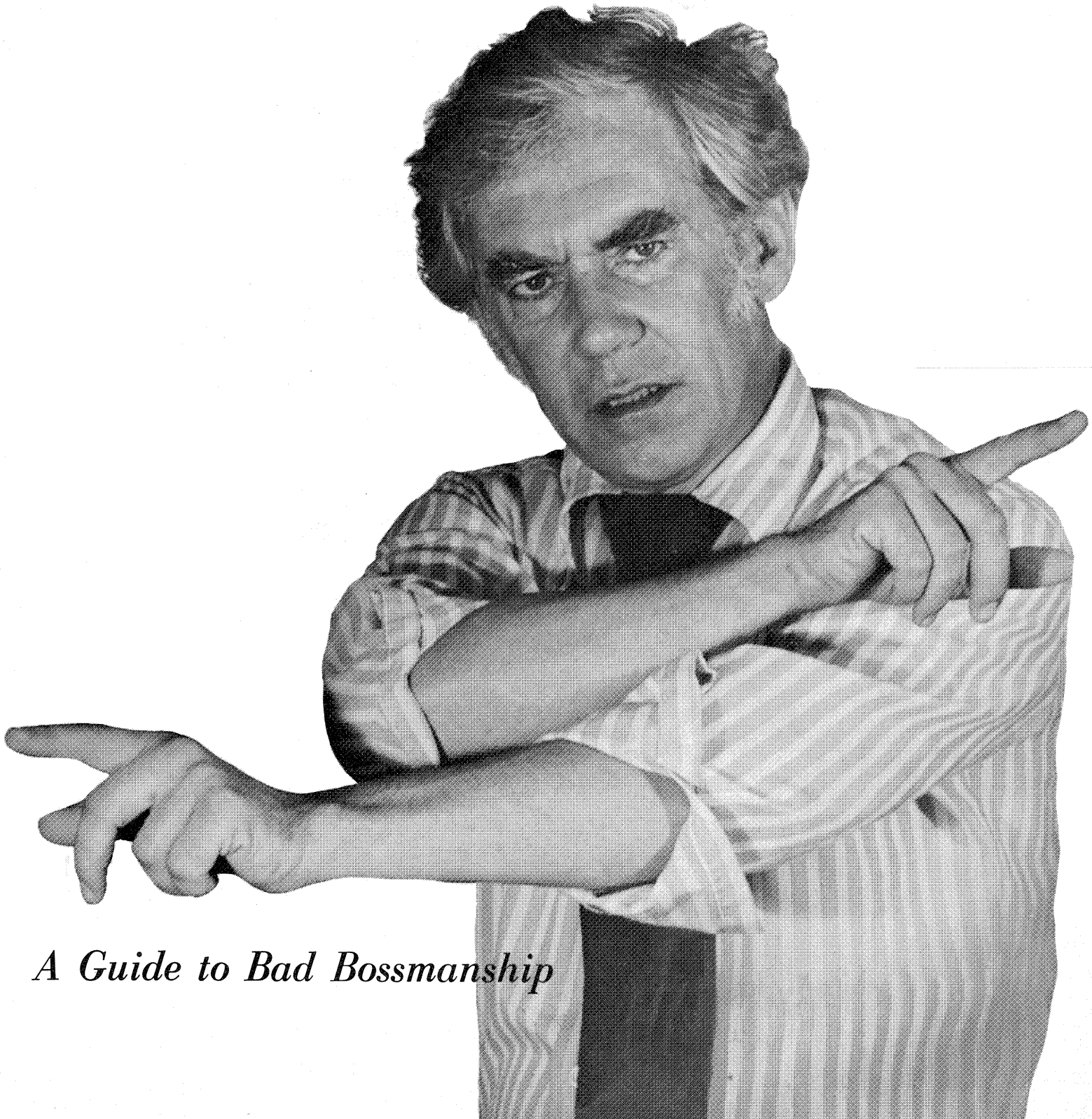


Fall, 1972

# Dividend

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



*A Guide to Bad Bossmanship*

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*The Magazine of the Graduate School of Business Administration*

*Volume IV, No. 1*

*Fall, 1972*

A Guide to Bad Bossmanship *by Pringle Smith* 3

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Pictures to give you an idea of the beautiful new Management Center that has recently been acquired by the Business School. The Center is named for Leland J. Kalmbach and his son, Dohn, both of whom made major contributions toward the purchase of the new facilities.

