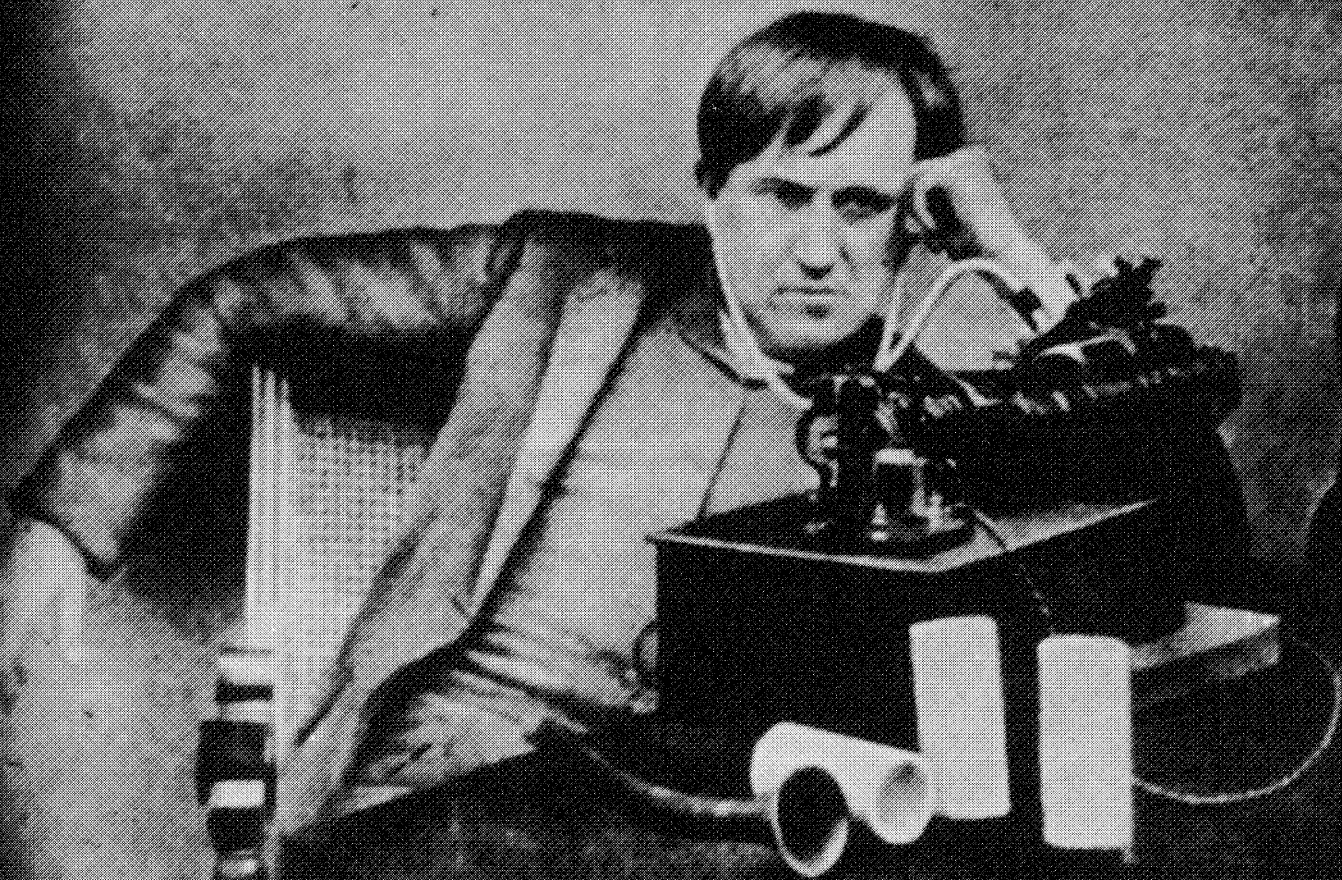


Winter, 1970

Dividend

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



Ten Great Entrepreneurs—Page 4

NUMBERS

If You Like Them, Read On . . .

On Business

203 million Americans:

Produce nearly one trillion dollars in goods and services.

Earn 756 billion dollars.

Spend more than half a trillion dollars, 83 billion of it on recreation and leisure.

Save 33 billion dollars.

Drive 100 million cars.

Watch 75 million TV sets.

Prices have risen 24% in the last eight years, 5.6% in the last year. The amount of goods America sold to the rest of the world is up 14% from two years ago, but foreign goods sold to this country are up 30%.

Source: The Honorable Maurice H. Stans, U. S. Secretary of Commerce, in a speech to the first Business Administration Conference sponsored by the Michigan Business School November 12 in Detroit.

On Managers and Change

By 1975, there will be one million fewer men in the 35-45 age bracket, due to low birth rates of the Depression years. At the same time, demand for managers will be 30-35% higher than it is right now.

The world spent 25,000 years in the agricultural age, 200 years in the industrial age, 15 years (1942-1957) in the nuclear age, and entered the space age in 1957 with the launching of Sputnik. Since then, more change is said to have occurred than in all the previous 25,215 years.

Source: Thomas K. Connellan, Editorial Director, Bureau of Industrial Relations, Graduate School of Business Administration, University of Michigan.

Let Us Hear From You!

We are considering making "Numbers" a regular feature in Dividend and would like to hear from readers who have interesting and/or enlightening statistics to offer. Please be sure to include information on the source of any item you send.

On Income, Housing, Cars and Pollution

Over the past year, personal incomes have been rising at a rate of 8.4% or 6.8% after taxes.

Median family income is now in the neighborhood of \$9,300 per year, as compared to less than \$6,600 five years ago.

The annual rate of new housing starts has gone down from 1.9 million in January, 1969 to 1.5 million in September, 1969.

In the 1970s we are going to need about 26 million new dwelling units. To meet this need will mean nearly doubling the annual average of housing starts in the 1960s.

New car buyers come largely from the ranks of those who own cars less than three years old. There are about 23 million cars of this age on the road.

Engines now being installed in American cars have reduced the emission of hydrocarbons by approximately 80% below the levels of ten years ago. By the end of the 1970s, the amount of hydrocarbons in the air in Los Angeles, for example, will be back to the 1940 level.

Source: Lynn Townsend, MBA '41, Chairman and Chief Executive Officer, Chrysler Corporation, in a speech to the first Business Administration Conference sponsored by the Michigan Business School November 12 in Detroit.

On Education

College enrollment has grown from 2 million in 1950 to 7½ million in 1969 and is estimated to reach 9 million by 1975.

Higher education is becoming a public endeavor, as shown by the figures comparing public vs. private college enrollment. From 1910-1950, about 50% of students were enrolled in public institutions and 50% in private institutions. By 1955, 56% of students were enrolled in public institutions; by 1965 the figure had grown to 65%; by 1969, 71% of college students were enrolled in public institutions and the figure is still rising.

Community junior colleges have grown from 500 institutions in 1950 to 1,000 in 1968. Enrollment in these institutions is up from 250,000 in 1950 to 1½ million in 1968. At the same time, municipally supported senior institutions have been disappearing and the large "multi-versity" has seen spectacular growth.

Source: Michael Radock, Vice-President for University Relations and Development, University of Michigan.

On This Year's Entering MBA Class

There are 39 more MBA students this year than last year at the U-M Business School. Eleven of them are women. About 22% of the entering MBA students are graduates of the University of Michigan.

The class represents 37 states and 31 foreign countries.

Twenty-seven percent of the students are married.

They range in age from 21 to 37 with the average age being 23 years old.

Source: Lynnwood Aris, Assistant Dean, Graduate School of Business Administration, University of Michigan.

Dividend

The Magazine of the Graduate School of Business Administration

VOLUME 1, No. 3

Winter, 1970

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The Business School is scouring the country hoping to locate and save vintage footage on great entrepreneurs of the 20th century before the nitrate-based film decomposes and disappears.

The Dying Cities, and the Garbage Problem 10 by Ross Wilhelm

For the past 10 years Dr. Wilhelm, associate professor of business economics, has been giving a weekly five minute radio program on business topics. Two of his recent scripts are printed here.

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How a group of students working in their spare time administers a complicated exchange every year involving 49 countries and 5,000 traineeships.

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News of the School, including a \$325,000 gift, our first "Executive in Residence," our first Business Administration Conference, and our cooperative agreement with the Stichting Bedrijfskunde.

How Do You Transfer Management Skills? 26 by Ronald Harwith

Notes from the International Conference on the Transfer of Management Skills held in Turin, Italy, and sponsored by AIIESEC.

About the Cover

Thomas A. Edison, in this photo taken from motion picture footage in the Business School's Business History Film Collection, rests after working 72 straight hours on his phonograph. Edison and his research assistants often toiled for several days in a row, pausing only for catnaps on work benches. Edison is primarily remembered as an inventor; yet no other professional inventor was ever engaged in so many businesses, or in so much manufacturing, selling, and "meeting of payrolls." After 1911, Edison's 30 different enterprises were combined in one corporation under the title of Thomas A. Edison, Inc. Although this firm often netted as much as \$2,000,000 annually, Edison boasted that it never paid dividends. As fast as profits rolled in from an invention, Edison ploughed the funds into new research and development. Some biographers of the electrical wizard believe that he might have become the richest man in the world had he confined his energies to only one of the many fields he cultivated. But Edison was forever moving on to new endeavors. He was named the third greatest businessman in U. S. history in a University of Michigan poll of 423 business executives in 1967. For more about entrepreneurs on film, turn the page.

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Editor: Pringle Smith

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Great Entrepreneurs on Film

By David L. Lewis
Professor of Business History



What is Henry saying to Tom? We may never know, for the U-M's motion picture film of Ford and Edison is silent. On the other hand, if there's a lip reader in the audience . . .

We recently asked Sears, Roebuck if it had any film on Julius Rosenwald, the administrative genius who helped build Sears into the nation's greatest mail order house. "There is no motion picture film of Mr. Rosenwald in our possession," lamented a Sears executive, "nor do we know of any in anybody else's." By return mail we were able to inform this official that our business school possesses 24 feet of good quality 1918 film of Rosenwald (see page 9).

