respondents showed very strong feelings. "Fire this S.O.B." said one. Another underlined the phrase "age and seniority are not a factor" and wrote in the margin "Says who?" In general, businessmen felt the company had a responsibility to the older employee, particularly when "the Company has, by employing her, been satisfied with her productivity for 22 years." Several thought the situation should have been remedied 21 years before, but that at this point she should be transferred to a job more in keeping with her ability, or at the very least given several warnings before actual termination.

Many respondents thought that loyalty should carry some weight. "Efficiency cannot be disregarded," wrote one businessman, "for reasonable efficiency can make a life or death difference to the corporation. However, loyalty is another important factor. Without it the work force is unstable, unions are invited, turnover and retraining expenses are high. It is difficult to think of high efficiency with an unstable work force." One businessman pointed out that loyalty should be a two way street, and another said that ruthless policy on firings in the long run hurts morale, and thus group efficiency.

The students were more mixed in their feelings—37% approved of the firings, as opposed to only 18% approval from businessmen, but many of the students checked both "approve" and "disapprove," adding comments like "should give consideration both ways" and "Realistically right. Morally wrong."

**I**N A RECENT article in the *Harvard Business Review* (*Is Business Bluffing Ethical?* HBR January-February, 1968), a businessman is quoted as saying, "A sudden submission to Christian ethics by businessmen would

(continued on back cover)

# Management and Machiavelli:

## *An Inquiry into the Politics of*

IN ONE of the more imaginative books written about business management in recent years, Antony Jay, a young Briton, draws from political and business history to advance a provocative theory: the new science of management is only a continuation of the old art of government; the behavior of modern business firms and businessmen parallels the behavior of nations and political figures of the past.

Mr. Jay first noted the similarities of political and management theory and of political history and management case studies while browsing through Machiavelli's *The Prince*. As Renaissance kings, courtiers, and barons marched through the pages of Machiavelli's masterpiece, it occurred to Mr. Jay that these gentlemen had acted much as corporate chairmen, staff vice presidents, and divisional general managers act today. Established churchmen, Mr. Jay further observed, bore a strong resemblance to mossbacked executives, while dissenting religionists appeared to be the antecessors of corporate wavemakers. With these ideas for starters, Mr. Jay began to associate specific present-day companies with regimes of yore and to identify an array of businessmen as reincarnations of Richard the Lion-Hearted, Bismarck, George I, Nicholas II, ad infinitum.

The manner in which Mr. Jay compares Machiavellian principles with the behavior of corporations and executives may be illustrated by the following "case study":

Machiavelli, in reviewing the lessons of history, concluded that a nation wishing to incorporate a conquered state would be better advised to send colonists to that state rather

than great numbers of cavalry and infantry. "A prince does not spend much on colonies," argues Machiavelli, "for with little or no expense he can send them out and keep them there, and he offends a minority only of the citizens from which he takes lands and houses to give them to the new inhabitants; and those whom he offends, remaining poor and scattered, are never able to injure him; whilst the rest being uninjured are easily kept quiet, and at the same time are anxious not to err for fear it should happen to them as it has to those who have been despoiled."

Given this example, says Mr. Jay, when one company buys another, the take-over firm should "put small management teams" of its own into the acquired company. Otherwise the conquering firm will have to use half its staff "giving orders and issuing requests, and then checking that they've been properly fulfilled. By comparison a management team does not cost much, and the only people who will be upset are the former managers whose jobs they have taken over. And since they are no longer in the firm they cannot cause any trouble, while the rest of the staff will not protest as long as they still have their old jobs, particularly while they have the example of the fired managers to keep them on their toes."

Mr. Jay scarcely needs add that

*David L. Lewis, Professor of Business History at the Michigan School of Business, holds the Ph.D. from the University of Michigan and has written numerous articles on business history, the entrepreneur, and the automobile industry.*

marty take-over companies—and central offices of firms troubled with faltering divisions—have acted on Machiavellian principles, irrespective of whether their officers have read or heard of *The Prince*.

If Mr. Jay's observations on the general behavioral patterns of nations and corporations are fascinating, his comparisons of historic figures and modern-day businessmen are even more so.