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Byron Hestevold, MBA '65, wrote a letter to the editor suggesting that Dividend inaugurate a suggestion card to facilitate two-way communication between the School and its alumni and friends. We thought the idea excellent. The postcard is on the back cover. Write us!

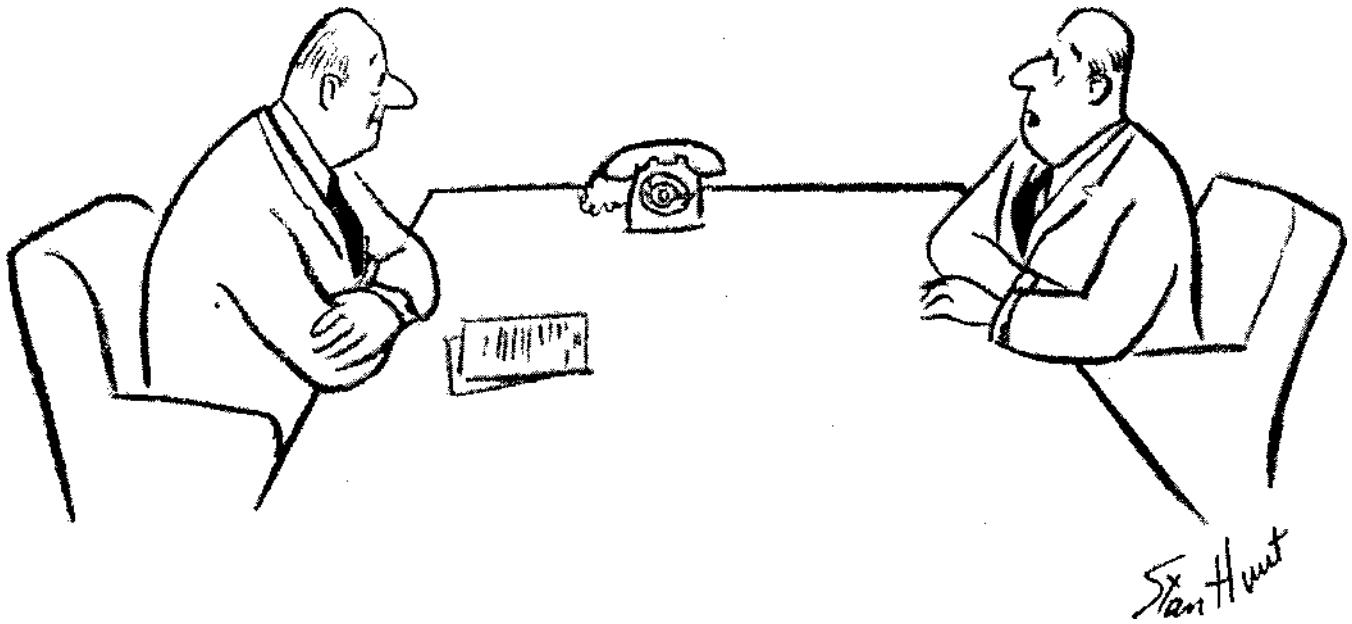
About the Cover

We believe our cover needs no explanation. However, we want to thank the man who was good sport enough to pose as the prototype "bad boss." He is Jacques Les Strang, editor and publisher of Seaway Review Magazine, which is a trade magazine of the Great Lakes shipping industry, and of Limnos Magazine, a publication having to do with water and the environment. The cover photo is by Stuart G. Abbey.