Our film of Rosenwald was obtained from the National Film Archives as part of a project to collect and preserve motion picture film on the great entrepreneurs of the 20th century. Today our school's film bank, thanks to the cooperation and generosity of many donor companies and entrepreneurial families, is the most complete collection of its kind in America. Although we have film on a far greater number of businessmen than even the National Film Archives, we are continuing to scour the country, hoping to locate and save vintage footage before it is lost or decomposes.

The decomposition problem is critical. Most film used before 1950 was based on cellulose nitrate. This film, even when stored under optimum conditions, begins to decompose from the moment of manufacture. The decomposition usually proceeds slowly and may take many years, but eventually and inevitably—just as all living things are born to die—every image recorded on nitrate film will disintegrate. First the silver image begins to undergo a brownish discoloration and serious fading. Then follows a stickiness of the emulsion leading to a partial softening of the film and the appearance of blisters. A pungent odor signals the next stage, when the entire film congeals into one solid mass. The

film base then disintegrates into a brownish powder which has a very low ignition temperature and is highly explosive.

At this moment, millions of feet of historically irreplaceable nitrate film are disintegrating in the files and vaults of studios, business and other institutions, and in homes. It can be saved only if transferred—before decomposition sets in—to acetate-based film. But so little attention has been paid to the problem that even now the Academy of Motion Picture Arts and Sciences cannot mount a complete retrospective of Academy-Award-winning movies. Almost equally surprising, there are no prints of various movies made in the 'twenties by Greta Garbo and Will Rogers and of classics such as the 1935 *Roberta* starring Fred Astaire and Ginger Rogers.

In the realm of entrepreneurship, there appears to be nary a foot of extant film—in the National Film Archives or elsewhere—on such great figures as Andrew Carnegie, George Westinghouse, James B. Duke, the Dodge brothers, James J. Hill, John Wanamaker, King C. Gillette, J. Walter Thompson, and Frances W. Ayer, to name but a few business giants who lived into the motion picture age. Perhaps some of these men were never recorded on motion picture film. Westinghouse and Thompson, in fact, deliberately avoided being photographed. But most leading businessmen from the century's second decade onward likely were filmed by newsreel companies, persons in their employ, members of their family, or friends. It is difficult to believe, for instance, that Carnegie, with his love of the spotlight and sense of history, never appeared before a motion picture camera. Nevertheless, we are still looking for the first foot of film on the steel magnate.

Fortunately, in addition to film of the ten great businessmen shown

here, we have acetate-based footage of dozens of other outstanding entrepreneurs, among them Walter P. Chrysler, Harvey Firestone, Sr., Charles M. Schwab, A. P. Giannini, Milton S. Hershey, Herbert Henry Dow, William Randolph Hearst, Louis B. Mayer, Thomas J. Watson, Sr., S. S. Kresge, Robert E. Wood, James C. Penney, Adolf Zukor, and Henry R. Luce. The list lengthens every month, and we hope that it will continue to grow for a long while, as vintage films on the entrepreneurial greats of our era are uncovered and sent to us. Eventually, too, we will gather film on today's top businessmen— looking to the time when they also will be historic figures.

In turn, we hope to assist companies and others seeking motion picture film on business personalities. We've already found that our collection has film of businessmen that not even their own companies know about. We also can report that our efforts to locate and preserve film of great businessmen have encouraged many companies— IBM, Kaiser, and Chrysler among them—to transfer their nitrate-based film to acetate film.

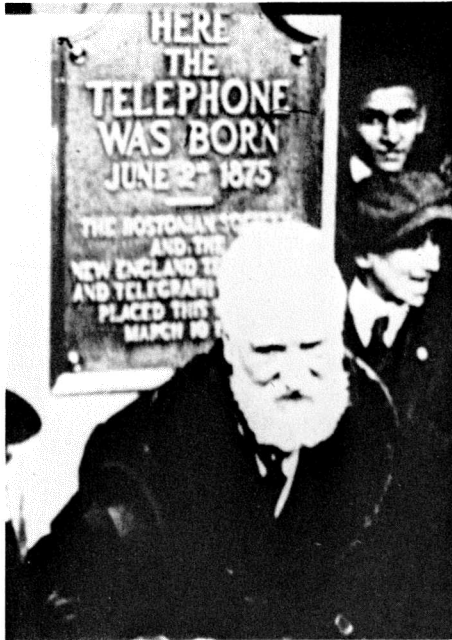
In addition to making our film available to interested companies and others as copyrights and donor policies permit, we will be showing it to our students through this century into the 21st century and beyond. If this film is priceless now, it will be infinitely more so in the centuries ahead; worth not just a thousand words per frame, but ten thousand and more. You can get some idea of our treasure trove by looking at the stills on the following pages, blown up from frames of film in our collection. If you have film of businessmen that you'd like to see preserved, send it to us. Our Business History Film Collection will give it a good home.



Bernard M. Baruch

Bernard M. Baruch, shown here in a 1953 meeting with Prime Minister Churchill and President Eisenhower, made his first million dollars on Wall Street by the age of 30. He went on to earn many millions more as a speculator, investment counselor, and industrial developer par excellence (his stake in Texas Gulf Sulfur gave the U. S. control of the world sulfur market; his investment in Utah Copper led to a doubling of world output of copper). In 1916, Baruch virtually retired from business to devote himself to public service. Subsequently, he advised

every President from Woodrow Wilson (who called Baruch "Dr. Facts") through LBJ. Along the way, he served as chairman of the War Industries Board during World War I, the head of committees which dealt with materials, manpower and production problems during World War II, and as U. S. representative on the UN Atomic Energy Commission. During his later years, Baruch, the personification of the elder statesman-philosopher, offered his views, on issues large and small, from the vantage point of a bench in New York's Central Park. In 1967 he was named the sixth greatest entrepreneur in American history by 423 executives polled by our school. Baruch also is represented in the school's film collection in a 1919 film which shows him at the royal palace in Brussels with Vance McCormick and Norman Davis, fellow members of the Reparations Committee of the World War I Peace Conference, plus U. S. Food Administrator Herbert Hoover.



Alexander Graham Bell

A desire to improve the teaching of the deaf led Alexander Graham Bell, above, to invent apparatus which transmitted sound by electricity—and, in 1876, the first practical telephone. Two years later he founded the Bell Telephone Company. In this still from U-M footage, the bewhiskered inventor dedicates a plaque marking the site, in Boston, of the birth of the device for which he is primarily remembered. Bell did not wish to manage the company which bore his name. Instead, he preferred an inventive role; and for decades worked on electrical apparatus, much of it related to the instruction of the deaf. Bell died in 1922 at age 75, and was enshrined in the Hall of Fame for Great Americans at New York University in 1950.



Andrew W. Mellon

Secretary of the Treasury Andrew W. Mellon, center, was publicity shy, and flitted in and out of camera range during a 1929 White House ceremony at which President Hoover, left, presented a Congressional medal of honor to Charles Lindbergh, right. The Mellon family built fortunes in banking, coal, coke, and iron; then, under Andy's astute leadership, made even bigger fortunes in oil (Gulf) and aluminum (Alcoa). When the unobtrusive Pittsburgher was named to the Treasury post by

President Harding in 1921, wisecracks said, "Who's he?" They soon learned that he was, with John D. Rockefeller and Henry Ford, one of America's three billionaires. Mellon served as Secretary of the Treasury from 1921–32, longer than any other man served in this post before or since. Hoover and other admirers said that he was "the greatest Secretary of the Treasury since Alexander Hamilton;" his critics retorted that he was the best since David F. Houston (his immediate predecessor). He closed out his public career as ambassador to Great Britain in 1932–33, and died in 1937 at age 82.



Henry J. Kaiser

Henry J. Kaiser was filmed in 1943 assembling a model of one of his famous Liberty ships. Kaiser, one of the greatest construction figures in American history, helped build the Boulder, Bonneville, Grand Coulee, and Shasta dams and the Oakland Bridge. During World War II he developed methods of prefabrication and assembly which culminated in the completion of a ship a day in Kaiser yards. After World War II he was a major factor in the steel and auto, as well as construction, businesses—although success eluded him in the automotive field. During the 1960's Kaiser sparked a huge construction boom in Honolulu, where he made his home. He died in 1967 at age 85. Kaiser was named the eighth greatest living businessman in America in the 1967 U-M survey of business executives.



John D. Rockefeller

Can this be the same John D. Rockefeller who was accused of forcing widows to sell their late husbands' oil properties for a pittance? Say it ain't so of this Merry Old Soul. True or not (John D., a onetime Sunday School teacher, vigorously denied any such shenanigans), the above photograph from U-M motion picture footage shows that nobody, but nobody, had more fun at birthday parties than America's first billionaire. The oil titan, whose Standard Oil Trust pioneered many of today's widely-used management techniques, is regarded by some historians as the ablest businessman



of the 19th century (he virtually retired from active business in 1895, thereafter devoting himself to philanthropy). First a bookkeeper who saved on a modest salary, later a partner in a commission house which prospered during the Civil War, Rockefeller in 1865 embarked wholeheartedly upon the oil refining business. By 1900 his empire produced and marketed more than 85 per cent of the nation's refined petroleum products. And how the money rolled in—with dividends fluctuating between 30 and 40 per cent from 1897-1906. In 1967 Rockefeller was named the fourth greatest businessman in American history by 423 business executives polled by our school. They also named him the fourth biggest scoundrel in U. S. business history. Born in 1837, Rockefeller lived to the age of 98, ultimately taking on the appearance of a reincarnated Ramses II. Spry almost to the end, he enjoyed golf, and in the still at left, he concentrates on his game, as a grandchild kibitzes.