Frank Pace, who became head of General Dynamics in 1957, is likened to Edward the Confessor, a "saintly man, much given to retirement, contemplation, and prayer, and hence the [catastrophic] Battle of Hastings." Pace, who had never run a business until he took over General Dynamics' 106,000 employees and nine "feudal baronies," decided to let his division heads alone. "The only way to succeed," said he, "is to operate on a decentralized basis." "As a result of its feudal, baronial structure," avers Mr. Jay, "General Dynamics managed to lose \$425 million between 1960 and 1962, the biggest product loss ever sustained by any company anywhere."

Howard Hughes, says the author, was the "Charles I of TWA." Charles' beheading was a dramatic moment in the changeover from personal to parliamentary government; Hughes' forced sale of his TWA stock typified the passing of corporate power from an individual or family to professional managers. Both Charles and Hughes were deposed for the same reasons and by similar methods: they regarded their holdings less as a vital national service than as a personal fief and, when eventually faced with a shortage of funds, they were thwarted by a Parliament—in Hughes'

REVIEWED BY DAVID LEWIS

# CorporateLife

case, the ten-year voting trust set up to control his activities by the major stockholding insurance companies. Mr. Jay concedes a certain difference between Charles and Hughes: the former was handed his head; the latter sold his TWA stock for \$546.5 million.

## The Medieval King

William C. Durant, the mercurial promoter who pasted together General Motors, is said to have acted like a medieval king. "He gathered together a number of independent baronies—automobile companies, electrical companies, accessory companies—imposed his personal authority on them, but did not weld them into a single state."

After Durant's dethronement, notes the author, Alfred P. Sloan, Jr., the "Henry VIII" and "Thomas Cromwell of General Motors," converted the scattered baronies into an integrated corporate state. Whereas Cromwell, a great councillor of the early Tudor period, made the first survey of church property, the *Valor Ecclesiasticus*, Sloan made the first top-to-bottom inventory of General Motors. Where Cromwell had set up and strengthened the Court of the Star Chamber to deal with rebellious nobles, Sloan brought the divisional general manager into the operations committee, to use the combined authority of the barons in upholding a unified policy against any individual baron who wanted to go off on his own. Where Cromwell dissolved the monasteries and broke the power of the church, Sloan dissolved the divisions' private bank accounts, thereby breaking their power. The adoption of these and similar measures resulted



Line drawings by Mary Kay Oliver

in "good centralization" for both Tudor England and GM.

The author devotes one chapter, "Chamber of Horrors," to a discussion of historic personalities whose traits businessmen should avoid. Richard the Lion-Hearted, for example, was described as a great soldier who could not give up soldiering when he became king (the sales manager who, after being elected president, continues to sell to the big customers himself).

Russia's last czar, Nicholas II, was painted as the archetype of businessmen who, despite all the signs of approaching disaster, manage to mistake them and reassure themselves with trivia. This sort of businessman, says Mr. Jay, usually is a believer in some simple remedy for any ill: "Our image is wrong, that's all." "It's just that we have this communications problem."

Of all the historic figures discussed, Bismarck and Augustus are, in Mr. Jay's view, most worthy of emulation by businessmen. Bismarck is commended for his vision and held up as "the model for all who aim at building an industrial empire from mergers and takeovers." The Iron Chancellor, notes the author, "looked at a fragmented and inefficient confederation of German states, some independent or semi-independent, some in the Austrian empire, many of them small and backward; and he saw a single German nation, with all the German-speaking people outside Austria itself unified under the leadership of Prussia."

Bismarck is faulted on only one count: he, like many other famous men, including Alexander the Great, Attila the Hun, Charlemagne, and

*The king who is happier with his staff people than with his line people is headed for trouble."*

Genghis Khan, left no adequate successor.

Augustus rates kudos for having the good judgment, while transforming Rome from a disintegrating republic into the greatest empire ever known, to halt northeastern expansion at the Danube. Similarly, the act of deciding what business a businessman is not in, the decision to stay *out* of a market, says Mr. Jay to today's conglomerate kings, while less glamorous than marching on from one triumph to the next, can be a foundation stone of success.

#### Religion and the Corporation

In addition to comparing nations and corporations and political figures and businessmen, the author comments on such subjects as religion and the corporation, the unrest of unionists, and the relationships between line and staff personnel and between creative people and men of action.