George Eastman

Everyone who takes or poses for a picture is indebted to the shy, straight-laced man on the right, George Eastman, shown here with Edison. Eastman, in the 1880's, developed greatly-improved film, then set out to broaden the market for that film. After introducing the light, easy-to-use Kodak camera (Eastman himself coined the word, his favorite letter being "k"), he launched the one-dollar Brownie, with a 15-cent roll, which made photography available to almost everyone. Eastman was one of the largest advertisers of his era, and his firm was one of the first to pay for employee suggestions and to provide profit-sharing, disability, life insurance, and pension plans. A

great philanthropist, Eastman gave \$51 million to the University of Rochester, another \$20 million to MIT. A tone-deaf music lover, he bought a flute, but though he practiced diligently for two years, was unable to master his favorite tune, *Annie Laurie*. His former home in Rochester now contains the world's finest collection of historic photographic equipment, plus a notable art collection. Eastman was named the 11th greatest businessman in American history in the U-M's 1967 survey of business executives.



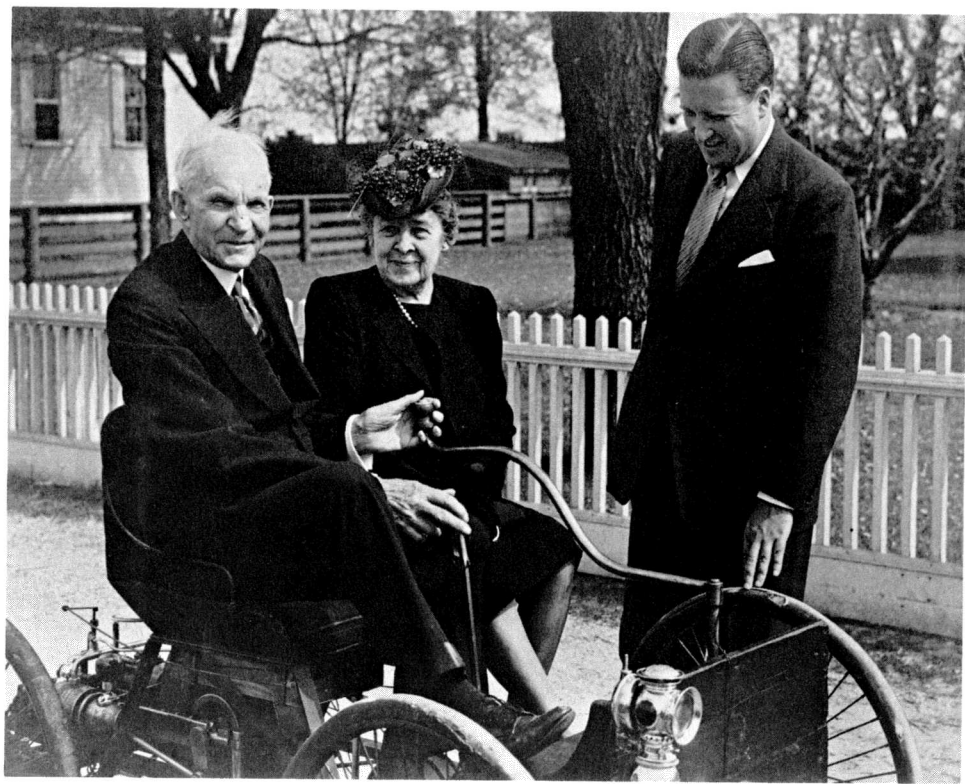
Walt Disney

Walt Disney made many animated cartoons for military training and patriotic purposes during World War II. In the above frame, from footage in the U-M collection, the master himself sketches pictures of cartoon characters in battle dress. Disney skyrocketed to fame with Mickey Mouse cartoons during the late 1920's, and during the 1930's the Mouse joined Coke, the Ford car, and the Singer sewing machine as one of America's best-known products worldwide. Disney went on to build an entertainment empire on the gossamer threads of fantasy. He displayed a superb business sense, as witness not only the success of his studio (which produced many successful feature films including *Mary Poppins*), but also Disneyland, and his weekly television show. A poor boy who made good, Disney died in 1966, leaving an estate valued at \$50 million.



Julius Rosenwald

In this still, Julius Rosenwald, president of Sears, Roebuck, speaks to doughboys at Barracks No. 66 in Tours, France, on September 2, 1918. Rosenwald had been sent to France by Secretary of War Baker with messages to the fighting men from their governors and senators. The Chicagoan helped revive ailing Sears, Roebuck in the mid-1890's, then, after founder Richard Sears left the firm in 1908, pushed it to new heights. Rosenwald, a great philanthropist in an era noted for private giving, dispensed \$62 million during his lifetime, much of it for education for Negroes in the South. He stipulated that the remainder of his fortune be given away within 25 years of his death; that's why today there is no Rosenwald Foundation to match those bearing the names of Rockefeller, Ford, Carnegie, and Guggenheim.



Henry Ford

Henry Ford last appeared before a motion picture camera in 1946, seated with his wife, Clara, in the "quadricycle" which he built in 1896. His son, Henry Ford II stands at right. Ford's Model T put the nation on wheels and did more than any other machine to unite the country and to change the national psychology, manners, and mores. His techniques of mass production revolutionized manufacturing, and, along with his advocacy of higher wages and lower prices, paved the way for the abundance in American life. The auto king, putting it mildly, was complex, unpredictable, and controversial. He said "history is bunk," yet established Greenfield Village-Henry Ford Museum, one of the great depositories of Americana. He chartered a "peace ship" in an effort to end World War I, yet produced mountains of weaponry when war came. He gave Negroes skilled and white-collar employment at a time when few blacks could obtain factory jobs of any kind,

yet conducted the nation's first organized campaign of anti-Semitism. He gave jobs to former convicts and prostitutes, the blind, crippled, and aged, yet ultimately maltreated many of his employees. He hated organized charity, yet left funds which established the world's largest philanthropic organization, the Ford Foundation. His chief monument is all around us—our mass production-oriented economy and motorized society, sprinkled with 15 million vehicles bearing his name. The Dearbornite was selected as the greatest businessman in U. S. history by executives in 1967. The U-M collection has film of him dating to 1915.

The Dying Cities

We hear a great deal of talk, particularly by politicians, that more government money must be spent to save our cities. The arguments for more money become entangled in questions relating to civil rights, to the war in Viet Nam, the war on poverty and so on. We hear very little real discussion, however, as to what is happening to our cities, as institutional entities, and why the cities are changing. Yet, if one considers the causes of the problems of the city, real questions arise as to whether there is anything that can or should be done to save the cities.

The basic problem is that the very large cities of the United States are by every test dying institutions that have outlived much of their historical usefulness. If there is an institutional evolutionary process just as there is an evolutionary biological process, then the evidence seems to indicate that our giant cities are falling by the wayside as did the dinosaurs.

Over the period since the end of World War II the populations of our major cities have declined as people—both white and black—have moved into the urban fringe in greater numbers than people have moved into the large cities. The movement to the urban fringe seems to reflect a basic need to live in less crowded conditions and also seems to be income related. When a family reaches a threshold level of income, the probability of their leaving the city rises sharply. The movement into the cities also is related to relative incomes and job opportunities. As the productivity of agriculture has increased and we have needed fewer farmers, the surplus farmers—particularly from the rural South—have moved to the cities. Short of further reducing the numbers of people in the cities, it is questionable how more money spent on the cities by the government can satisfy the need to live in less crowded conditions.

Coupled directly, although not solely, with the population shifts has been the problems of the tax revenues of the city and its expenditures. As the population has moved out the tax revenues of the cities have

declined. On the other side the expenditures of the cities have risen with the population shifts as greater demands have arisen for welfare payments, educational needs, and for public protection services. The spending of money by the Federal government in the cities would help solve this problem; however, the likelihood is that the amounts required will increase over time because of an ever widening of the gap between the revenues and expenditures.

The reason for the ever widening gap is because the revenues of the cities from businesses are declining also. Cities traditionally have fulfilled four business functions. They have been manufacturing centers for businesses requiring large numbers of low skilled individuals. They have been money warehouses and financial centers. They have, in their large stores, had wide assortments of goods not available in outlying areas. Thus they have been shopping centers. They have been entertainment centers. Three of these four functions of the city are less important today than in the past.

Due to technological advances and rising wages, American industry is shifting away from a need for large numbers of low skilled workers and toward reliance on highly trained individuals. Such firms do not tend to locate in the big cities.

With the rise of the suburbs and the growth of incomes, the assortment of goods in the outlying areas has increased and fewer people have reason to travel to the city to do their buying. As a consequence, most of the large downtown stores are no longer money-makers.

Lastly, the widespread ownership of television and radio has also reduced the need for people to travel to the cities for entertainment. This, too, has been a major factor in the decline in the tax revenues of the cities.

There seems to be little that government spending can do to alter the factors leading to the decline of the cities. The proper objective of our spending should not be to “save the cities” but rather to make the cities better places for the present residents to live. The most important single action that could be taken to help the existing residents would be to reduce the populations of the cities. With fewer people the desire for less density would be met, the schools would be less crowded, life would be more tolerable.

The principal action which would reduce the population of the cities would be to reduce the migration of people from the South to the cities. To reduce the population migration

Two Radio Scripts by Ross Wilhelm

The Dying Cities,

The Garbage

what is needed is to increase the job opportunities and wages in the rural South. Thus if the government is to spend large sums of money to help the cities it seems reasonable that a large part of such money should go toward encouraging businesses to locate and grow in our rural areas. With more jobs in rural areas, the competition for labor would rise and the incentive to migrate would be reduced. Thus it would seem that the best way to help the cities is to spend more in rural America.

The Garbage Problem

We all tend to think of garbage as being valueless and indeed in most cases as having a negative value because we have to pay to have it removed. And yet current studies as well as new operating practices utilizing garbage indicate that there may be great opportunities in the garbage field for private investors to earn a handsome return on investments or as a means for cities to reduce their expenses and to increase their non-tax revenues.

Typically, the way we dispose of garbage in the United States is to either (a) create an unsightly and unsanitary garbage dump where we pile the stuff up and allow it to rot

or burn it on the spot, (b) or to create a sanitary fill which is little more than a garbage dump where we level the piles off and cover them with dirt—this is an important means in some areas for reclaiming otherwise unuseable land such as swamps or depleted gravel pits, and (c) the last principal means for disposing of garbage is to burn it in an incinerator—about 200 municipalities across the country have such incinerators and they serve as the means of disposing of about 25% of the 200 million tons of garbage we produce each year.

For most cities garbage collection and disposition is an expense item without an offsetting non-tax revenue. The typical city, either through its own organization, or through a private contractor, has to provide trucks and men to collect the garbage, carry it to the disposition point, and then provide for its disposal by one of the means I have mentioned. As our population and incomes have increased, the costs of garbage collection have risen and at a higher rate than population and incomes have grown. The reason for the faster rising costs has been that as our incomes rise we throw away stuff at a higher rate and secondly it becomes more expensive to get rid of it. Some cities have to truck their garbage 25 miles or more to the disposition point. The principal way we pay for garbage removal is through higher taxes.

There are, however, some cities in the world that have managed to turn their garbage from being a complete loss and expense item into a revenue producing asset. Further, current research findings also indicate that it might be possible to greatly increase the revenues obtainable from garbage.

In a large number of European cities, as well as some North American cities, garbage is being used as a fuel, instead of coal or oil, as a means for producing steam to generate electricity or to heat buildings. This use of garbage as a source of heat is being done in Paris, Munich, and Geneva as well as in Montreal, San Francisco, and in Norfolk, Virginia. These cities have found that the initial cost of building a steam plant

continued on back cover



For the past 10 years Ross Wilhelm, associate professor of business economics at the Graduate School of Business Administration, has been giving a weekly five-minute radio program on business topics entitled "Business Review." Here we present two scripts from that program. Produced by WUOM, the program is distributed to approximately 30 commercial stations located in Michigan, Pennsylvania, Ohio, Illinois, and Windsor, Ontario, Canada. In addition, the program is distributed by the National Educational Radio Network (NERN) which is affiliated with 500 stations nation-wide and by the Armed Forces Network, which is heard all over the world. Dr. Wilhelm received his MBA from Western Reserve University and his Ph.D. from the University of Michigan. This fall, in addition to his radio program, he began a three minute T-V spot on business topics every Monday night during the news hour (6-7 p.m.) on WXYZ, Detroit television's Channel 7.

and
Problem

AIESEC - Or, How a Group of Students A Complicated Exchange Involving

On a sunny November afternoon, a young man sat in a small office in the business administration building and fired questions at a young woman seated across the desk from him. The walls of the office were covered with posters—all of them containing the word “AIESEC”—a French acronym for “The International Association of Students in Economics and Commerce.”

AIESEC is a non-political, non-profit organization whose program every year expands the corps of young, internationally experienced, potential executive personnel. Its members are undergraduate and graduate students of business or economics.

What was taking place on this November afternoon was a rehearsal for the first step in the AIESEC process—what the students call “raising traineeships.” The young man was playing the role of a businessman being called on by an AIESEC member hoping to persuade him to take an AIESEC trainee for the summer.

Raising traineeships is crucial to every AIESEC member, for it is on these traineeships that the entire organization is built. Every businessman here who agrees to take a foreign trainee for the summer enables an American business student to work abroad. While AIESEC members here are asking local companies to offer traineeship assignments to qualified foreign students, their foreign counterparts are arranging training assignments with their local businesses. An exchange is then administered by computer: each U. S. traineeship offer matched with a foreign student

enables a U. S. student to go abroad for a traineeship experience.

The “businessman” was asking pointed questions: Q. “*How qualified are the foreign trainees who come here?*” A. “The top students apply for positions here, because the U. S. is the business leader of the world and because AIESEC-US offers excellent traineeships.”

Q. “*How long is a traineeship?*”

A. “Eight weeks to eighteen months, with ten to twelve weeks the average.”

Q. “*What responsibilities would I have in terms of visas, transportation, accommodation, etc.*” A. “None. AIESEC arranges all of that.”

Judging from her answers, the girl had done her homework. That is, she had read thoroughly the booklet “How to Raise a Traineeship. Questions Businessmen Ask.” It stresses the value of careful preparation and thorough knowledge of what AIESEC can offer, and warns against offering anything the student isn’t sure that AIESEC can deliver. “Misunderstandings,” says the booklet, “mean unhappy companies: a decrease in AIESEC prestige; and, worst of all, a bad experience for the trainee.” Specifically, the booklet reminds students to stress that trainees are *students*, and although many have fine academic backgrounds, few have any significant business experience. The company can specify its requirements for a trainee (AIESEC suggests they keep the requirements as broad as possible) and also can reject a trainee they feel is not qualified (last year, less than 5% of all nominees were rejected).

The girl being “interviewed” is

but one of many AIESEC members who will be “rehearsed” before going to see businessmen. Each company to be visited will receive a letter, explaining AIESEC briefly and asking when it would be convenient for a student to call and explain the program more fully. The letters are followed up by a phone call asking for an appointment and then by a personal visit.

While the “interview” was being held on one side of the office, on the other side two students were going carefully over a list of prospects in the Ann Arbor area. There were between 75 and 100 companies on the list; including those who had participated in the past; those who had been contacted in the past; those with international operations; and contacts gained through new members. Not all the companies were large: one third of the traineeships in the United States are offered by companies employing less than 500 people.

Generally, traineeships fall into one of five types: 1) participation by the trainee in the company’s regular management training program; 2) general rotational training; 3) work on a special project, such as a special report or market survey; 4) concentration in a single department; 5) any combination of the other four. Foreign trainees are usually between 21 and 27 years old; many are graduate students trained in economics and business; all speak English.

The AIESEC program offers direct benefits to the company aside from the opportunity to hire an

continued on page 15

Every Year Administers

49 Countries and 5,000 Traineeships



Robert Dainow in Paris, where he spent the summer working for IBM France.

◆ Robert Dainow, a senior MBA student at the Business School, spent the summer as a special project trainee for IBM France. The choice of the project was left up to him; the only criteria imposed were first, that it be meaningful for him and second, that it have some value for the company. He chose to work on a project concerned with computerizing some of the functions of the Correspondence Course Department which offered some 35 courses to IBM employees. The most challenging and difficult part of the job was the freedom he was given, which turned out to be “both a blessing and a curse, since the responsibility of choosing your own project includes the responsibility of defining goals, determining procedures and deciding how to retrieve, organize and present results.” What did Rob learn from his AIESEC experience? He says “I discovered a great deal about the problems, frustrations and satisfactions of working in the real world, as well as learning quite a bit about the role of language on living.” Although Rob has studied French, he does not speak it fluently, and sometimes found it difficult to explain ideas, or to frame questions or comments. He says “in this kind of setting it is at times painfully clear how dependent we are on words in so much of our daily life.” A good friend of Rob’s was also working in Paris, and AIESEC found for them a furnished apartment in the Latin Quarter— an area, Rob says, that is “truly unique as it is simultaneously a student area, an eating and entertainment area for Parisiens and a tourist magnet.”



Chrystie King is pictured (right) knitting on the deck of a sightseeing boat in one of the Norwegian fjords.

A rotational traineeship was held this summer by MBA student Chrystie King in the Norwegian government-controlled wine and spirits company. Chrystie learned about the stock and how much was sold of each item (Stock Control Dept.), who the customers were and how the accounts were kept (Bookkeeping Dept.), how the sales were controlled (Shop Control Dept.) and how the orders were processed. She also sold in one of the company's shops for a week—her favorite assignment since it brought her directly in touch with the Norwegian people. Her bosses also arranged a tour for her of the company's bottling and storage facilities and of the harbor storage facilities, as well as carefully

describing to her the activities of the company. "Everyone," she says, "made me feel a part of the company from the moment I arrived, and I learned an enormous amount." Chrystie says life in Norway is less hectic than in the U.S.A.—almost everyone engages in some kind of sports, and the older people look younger than they really are because everybody gets so much exercise. Chrystie lived in a new student complex where nearly all the AIESEC students were housed, so she easily made friends, besides enjoying the AIESEC reception program, which included visits to a dairy and a newspaper as well as several weekend trips. A high point of Chrystie's summer was the opportunity she had through friends

to visit Harald Saeverud, a prominent Norwegian contemporary composer. She was a guest of the Saeveruds' at Edward Grieg's home on the outskirts of Bergen, where a concert of Grieg music is given every Wednesday evening. She also visited them at their home, where, she says, she was treated to a marvelous Norwegian dinner. This was Chrystie's second traineeship, her first one being in Switzerland in 1968, when she worked for a Swiss bank. Although she enjoyed that summer, she found the lack of opportunity for women in Switzerland made it difficult for her to learn much about banking or about Swiss banks. At Michigan, Chrystie has worked for two years as executive secretary for AIESEC.

AIESEC (continued)

academically advanced student at a considerably lower salary than most U. S. trainees would ask. An AIESEC student, when he returns home, usually becomes an unofficial public relations representative of the company he worked for; foreign trainees are often excellent morale builders for the company; AIESEC students often can make special studies of overseas markets—areas with which they are familiar. A company with business operations abroad can request trainees from those countries where they conduct their business operations and sometimes can even arrange to have a company representative abroad interview the prospective trainee.

Companies accepting AIESEC trainees agree to pay them a stipend sufficient to cover their living expenses. In addition, each company pays an administrative fee for each traineeship offered: \$200 for companies with only domestic operations; \$250 for those with international operations, plus a \$25 charge per trainee to assist local reception activities. With the exception of donations for special projects, this administrative fee serves as the only source of revenue for AIESEC-US. It covers expenses involved in obtaining visas, the computerized exchange of traineeships, the coordination of reception programs for foreign trainees, the expenses of regional seminars, office expenses and salaries for the national committee office staff, and travel for the national committee president to two international meetings of the association and for members of the national committee to make necessary trips in the U. S.

AIESEC has received financial support from a number of companies and the Ford Foundation. Based on a five year development plan for AIESEC International, the Ford Foundation has given a challenge grant extending up to 1972. The Foundation will give AIESEC \$1 for every \$4 raised from other sources. The eventual target is \$150,000.