Some corporations, maintains Mr. Jay, are extremely religious. They hold regular revivalist meetings at which rousing hymns are sung to the glory of the corporation and its products, and salesmen are encouraged to stand up and give passionate personal testimony about why they believe. There is a trenchant sermon from the

preacher (the top executive present) and a hate session against the devil, the leading competitor. Then there are the religious observances: christenings (drinks to meet a new recruit to the department), funerals (farewell dinner, with speech-sermons, to retiring executives), regular services for corporate worship (departmental or regional or area meetings, with pep-talk sermon from the manager reaffirming points of faith).

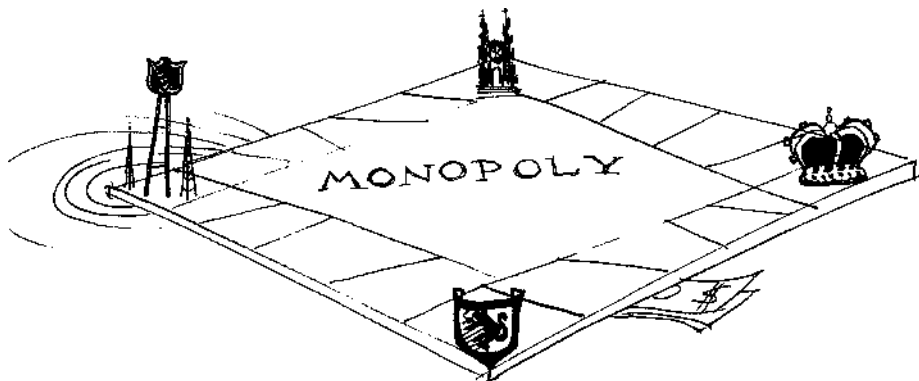
In dealing with labor unrest, the author maintains that his own countrymen have yet to apply industrially the art that they have practiced with such success politically: the art of assimilation. The British upper classes, observes the author, for centuries have accepted into their own ranks their leading antagonists — the Lloyd Georges, Ramsay MacDonalds, Ernie Bevins, etc. "If there seems a danger that they may knock the castle down, the drawbridge is lowered, and they can have what they want: cabinet posts, knighthoods, earldoms, premier-ships, the lot. The upper-class men admit them to their clubs and the upper-class ladies to their beds. They are allowed to carry their reforms, if only they will trade in their desire to overturn the system. And since they are now part of the system, they trade it in willingly."

#### Courtiers and Barons

In discussing the relationship between line and staff—barons and courtiers—Mr. Jay suggests that the chairman—the king—often overvalues his courtiers at the expense of his barons. Why? "The courtier is close at hand and the baron is usually far away [and] courtiers always seem to have time to write lengthy and persuasive memos to promote their pet schemes, while the barons say they're too damned busy to put it on paper and what's the telephone for anyway?"

Yet, maintains the author, in the end it is the barons who matter *most*

*(continued on back cover)*



# Among Ourselves

*An informal collection of items, including news of the faculty, of alumni, and of the school, and assorted other information, opinion or comment that we think will interest you.*

## Writing Out Loud

Mrs. Mary C. Bromage, Associate Professor of Written Communication, has found little correlation between good use of the spoken and the written word. She recommended a former student as an excellent writer for a position that required the ability to express thoughts well. Several weeks later, a company official called to ask why she had recommended him since, the official said, "he can't express himself at all!" Investigation revealed that the new recruit, an excellent writer, was having to *talk* his letters and memos into a dictaphone—an entirely different story from drafting them on paper. He found himself tongue-tied by the confrontation. This experience gave rise to the "Dictating Project," now a special part of Mrs. Bromage's class in written communication.

Students in the project spend twenty minutes a week dictating. They begin by acquainting themselves with equipment and getting used to the sound of their own voices by playback; then they go on to realistic, office type of assignments. At first students are asked to dictate a brief memo or letter, and given plenty of time to organize their thoughts beforehand. Later in the project, they are given a letter containing new material and asked to dictate a reply within a few minutes. Each dictation is discussed with the student by John Peterman, assistant for the dictating project. For the final assignment, the student is asked to turn in three topics—one of these is then chosen for impromptu dictating before the class in a "live" demonstration. Students say their skill and ease with dictation improve enormously over the seven weeks of the project.