Since AIESEC was founded in 1948 by students from seven European countries, over 45,000 training opportunities have been offered to business and economics students, and participating countries have grown from the original seven to 49. Last year, 5,000 traineeships were exchanged, of which more than 500 were in the United States.

AIESEC has recently broadened its activities to include the organization of educational and regional seminars, and in late November, 1969, it sponsored a world conference on the International Transfer of Management Skills. Held in Turin, Italy, the conference focussed on ways to identify, codify and transfer among different economies and cultures the knowledge, attitudes and skills underlying management competence. Over 200 people attended, about one third of whom were businessmen, one third academics and business school administrators and one third students. (For more on this conference, see page 26).

It should be pointed out that the AIESEC program calls for a great deal of initiative and enterprise from the student. In the United States, it is run by a National Committee composed of the president and vice-president (two students who take a year's leave of absence from their studies) and seven student regional directors. From its permanent offices in New York, the National Committee coordinates the activities of the local committees at approximately 80 colleges and universities. It is these local committees that solicit traineeship opportunities from local businessmen, select qualified U. S. students to receive offers in participating countries, organize their own campus programs and handle reception activities for foreign trainees in their area. All this work is done entirely by students on a volunteer basis.

At the University of Michigan this year, each of the officers of AIESEC is carrying a full academic load as well as holding at least one

part-time job. Dave Goodrich, a senior BBA student, is president of the local AIESEC committee and reception officer for the state of Michigan. He carries a 16 hour course load and holds three part-time jobs to earn 40% of his education expenses. Obviously, he has little spare time. Why does he spend it working for AIESEC? He says, "I am getting a chance to organize and administer a very interest-diversified and challenging organization at an admittedly young age. In addition, I have had the chance to meet outstanding members of the business community as well as the AIESEC trainees. The international insight and understanding resulting from my association with the trainees have made my efforts more than worthwhile."

As state reception officer last summer, Dave was responsible for meeting the trainees coming into Michigan, finding them places to stay, and following through with any problems that came up. At the ring of a telephone, Dave could quote which hotels were located in various areas, how much they cost, how far they were from the bus/train station, and even the exact cab fare from the station to the hotel. And his telephone did ring—at all hours of the day and night! In addition to being responsible for their own foreign trainees, local reception officers act as "instant hosts" for other trainees who may be traveling through their area. "I kept a cot in the closet at all times," says Dave. Next year, he hopes to expand the Michigan reception activities to include some sightseeing trips, such as to Greenfield Village, the Ford Rouge Plant, and maybe even to the Upper Peninsula.

On these pages we bring you pictures and captions about a few of the AIESEC trainees, both American and foreign, who participated in the program from the Ann Arbor area in the summer of 1969. We hope that reading about them will give you some of the flavor of an AIESEC experience.



Marija Miljavac of Yugoslavia had a six months rotational traineeship at the National Bank of Ypsilanti, and is pictured here in the bank's data processing department, where she was working when we interviewed her. Other assignments in the traineeship included a stint as a bank teller, and working in the mortgage and loan department and in the bookkeeping section of the bank. Marija, who lived with an American family during her stay here, had friends in Ann Arbor when she arrived (one of them an American AIESEC member whom she met when he was a trainee in Yugoslavia). Since Yugoslavia is a small country, the trainees there are all concentrated in a few large cities and therefore are able to have many social get-togethers. (In Michigan this summer, trainees were scattered all over the state: one in Ypsilanti, two in Ann Arbor, one in Grand Rapids, one in Birmingham and several in Detroit). Even so, they managed to have several AIESEC parties. Marija has a B.A. from the Zagreb Faculty of Economics, and last summer held an AIESEC traineeship in Norway. She applied for a traineeship here because "I consider the USA to be the most developed country in the whole world. I think or maybe I hope that people with so much experience in economy will help me a lot to complete my theoretical and practical knowledge and will give me the opportunity to acquaint myself with them and with their beautiful country." On returning to Yugoslavia, she hopes to work for an international wholesale enterprise.

Marija Miljavac of Yugoslavia was an AIESEC banking trainee.

Jean Paul Loiseau of France has a master's degree in business and a certificate of law from the University of Reims as well as a master's in economics (with honors) from the University of Paris. His particular field of interest is the relationship between finance and production, and he spent one AIESEC traineeship in England studying the link between costs and the technical organization and efficiency of a record company. His second AIESEC traineeship was in the foreign department of a Norwegian bank, where he worked in credit and foreign investments. While in the U.S.A., Jean Paul worked for 3½ months at St. Joseph Mercy Hospital in Ann Arbor, where he did budget and cost analysis. This traineeship, he says, was quite different from the others because of the nature of the business (a hospital is not profit-aimed but cost-aimed). Jean Paul speaks English and Spanish fluently, and while a student at the University of Paris, was an active member of the local AIESEC committee. He also worked in public relations for AIESEC at the national level in France, helping to organize regional seminars on the International Transfer of Management Skills. When we interviewed him, he was preparing to go to Buenos Aires, where he is now working for the Renault Company on a special project studying the links between headquarters and various geographically scattered production plants. The diversity of the people here impressed Jean Paul particularly ("you have everything from the radical who organizes meetings to the football lover who eats peanuts"). At the same time, Jean Paul, who used to work part time as a news broadcaster on the French national network, commented that our very size and diversity makes us more locally and less nationally oriented, particularly in our newspapers.



Jean Paul Loiseau of France worked at St. Joseph's Hospital in Ann Arbor.

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.

As We Go To Press . . . A \$325,000 Gift

Clayton G. Hale, Chairman of The Hale & Hale Company in Cleveland, Ohio, has just made a gift of \$325,000 to The University of Michigan Graduate School of Business Administration. In announcing the gift, Dean Bond pointed out that this is the largest gift from any individual in the School's history.

IBM Gives \$50,000 to Sponsor National Computer Workshop

This is the second year the International Business Machines Corporation has given The University of Michigan Business School a grant to finance a national workshop on the use of the computer in management education. Dean Bond announced that this year the grant has been increased to \$50,000 to enable the School to stage two workshops. Both workshops will be directed by Dr. Thomas J. Schriber, associate professor of statistics, who heads up instruction on the computer in the School. Faculty members in any accredited graduate business school in the nation will be eligible to apply. Participants will be selected by a small screening committee of which Dr. Schriber will serve as chairman. The program enjoys the full support of the American Association of Collegiate Schools of Business.

Dean Bond to Serve as Program Chairman for Economic Club of Detroit

Dean Bond has accepted the invitation to serve as Chairman of the Program Committee for The Economic Club of Detroit. He was recently elected to the Council of International University Contact for Management Education, with headquarters in The Netherlands. He has also accepted a five-year appointment as a consultant to the United States General Accounting Office.

Introduction to Computers Suggested as "Model"

A course given at the U-M Business School, Introduction to Computers and Computer Programming (Statistics 411) was recently described in a national monthly newsletter as the suggested "model" for the first course in a four-course computer sequence for schools of business. The description of the four-course sequence appeared in the November issue of "Computing Newsletter for Schools of Business," which is published at the University of Colorado and distributed to business schools throughout the country. Particulars of each of the courses in the suggested sequence were provided via detailed descriptions of courses selected from those currently being offered by business schools around the country. Other schools whose course descriptions were selected for publication are: Carnegie-Mellon; the University of Pennsylvania; the University of Minnesota; and the University of Indiana.

\$250,000 Research Grant

The Automobile Manufacturers Association has made a grant of \$250,000 to the Bureau of Business Research of the Graduate School of Business Administration to support a new research program on industrial competition. One of the first objectives of the program will be the development of criteria for evaluating competitive performance of such industries as automobile manufacturing, chemicals, aluminum and steel.

Among the major concerns of the study will be 1) how production, pricing and distribution systems affect the consumer; 2) intra- and inter-firm competition with stress on product differentiation and market segmentation; and 3) the role of government as a regulatory agency.

The new research program will be under the general direction of Alfred W. Swinyard, associate dean of the business school. Other faculty participating in the project during the coming year will include: Professors Charles N. Davisson, Wilford J. Eiteman, Herbert F. Taggart, H. Paul Root and Sidney C. Sufrin.

Dividend Wins Time-Life Award

Dividend has won a regional Time-Life Award for Improvement in Alumni Magazines for 1970. Competing for the award, which is given to the magazine considered by the judges to have improved the most during the year, were magazines published in Illinois, Indiana, Michigan, Minnesota, Ohio and Wisconsin.

Business Leadership Award

Joseph Chamberlain Wilson, Chairman of the Board of Xerox Corporation, received the 13th annual Business Leadership Award of the Graduate School of Business Administration on February 20. Eugene Power, M.B.A. '30, founder of University Microfilms, introduced Mr. Wilson. The award was presented by Larry Stevens, president of the student council, and John Nannes, vice-president of student council. Dean Floyd A. Bond presided over the session.

The award is made annually to a person of outstanding prominence in business who has shown an understanding of the responsibility of business to society and an interest in business education. Selection of the recipient is made jointly by a committee of the students and faculty of the School. Faculty members on the committee included David L. Lewis, professor of business history, Philip J. Wernette, professor of business administration, and Arthur S. Hann, director of placement and assistant to the Dean. Student members of the committee included James Gillespie, Harold Nunn and Allan Weiner.

Mr. Wilson has been President of the Haloid Company (the firm that became Xerox) since 1946, and Chairman of the Board since 1966. He joined the Haloid Company as assistant to the sales manager in 1933 after receiving his MBA with high distinction from the Harvard Business School. For the next three years, he worked in various departments of Haloid. The company was weathering the depression well, thanks to its timely success in perfecting Haloid Record, a photocopy paper.

Mr. Wilson was named secretary in 1936, only a year after Haloid had acquired controlling stock of the Rectigraph Company, original manufacturers of photocopy machines. He stepped up sales and promotional campaigns and brought new men into the company, who foresaw, as Mr. Wilson did, the possibilities of the allied production of photocopy papers and the machines to use them.

In 1938, Mr. Wilson's father—known as "Mr. J. R."—was named



Joseph Chamberlain Wilson

president, and young Wilson assumed the duties of treasurer as well as secretary. He became a member of the board of directors in 1939 and, in 1946, at the age of 36, succeeded his father as president and general manager.

At about this time, Mr. Wilson was alerted to the potential of a new copying process known as xerography, invented by Chester F. Carlson, and called to his attention by Dr. John H. Dessauer, Haloid's research director who originally had been with the old Rectigraph Company.

Mr. Wilson and Dr. Dessauer together investigated the process at Battelle Memorial Institute in Columbus, Ohio, where it was being studied, and were convinced of its possibilities as applied to Haloid production.

The young president of only two years then took a long step. Well aware of the risks involved in financing extensive development of an untried process, he nevertheless contracted with Battelle to sponsor the investigation in return for limited production rights.

Frequent trips to Columbus and further examination of xerography underscored his faith in it. In 1948, he and Dr. Dessauer concluded a more extensive contract with Battelle, committing the Haloid firm wholeheartedly to the future of xerography.

Once committed, Haloid under Mr. Wilson's direction, moved full

steam ahead, with more money raised and allotted to xerographic research during the period 1946 to 1952 than was earned by the company during that period. It was 1953 before even modest profits from xerography began to come in.

In 1956, exclusive world-wide rights to the process were purchased by Haloid from Battelle. Two years later, the firm changed its name to Haloid Xerox, Inc.

With the company's future unalterably set, Mr. Wilson pushed further research programs, even while retooling to manufacture new xerographic products—the kind of approach that has become basic to his business philosophy. The research allotment of \$270,000 in 1949 was to reach nearly 100 times that figure fifteen years later and a 15-man research team was to become a force of more than 1,000 people.

The company was renamed Xerox Corporation in 1960 and under Mr. Wilson's guidance has expanded its horizons both geographically and in its areas of interest.

Mr. Wilson's personal affiliations center upon organizations concerned with community betterment.

He has devoted particular time and effort to the operation and expansion of his alma mater, the University of Rochester, which he has served as a member of the board of trustees since 1949 and board chairman since 1959. In 1967, he became honorary chairman.

In 1953, the Wilson family established the Katherine Upton Wilson Scholarships for children of Xerox employees and, simultaneously, Xerox Corporation set up the Xerox professorship in International Economics at the U. of R. In 1961, the Wilsons announced a plan enabling the University of Rochester "to apply one million dollars toward its objectives in the next three to five years."

Mr. Wilson is a trustee of the Committee for Economic Development, the Carnegie Endowment for International Peace, the Alfred P. Sloan Foundation and the Rochester Savings Bank.

He is a fellow of the American Academy of Arts and Sciences and a founding member of the Business Committee for the Arts.

Executive in Residence

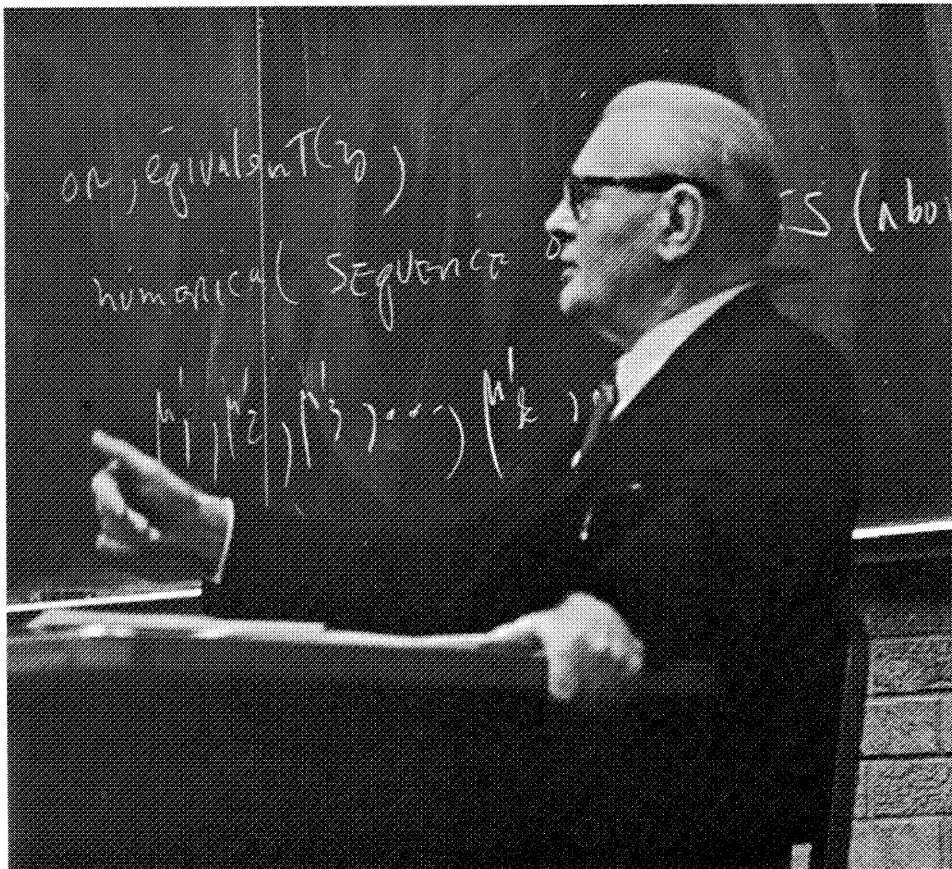
An "Executive in Residence" Program was founded at the School of Business Administration this fall, when George Spatta, honorary chairman of the board of the Clark Equipment Company, spent three busy days at the School. Mr. Spatta was president and chairman of the board of the Clark Equipment Company for 23 years.

Dean Floyd A. Bond who initiated the program and brought Mr. Spatta to the campus describes the Executive-in-Residence program as "an opportunity for students to engage in an off-the-record intimate discussion on decision-making with a highly successful executive who has had a rich experience in management."

Mr. Spatta met with the Marketing Club, the Finance Club and the Management Club during his three day visit, as well as talking with students during several coffee hours and luncheons. Several informal evening meetings were also held.

Mr. Spatta answered questions on a variety of subjects ranging from pollution to hiring and firing practices. On pollution, he said, "The big industries should fix air and water pollution or be put in jail. If it costs \$100 million, they will have to find the money somewhere, even if it means cutting the shareholders' profits." Mr. Spatta warned students not to expect to start at the top—adding that it takes five or six years of "working out frustrations" and acquiring experience before a person is qualified to become "top-level" management personnel.

Dean Bond hopes the Executive-in-Residence program will be repeated with a different businessman each term. "Contact with successful businessmen is an important part of business education," he said.



George Spatta, honorary chairman of the board of the Clark Equipment Company, answers students' questions during his 3-day visit as an Executive-in-Residence.

Jury for TIME Quality Dealer Awards

Five Business School professors acted as jurors for the 1970 TIME Magazine Quality Dealer Awards which were presented in January during the National Automobile Dealers Association Convention in Miami Beach, Florida.

The panel, appointed by Dean Floyd A. Bond, was headed by Dr. A. W. Swinyard, associate dean of the School and director of the Bureau of Business Research. Other judges were C. Merle Crawford, professor of marketing; C. N. Davisson, professor of marketing; David L. Lewis, professor of business history and C. James Pilcher, professor of finance.

The U-M faculty members succeeded men from the Wharton School of Finance at the University of Pennsylvania, which provided judges during the 10 years the program was conducted by the now defunct Saturday Evening Post.

Ford Gives \$20,000 for Scholarships

The Ford Motor Company has given a four year gift of \$20,000 to the Business School to be used for scholarships for disadvantaged students. One quarter of the fund is to be used at the undergraduate level and three quarters at the MBA level.

The School now has an additional \$80,000 for fellowships for disadvantaged students: \$40,000 from General Motors, \$20,000 from Chrysler, and \$20,000 from the Ford Motor Company.

Cooperation with the Stichting Bedrijfskunde of the Netherlands

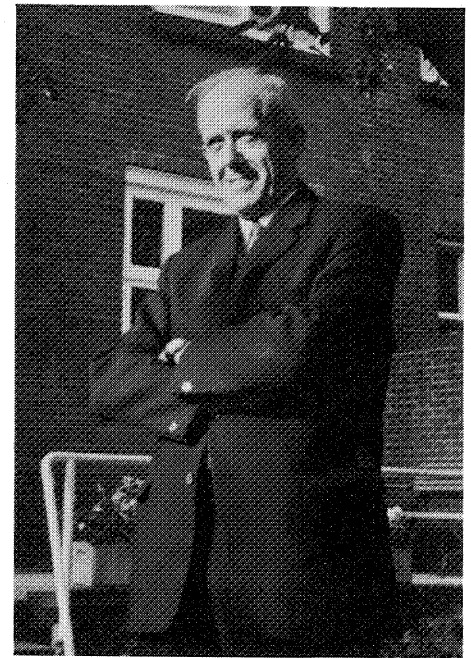
An agreement for cooperation between our Graduate School of Business Administration and the Foundation for Business Administration of Rotterdam, Holland (Stichting Bedrijfskunde) has enriched the programs of both for the past five years. This cooperation has been instrumental in the establishment of business administration as a recognized field of graduate study in the Netherlands.

It all started through a visit to our school in April of 1961 by a Mission to the USA of Netherlands Professors of Business Administration (and allied subjects) sponsored by the European Productivity Agency. This mission of eight distinguished academicians visited four business schools to discuss curricula, teaching methods and materials, and research activities.