Mrs. Bromage, who has worked with business organizations and government agencies to help improve the dictation skills of middle management executives, has some interesting comments about this skill. "To be realistic about dictating," she says, "it may not be so much a means to economy as to *quality*. Originally intended to save the time of the executive, it is now being used by him to secure a typed draft of his tentative report, letter or script. From that document he proceeds to reorganize, revise, delete and insert until he calls either for another draft or a finished manuscript. One executive explained this method of 'writing' to me as enabling him to get on paper a conversational, natural tone. At the same time, he has found that talking into a machine instead of writing on paper gets around his 'block' about knowing where to begin."

One student summed up what to him was of great value about the dictating project. He said "I learned to think more before I spoke." If this is the lesson the project teaches, it is *undoubtedly* improving the quality of communication!

## A Statistical Note

What are the statistical chances that on a given afternoon in a small city 200 miles north of San Francisco, three graduates of the same university might meet, not having known each other before, and all acting as instructors in the same training course?

James R. Blackwood, a CPA with the California firm of Blackwood, Strieker and Co., was acting as coordinator and instructor in a continuing education course given for managers

of Northern California branches of Bank of America when a question came up about accountancy regulations in various states. One of the other instructors, Dean L. Baker of Ernst and Ernst in San Francisco, mentioned that he knew something about accountancy laws in Michigan, since he had graduated from the business school here. At this point the other instructor, Robert Livengood from Haskins and Sells in San Francisco, said "I graduated from there, too." And Mr. Blackwood said "So did I."

Dean Baker received his MBA in 1949, Robert Livengood received his MBA in 1959 and James Blackwood, who let us know about this interesting coincidence, received his BBA in 1947.

## The Almighty Buck. Or Is It?

The new magazine *Careers Today* polled male college seniors to find out how much money they expect to make. In the February issue it reported the results. Among the findings: one in ten college seniors expects to make \$25,000 or more in ten years; one in three expects to make that much at the peak of his career. Eighty-five per cent of those polled agreed with the statement, "I take it for granted that I will have a good income. I am much more concerned about finding a job where I will do things that matter." Unfortunately, the magazine reported all its results in percentage points, so we are unable to tell you *how many* seniors were polled.

Several questions tested whether seniors want a secure job or a challenging one with a chance to move

ahead. Almost half (47%) of the seniors agreed with the statement: "I prefer a secure job to a high paying one where I might be fired." But only 23% of this group expect to make at least \$25,000, while 61% of those who disagreed with the statement expect to earn such an income.

The poll also found that those who plan to go into business and who hold the business world in high regard expect to make substantially more money than those who do not.

### The Placement Service

In the current alumni survey questionnaire a number of you asked about the Placement Office here and particularly about what services it offers alumni.

Each month, the Placement Office publishes a Job Opportunities Bulletin. Listings here tend to be weighted in favor of requests from large and medium-sized employers for candidates with ten years experience or less, but there are also a considerable number of requests from small firms and for candidates with 15 or more years experience. If you want to receive the Job Opportunities Bulletin, a note to the Placement Office will put you on the mailing list. Alumni who are interested in a position listed in the Bulletin should contact the employer directly.

In addition to the Job Opportunities Bulletin, the Placement Office also maintains a data sheet file for matching potential candidates with employer requests. To use the data sheet file, you complete a brief form indicating your interests and qualifications. The form is coded and placed in an electrofile that sorts candidates by field of interest. After sorting, appropriate data sheets are sent to potential employers. Naturally, the Placement Office is very careful to keep registration confidential. An employer who receives data sheets makes his own contacts with the individuals who interest him.

If you are interested in using the placement service, you may get a self-explanatory "alumni placement packet" by writing A. S. Hann, Director of Placement, Graduate School of Business Administration, Monroe and Tappan Streets, Ann Arbor, Michigan 48104.



*John Nunn, MBA '66 (right) and his partner are pictured here after winning Olympic bronze medals in the double scull rowing event.*

### Michigan MBA Wins Olympic Bronze Medal

John Nunn, MBA '66, played football in high school, but was dissuaded from going out for college football. "You're too light," said the coach. So John went out for rowing instead, and is now an Olympic medalist. Last summer he won a bronze medal for the double scull event held in Xochimilco, Mexico. The distance was a mile and three-sixteenths.