Later in the sixties and, in part, based upon the findings of the Mission, a report entitled, "Education and Research in Business and Public Administration" was prepared by a study group of the Dutch Productivity Center of the Social-Economic Council. This report clearly recognized the need for academic work in business administration in the Netherlands, outlined the task of developing instruction, and recommended to the Netherlands government that this task be undertaken. Subsequently, the Netherlands School of Economics of Rotterdam was given the major responsibility for starting graduate work in business

administration, in close and continuing cooperation with the Technical University of Delft. So, in June 1965, the Stichting Bedrijfskunde was officially established as an affiliate of the Netherlands School of Economics. Professor Dr. H. J. Kuhlmeijer, former Rector of the Netherlands School and a distinguished educator with both business and diplomatic experience, was appointed Rector of the new institution. There was no problem of financing the Stichting, for the Royal Dutch Petroleum Company, in commemoration of its seventy-fifth birthday, and six other large concerns including the Amsterdam-Rotterdam and Algemene Nederland banks, Philips, and Unilever furnished several million guilders (guilder = about \$.28) for this project.

An official five year agreement worked out by Dr. Kuhlmeijer and Dean Bond was signed in 1965 and cooperative activities between the Stichting and the U-M Graduate School of Business Administration started immediately. Administration of the program from the Michigan side was placed in our Program in International Business, of which D. Maynard Phelps, professor emeritus of marketing, was then Acting Director. The agreement provided for movement of personnel both ways, and seven graduate students came to Ann Arbor for training in the years 1965-67. Fifteen members of our staff have been assigned to the Stichting over the five-year period. Professor James D. Scott helped



Professor Dr. H. J. Kuhlmeijer

Professor Kuhlmeijer and others design the curriculum. He was followed by Professor M. H. Waterman who served as a consultant in 1966-67. Semester teaching assignments have been held by Professors Brummet, Collins, Danielson, Davisson, Gardner, Moore (two), Phelps (two), Scott (two), Swinyard, Terpstra, and Warshaw. Professor Ryder taught for a few weeks and Professor McCracken gave a series of lectures. All of these faculty members were "loaned" to the Stichting as they retained their appointments with the University. All salaries and expenses were paid by the Stichting in lump sum at appropriate intervals.

Perhaps the principal benefit to our School has been that the assignments in Rotterdam have given many of our faculty members professional experience abroad and, particularly, in the Common Market. Some of them had neither taught nor carried on research abroad before. They also came into contact with European educators and executives of large, international companies which may prove invaluable in the future. In addition, they were able to develop teaching materials while abroad which have provided an "international content" in our domestic course offerings.

The benefits to the Netherlands

continued on page 27



Professor and Mrs. D. Maynard Phelps in a boat on a canal in Amsterdam.

Faculty News

Rex V. Brown, associate professor of business administration, has received a grant of \$15,000 from the Marketing Science Institute in continuing support of his research project on Marketing Applications of Decision Theory. The grant covers the period from January 1 to June 30, 1970.

Mary C. Bromage, associate professor of written communication, has been invited by the U. S. Army Audit Agency in Washington, D. C., to be one of three judges to select the best article to be published this year in the U. S. Army Audit Agency Bulletin.

Gunter Dufey, assistant professor of international business, gave a paper entitled "The Eurobond Market—It's Significance for International Financial Management" at a recent meeting of the Association for Education in International Business held in New York City.

Carl H. Fischer, professor of insurance, recently was elected to a three-year term on the board of directors of the Conference of Actuaries in Public Practice. Professor Fischer has seen service on the governing bodies of four of the five national societies for actuaries. A member of the board of directors of the American Academy of Actuaries in 1968-69, he was a member of the board of governors of the Society of Actuaries in 1961-62 and of the Council of the Fraternal Actuarial Association in 1960-62.

Franklin G. Moore, professor of industrial management, is now teaching in the program for Dutch executives sponsored jointly by the Netherlands School of Economics and the University of Michigan. Professor Moore left for Holland on December 31 and will be there for one semester.

Joseph W. Newman, professor of business administration, lectured and conducted several seminars for faculty and doctoral students as a Ford Foundation Visiting Professor at the School of Business Administration, the University of Western Ontario, London, Canada. His subjects were consumer purchase decision behavior and management application of decision theory.

Karl G. Pearson, professor of business administration, published an article entitled "The Real Estate Investment Boom" in the November, 1969 issue of the Michigan Business Review. Prof. Pearson has also recently given several speeches on real estate topics ranging from resort real estate, to building practices and codes.

Meyer S. Ryder, professor of industrial relations, gave a two-day seminar for the Bureau of Industrial Relations entitled "How to Prepare and Win More Arbitration Cases." The seminar was attended by industry labor relations personnel.

Dennis F. Reinmuth, associate professor of insurance, and *David L. Lewis*, professor of business history, have been named co-chairmen of the American Risk and Insurance Association's newly-established section on insurance history. The history section will sponsor part of the program at the annual meetings of the Association, and serve as a catalyst for discussion and research on insurance history. Professor Lewis' article, "Appraisal Criteria for Retention and Disposal of Business Records," which appeared in the January, 1969 issue of *The American Archivist*, was cited in the September, 1969 issue of *The Journal of American History* as one of the outstanding articles on business and economic history published during the first half of 1969.

Thomas J. Schriber, associate professor of statistics, has published a paper on "Determination of Criticality Indices in the PERT Problem" in the *Digest of the Third Conference on Applications of Simulation* (with G. Ponce-Campos).

A three part study on *Financial Laws and Their Effect Upon the Economic Expansion of Michigan*

has been completed by three Michigan faculty members working under the direction of *Thomas G. Gies*, professor of finance. The report was sponsored by the Office of Economic Expansion of the Michigan Department of Commerce. Part one of the study deals with commercial banking and is co-authored by *Professor Gies* and *Vincent Apilado*, research associate. Part two, by *Sidney L. Jones*, professor of finance, concerns the financing of small business. Part three is authored by *David J. Brophy*, assistant professor of finance, and concerns the economic and legal factors of mortgage credit in Michigan.

A book by *Douglas A. Hayes*, professor of finance, has been translated into Japanese and published by the Taiyo Bank as a commemorative activity on the occasion of the bank's conversion into a city bank. The book, entitled *Bank Lending Policies: Issues and Practices*, was originally published by the Bureau of Business Research of the U-M Graduate School of Business Administration. The Japanese edition contains a preface written by Mr. Kazuyuki Kohno, president of the Taiyo Bank.

University Education for International Business: A Survey of American Business Schools is the title of a 200 page report prepared by *Vern Terpstra*, associate professor of international business, and published by the Association for Education in International Business. The study includes descriptions of each international business course offered in 109 of America's leading universities, as well as descriptions of course content, materials used, and methodology.

Professor W. J. Eiteman's Stock Investment Advice for 1970

Buy equities and you'll be sorry,
Sell any shares and it you'll regret,
Hold what you have and you'll worry,
But do nothing and then you'll fret.

Our First

Business

Administration

Conference

Over 600 people turned out for the first Business Administration Conference, held November 12 in Detroit's Rackham Center by the University of Michigan Graduate School of Business Administration. Theme of the conference was: "Where the Action Is: Business, Education and Government."

Pictured on this page are the speakers at the conference, who included:

- a. Dean Floyd A. Bond, who presided over the conference.
- b. Lynn A. Townsend, chairman of the board of the Chrysler Corporation, who was the speaker at the 6 p.m. reception and dinner session.
- c. C. Merle Crawford, department of marketing, who spoke at the afternoon session on "A Business Used to Be Factories and Things Like That."
- d. The Honorable Maurice H. Stans, U.S. Secretary of Commerce, delivered the major address of the afternoon.
- e. Thomas J. Schriber and
- f. W. Allen Spivey, both of the department of statistics, spoke on "Managing the Computer Today and Tomorrow."
- g. Vern Terpstra, department of international commerce, who spoke on "Maintaining the American Challenge."

For pictures of some alumni and friends who attended the conference, turn the page.



a.



b.



d.



c.



e.



f.



g.

The Business Conference
(continued)



a.

- a. Carl Fischer (left), professor of insurance, chats with Leland J. Kalmbach, honorary chairman of the board of the Massachusetts Mutual Life Insurance Company and winner of the 1962 Business Leadership Award.
- b. Robert Roberts, Sr., assistant to the Dean; H. Glenn Bixby (center), chairman of the board, Ex-Cell-O Corporation, and Richard C. Gerstenberg, (right) executive vice president of the General Motors Corporation. Both Mr. Gerstenberg and Mr. Bixby are members of the School's Visiting Committee and Alumni Committee.
- c. Maurice H. Stans, U.S. Secretary of Commerce (right) is greeted by J. A. Ford, vice-president for public relations of the Chrysler Corporation. Lynn Townsend, (center), chairman of the board of the Chrysler Corporation, is introducing the two.

b.



c.



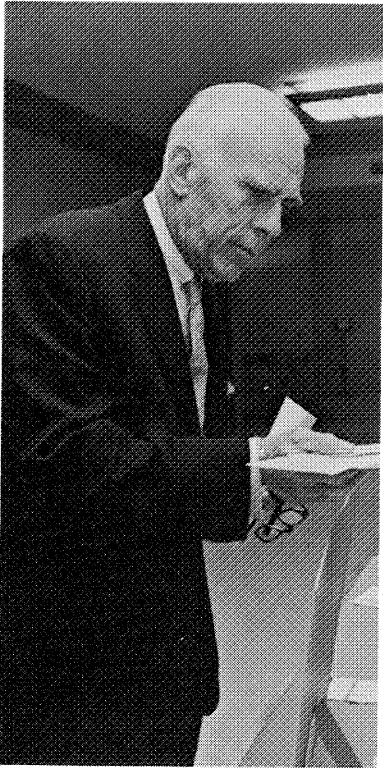
Photos by Richard Lee



d.

e.

- d. Dean Bond chats with Eugene B. Power (left) founder of University Microfilm company, former regent, and donor of the Power Center for the Performing Arts now under construction at the U-M.
- e. William G. McClintock, senior vice-president of the National Bank of Detroit.
- f. Ray T. Parfet, Jr., chairman of the board of the Upjohn Company and member of the School's Visiting Committee.
- g. Walker Cisler, chairman of the the board of the Detroit Edison Company.



Raymond T. Perring, chairman of the board, Detroit Bank and Trust Company and a member of the School's Visiting Committee.



C. G. Ogden, administrative vice-president of the Detroit Edison Company and a member of the School's Alumni Committee.

f.



g.



How Do You Transfer Management Skills?

By Ronald Harwith

Editor's Note: An international conference on how to transfer management skills successfully from one culture to another was held in November, 1969 in Turin, Italy. The conference was sponsored by AIESEC (Association for the International Exchange of Students in Economics and Commerce) and attended by about 250 people, approximately one third of whom were businessmen, one third students, and one third people from the academic world. Forty countries were represented. Ronald Harwith attended the conference and here writes some of his impressions. Mr. Harwith received a BBA in 1965 from the U-M Dearborn campus business school and a J.D. degree from the U-M law school in 1968. While in law school, he worked as Director of Association Services for the Bureau of Industrial Relations of the Graduate School of Business Administration. Mr. Harwith has been active in AIESEC for six years, having served as a national board member and as a local committee officer. He is now an attorney with the Ann Arbor firm of Crafton and Clevenger.

On the first day of the conference we were asked to imagine that we had just been made general manager of a plant in a developing country. "As you tour the plant," said Charles Dennison, vice president of International Minerals and Chemicals, who was posing the question "you notice that people think differently about the value of time. Then you notice that they put a greater emphasis on the past and tradition than they do on anticipation of the future and long range planning. When you look at some of the equipment you notice a difference in the standards of maintenance—that is, things are repaired only after they have completely broken down." These are the sorts of attitude differences that should be considered when attempting to identify the problems involved in transferring management skills, according to Mr. Dennison.

Given that these differences in cultures and attitudes do exist, what approach should be used in transferring management skills? I sat in on a session in which James Griffin, Vice-President, First National City Bank, commented that his company transfers management skills by transferring *people* with the skills, and letting their subordinates and colleagues learn by emulating them.

Shell International Petroleum Inc. uses a slightly different approach. Bruno Eldon, head of management training, explained it by citing the specific example of N. J. Muriuki, who joined Shell 13 years ago. His management development

training consisted of being rotated through different jobs in marketing, finance, personnel and general management. These jobs were initially in Kenya, then in other African countries, and finally in the home office in London. In addition to these management experiences in different countries, Mr. Muriuki also took part in Shell's formal management training programs. He is now a divisional executive for the Africa/South Asian Regional Organization of Shell and is expected to become president of the Shell Company in Kenya next year.

During a coffee break, I had a chance to talk to Mr. Muriuki and to ask him how he planned to develop the managers he was going to have to depend on when he returned to Kenya. He had a highly practical approach. First, he said he would discuss with his subordinate managers what objectives they should set to meet within a specific period of time and make sure that they had workable plans to meet these objectives. He planned to measure their actual performance against these standards, and expected them, in turn, to use the same approach with *their* subordinates.

A major recommendation of the conference focussed on how managers train other managers and employees. Harold Hindle, Chief of the Management Development Branch of the International Labor Organization headquartered in Geneva, commented that all too often an expert is selected for an overseas assignment with no consideration given to how effective

he is in *transferring* his skills. The conference recommended that business schools, in addition to teaching business skills, also teach students and businessmen how to train others, i.e., how to transfer skills.

How can the business school be improved as a transfer agent? I sat in on a group discussion led by Professor Ing Jaroslav Nykryn of the Prague School of Economics in Czechoslovakia. The group discussed techniques for getting students involved with the "real world" so that they could apply theory to practice. Among other things, we discussed the idea that students work for a year in industry or government before doing their business school studies, cooperative work study programs, interdisciplinary courses particularly in the social sciences, and practical training opportunities, such as AIESEC traineeships. The group also expressed the thought that faculty consulting work helps keep business school faculty in touch with the real problems of the business world.

Student reaction at the conference indicated an awareness that there are problems involved in the transfer of skills. For instance, Juan Gonzalez, a student at the University de los Andes in Bogota, Colombia, commented that ideas he learned while in the United States, for example, would not be particularly effective when he returned to Colombia, as people he would have to work with there would not be ready to accept them. About half way through the conference I was talking with some Dutch students who reflected the attitude of a number of students present. They commented "To listen to the businessmen here, you would think they have no problems at all in transferring management skills. Everything they do seems to go so smoothly. We just can't believe them."

When I mentioned this observation to Mr. Henry of Esso Europe, he answered that there were plenty of problems involved in the transfer of management skills, but that he and the other business speakers had been asked to speak on what their companies were doing to transfer

management skills and were not specifically requested to dwell on the problems they had in so transferring these skills.

How can transfer agents—that is industry, government, universities—coordinate their efforts? I participated in a work group on this subject headed by Professor Saias of the University of Marseille in France.

The group first started talking in terms of an international meeting of the groups—but came to the conclusion that other methods would be more productive. James Pride, Management Development Advisor to ESSO Europe, commented that a group he had headed early in the day had become so involved with a specific problem that you really couldn't tell who was a student, businessman or academic participant. The suggestion was then made that it might be effective to pick a specific local problem (for the U. S. it might be the inner city) and let businessmen, the academic community, students and government agencies work together to solve it. Mr. Pride said that when he returned to England he was going to initiate such a group and suggested that others might want to try the same thing. A role suggested for AIESEC in this venture would be to serve as an information center for the various people who tried this approach and then to pass on relevant information to others seeking to do the same thing. The fact that this recommendation did not necessitate coordination across international boundaries was not particularly upsetting to participants—as transferring skills domestically was considered as important as transferring skills internationally.

All in all, students attending the conference received a much better understanding of what is involved in corporate management development training programs. Although frustrated by not being able to solve all the problems they had set out to solve, they had the satisfaction of knowing that they were able to organize and promote a successful international conference that made specific and constructive suggestions for improving the transfer of management skills.

The Stichting Bedrijfskunde *continued from page 21*

through the Stichting are even more apparent. The accumulated experience of our Graduate School over four decades of operation was made available to them. Professor Kuhlmeijer said "After four years of cooperating with your School I am more than ever convinced that it was a wise move to select your Graduate School as our partner in setting up and co-supporting the program of the Stichting Bedrijfskunde."

One other important specific objective has been realized—the establishment of an MBA type of program in the Netherlands School of Economics. It is called an "inter-faculty" or "interdisciplinary" program in business administration and will start in the fall of 1970 as a separate M.A. degree program supported by both the Netherlands school and the Technical University of Delft. Students with an A.B. in the social sciences or one of the technical sciences can qualify for admission. Professor Kuhlmeijer, who has now returned to his professorship at the Netherlands School of Economics, will be active in the development of this program. He is succeeded at the Stichting by Prof. Mr. Drs. H. Langman who holds degrees in both economics and law and has business experience in the ship building industry.

It is highly improbable that cooperation between our School and the Stichting Bedrijfskunde will cease when the present contract terminates a few months hence. Professor Kuhlmeijer hopes for a continuing exchange of faculty members and for mutual assistance on research projects. He believes that further development along these lines will be most beneficial to all parties concerned: faculty members, research workers, and students on both sides of the Atlantic.

Though this cooperation our school will have an "outpost" in Western Europe and particularly in the Common Market, which can be depended upon for effective and fruitful assistance when requested.

Letters

Editor:

I would like to compliment you and your staff on a very fine Fall issue of *Dividend* magazine. The article "Black, White, and Bus. Econ. 490 & 491" was especially interesting. The company for which I work has recently started an extensive program to assist a black firm in the South, and to offer aid to several black colleges. I am sending my

Letters to the Editor are welcome. They should be on subjects of interest to readers of this magazine with emphasis on an exchange of views and discussion of ideas.

copy of *Dividend* to the coordinator of this program, and I am sure he will find it equally interesting.

Incidentally, I am writing this letter about 24 hours after that superb victory over Ohio State. My wife and I are both slightly hoarse.

David B. McKean, M.B.A., '67
Cummins Engine Company
Columbus, Indiana

Editor:

I have now read with great interest both of your 1969 issues of *Dividend*. In response to your suggestion that comments from readers would be welcome, may I respectfully reply that the first issue was a clear-cut winner—innovative, provocative, and enjoyable—but that the second issue seemed to be more of a faculty and student news item bulletin.

As editor, you have set a high performance level for yourself; please strive to reach it again in your future issues.

B. D. Evans, M.B.A. '58
Lecturer
North Texas State University
Denton, Texas

The Garbage Problem *continued from page 11*

to utilize garbage is high and that the maintenance costs of the plant are high. However, it also has been found that the plants begin to pay for themselves very quickly. In Paris they now burn about 1.5 million tons of garbage a year to produce steam and electricity. In Munich garbage serves as a fuel to provide about 10% of the city's power needs. And Montreal expects to gross about \$500,000 this year from steam produced by burning garbage.

In Geneva they have found that they can produce about 300 kilowatts of electricity from each ton of garbage burned. In Paris it costs

about \$7.00 for each ton of garbage burned and they are able to earn about \$2.80 a ton from the sale of the steam, electricity and scrap metal. As an added side benefit, it also has been found that garbage burning steam plants can be designed so they result in less air pollution than a comparable coal or oil plant.

Recent studies by Mr. Carl Rampacek of the United States Bureau of Mines indicate also that garbage plants and incinerators might also be able to realize an additional source of revenue. Mr. Rampecek's studies indicate that the fly ash of garbage incinerators are a rich source of recoverable gold and silver as well as other metals. Mr. Rampecek estimates that some \$7 million of gold and silver could be recovered each year from the fly ash

of garbage incinerators. He estimates that there are between 2 ounces and 9 ounces of silver per ton of fly ash and between .02—.05% an ounce of gold. The silver and gold come from photographic chemicals, the solder in electrical equipment, plated articles and even the sparkle dust used on Christmas and birthday cards.

It also is indicated that the silver and gold could be recovered from the fly ash by using a cyanide solution to dissolve them and then precipitating the metals by adding zinc compounds to the solution.

Fly ash also contains 30% iron, 44% glass and about 1.5% of non-ferrous metals.

So in the future we may be able to light our cities and cut our taxes by utilizing the garbage we now throw away.