John, who is a financial analyst in the corporate profit planning department of the Rexall Drug Company, took a leave of absence from his job to get ready for the Olympic competition. During one of his twice-a-day workouts, he cut his foot on some barnacles. The injury, which required 11 stitches, put his Olympic future in doubt, and prevented him from qualifying in the single scull event. However, two months separated the singles

and doubles competition, allowing him to regain his strength in time for the doubles competition.

Training for the Olympics is rigorous. "Beginning last December," says John, "I began working out six days a week either in the mornings or after work. I would row at the Marina Del Rey. When weather or time didn't permit, I ran stairs in the Santa Monica canyon—about 175 steps in all. The most important thing is to keep your legs in shape and increase your wind. I'd also lift weights three days a week to increase my strength—all part of a planned training schedule."

As seen on world-wide television, John and his partner were barely nosed out of a first place finish in the double scull event. They finished behind Russia and Holland, losing the six-team race by less than two seconds.

**A REMINDER:** If you have not completed and returned your alumni questionnaire to the Business School Alumni Office, we hope you will do so now, as we do want to hear from you. Our thanks to those who have already replied.

# "Macho"

(continued from page 13)

too narrow for both to cross. The truck driver chickened out and stopped. The bus driver pulled to a stop, blocking the bridge, and his ever-present helper hopped out of the bus. He ran back to the truck with a hammer in his hand and knocked out both headlights, the fruits of victory.

Gleefully, the bus driver pulled away, leaving the truck closed in darkness.

And then there was John's experience with drinking . . . a very important area of "macho." We were staying with some country folk and they proposed a sort of private fiesta for the four of us. They brought out a 1/2 gallon bottle of 160 proof mescal made in someone's bath tub; if they had a bath tub. I took one taste and that was enough. It reminded me of a mixture of kerosene and castor oil. But, of course, John knew that in order to be respected he had to be "macho."

The object is to drink as much as the other guy, be a good fellow, and get to your bed without being sick, falling down, or passing out. Of course, we two women dropped out of the contest after one sip. That left the entire bottle to the two men. We girls went off to bed, but periodically we could hear the boys whooping it up, shooting a pistol in the air, and generally having a grand time. They finished the bottle and somehow John did make it into bed under his own steam.

In the morning came the second test . . . a "macho" has to get up at a reasonable hour, ready for work. By all rights, when he got up, John should have had a colossal hangover . . . but he didn't. The stuff was so strong that after six hours of sleep he was still drunk! It wasn't until early afternoon that he had to pay the miserable price of his previous night's sins. But by that time he was generally known as a "macho" among "machos" . . . the best medicine known for a hangover.

And then there was the time we stayed in the crumbiest little hotel in a crummy little town. Like all of the old hotels in Latin America, the rooms

were situated around an open air patio. We seek out these hotels so we can park our loaded motorcycle in the hotel rather than in the street. Our room had a bare light bulb, a tiny bed that hardly slept one, with a cloth over it that some comedian had intended for a sheet, and a lot of ants . . . nothing more. Considering the bed and the kind of clientele we could assume were in the other rooms, we decided this would be another good time for standing watch over the motorcycle. As I was very tired, John gallantly took the first watch. When my turn came, it was about 1:00 a.m. Since there was no place to sit in the room, I settled myself down in the court yard on the big, soft motorcycle seat and began writing letters home. About 2:30, a slightly portly, middle-aged "macho" arrived from his night's carousing and went into the room across from ours. He hadn't noticed me. But in the process of getting ready for bed he glanced out his window and saw me sitting there. He opened the shutter, standing there in his T-shirt, and asked why I was sitting on the patio. I thought of John needing his sleep so badly, I thought of the man's natural assumption if I told him my husband was in room No. 2, and I thought of the insult if I ex-



Kipp Farrell

*"Being wooed by a 'macho' and being won by a 'macho' are two entirely different matters."*

plained I was guarding the motorcycle. The best solution seemed to be to pretend I didn't speak Spanish. His half of the conversation progressed from "Do you have a match," to "You can sleep in my room if you like." Mine never got beyond either ignoring him or saying that I didn't understand. Finally, he turned away in frustration and I gave a sigh of relief. But "macho" brought him back to the window for one last try. There was a look of anguish on his face and he was muttering frantically to himself in Spanish, "How do you say it, how do you say it." At last it came to him, probably the only English he knew. "You beautiful." And I answered in Spanish, "I don't understand." Almost in tears he turned from the window and went to bed.

The height of "macho" thus far came on a public bus in Mexico. It was very crowded, so John and I both had to stand. After a few moments, I felt a curious sensation in back. It clearly wasn't accidental. I turned to try to find its source, but everyone seemed to be minding his own business. As soon as I turned around again it resumed, quietly but persistently. The best I could determine was that all this attention was coming from an unassuming little man at my elbow. The top of his head reached just to my shoulder. It was one of those difficult situations where I couldn't be angry and I couldn't be sure who to be angry at if I were. Finally, I told John my predicament. We both got a great laugh out of it, which must have been very confusing to my little admirer. I finally regained my sense of ladylike modesty and suggested that John and I change places. Predictably, he didn't have the same problem.

But ladies, heed my warning about the passionate Latin; being wooed by a "macho" and being won by a "macho" are two entirely different matters. While you are being wooed, you are queen of the world. Once you are won, he will stick you in the kitchen with the laundry and a thousand kids. Meanwhile, he will be out carousing on the town . . . being "macho."

## Management and Machiavelli *Continued from page 20*

to the king, and the king who is happier with his staff people than with his line people is headed for trouble.

Mr. Jay thinks of corporate creative men as "yogis." He describes men of action as "commissars." He regards both types as indispensable, the yogi for his ideas, the commissars for getting things done. But both types, he adds, have shortcomings. The yogi cannot organize or run anything. The commissar, while he can whip into shape a sloppy department, never had an idea in his life; he is incapable of questioning a guideline.

The author deplors the fact that there are so few men in corporations who combine yogi-commissar qualities—brilliant, original thinking and vig-

orous, decisive action. Why is this so, he asks. Is it because so few people with that combination of qualities are born? Or are they around, but reluctant to join great corporations? Or are they there inside the corporations but with the qualities atrophying because there is not the proper structure for using them as they should be used? The author admits that his questions are unanswerable, yet believes that there are more people born with these qualities than are using them if only because a century or two ago such people (he calls them entrepreneurs) were so much more in evidence than they seem to be now.

The entrepreneur, says Mr. Jay, had multiple insights. He had creative

ideas, he understood how products were designed and made, and he knew how to organize their production and sale. He was the man who seized a scientific revolution and turned it into an industrial revolution.

"Has the breed died out?" inquires the author. "Is the mold broken? I find that hard to believe. I would more easily believe that they still exist but . . . find the atmosphere of the great corporations stifling and oppressive, and go off . . . into any area where they can use the gifts they possess on the sort of capital they can raise. I would, in fact, more easily believe that they are still around but that the great corporations do not want them. Or do not deserve them."

## An Inquiry Into Ethics *Continued from page 17*

bring about the greatest economic upheaval in history!" The author of the article, Albert Z. Carr, puts forth the thesis that business ethics are similar to the ethics of the poker game and different from the ethical ideals of civilized human relationships. He says: "The game calls for distrust of the other fellow. It ignores the claim of friendship. Cunning deception and concealment of one's strength and intentions, not kindness and open-heartedness, are vital in poker. No one thinks any the worse of poker on that account. And no one should think any the worse of the game of business because its standards of right and wrong differ from the prevailing traditions of morality in our society."

Mr. Carr disposes of phrases like "it pays to be ethical" or "sound ethics is good business" by saying this

is simply a self serving calculation in disguise. "The speaker is really saying," says Mr. Carr, "that in the long run a company can make more money if it does not antagonize competitors, suppliers, employees and customers by squeezing them too hard . . . This is true, but it has nothing to do with ethics."

Mr. Carr's article provoked such a storm of letters that the *Harvard Business Review* published a follow-up article in the May-June, 1968, issue. Reader reaction ranged from vociferous indignation ("Fortunately, Mr. Carr's view does not appear to be the prevailing view, except, perhaps, along the few remaining frontiers of civilization, such as the upper Amazon") to complete agreement ("This article presents a very realistic and accurate account of the standards used in business decisions, at least for those companies and individuals who are subject to competitive pressures and therefore feel they must take every legally permissible advantage in order to survive and grow.") And one businessman wrote in to say that after reading the article he realized that his customers must be cheating him, and from now on he plans to cheat along with the rest!