*Dividend is published by the Graduate School of Business Administration, University of Michigan, Ann Arbor, Michigan*

*Editor: Pringle Smith*

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*"Is this your desk or my desk? Did I come to see you or did you come to see me?"*

Drawing by Stan Hunt; © 1971, The New Yorker Magazine, Inc.

# A Guide to Bad Bossmanship

By Pringle Smith

*Editor, Dividend*

A recent letter in *The Wall Street Journal* proposed that annual reports evaluate the performance of the company's management during the year. When the job turned out to be less than satisfactory, the letter suggested a frank critique, such as: "In view of the debacle which occurred this year under the present management, it is obvious that this management is incompetent to run the company and we recommend that your directors ask for their resignations and install some real businessmen."

This letter started us thinking. A great deal is written about good management, satisfaction and dissatisfaction on the job, something called "managerial skills," motiva-

tion, etc. But has anyone ever written anything about *bad* bossmanship? What is a bad boss? We thought this question might reveal quite a bit, by contrast, about what a good boss is. So we decided to ask participants in our Management Development Program to describe the worst boss they had ever worked for. The answers were instructive.

Our respondents came from all levels. Some were relatively new to the business world, others were seasoned businessmen with many years' experience, and a few came from the very top levels of management. The bosses they described however, all seemed to fall into three major categories.

As a result of our survey and as a public service, *Dividend* presents some simple guidelines for achieving bad bossmanship, along with instructions and examples. We emphasize that none of our examples are fictitious. Everything was actually reported. There is no danger in this, as bad bosses never recognize themselves. There is a certain amount of overlap in the three boss-prototypes described. Boss #1 might on occasion use techniques appropriate to Boss #3 for example. The serious student, however, will not allow the overlap to interfere with his understanding of the goals behind each technique. With this in mind, let us proceed.

## Boss #1 - The Delayman

This boss has mastered the procedures relevant to decision-avoidance techniques:

### 1. *Appear to act without actually acting.*

The objective is to be busy on whatever the problem is, while ensuring that no important decisions actually get made. Suppose, for example, you are asked to decide on the program for a three-day conference. The inventive decision-avoidance expert will immediately become concerned about *where* the conference should be held? In a motel? In a downtown hotel? Perhaps in company facilities? There are many complex details to be worked out regarding the accommodations. Meanwhile, nobody decides on the *program*. Or suppose you are asked to decide on the contents of a letter the company plans to send to a large number of people. Instead of working on the contents of the mailing, direct attention instead to the mailing *list*. Ask if it has been arranged by zip code. If it has, insist that it be arranged alphabetically. Or demand that the list be sorted by occupation. This gives the illusion that you are acting upon the mailing, while making sure that the mailing does not actually go out. One expert delayed a mailing for two years by this simple method. Once the basic principle has been mastered, all sorts of variations become possible. Organization charts, tables of procedures, filing systems, etc., lend themselves to classification and reclassification, requiring time and thought. Meanwhile, pressing and important decisions can be delayed and delayed. An alternative method is brought forth in a second principle of decision-avoidance.

### 2. *Realize the Uses of a Committee.*

Committees can provide a refreshing change of pace in decision-avoidance. Give a committee a problem and ask for its recommendations (after thorough study, of course). This will delay a decision for quite a satisfying length of time-

in some cases, indefinitely. During the time the Committee is studying the situation, the gifted delayman can use various procedures for confusing the issue while seeming to await a decision. In any case, the burden of decision-making will have been shifted from the delayman to the Committee, a key consideration. Furthermore, any decision the Committee might make will be subject to approval, and other techniques can be used to delay giving *that*. And so to Rule 3:

### 3. *Be prepared to practice the non-signature method of decision-avoidance.*

Most decisions require some paperwork to put them into effect. And the paperwork always requires a signature. Simply do not provide it. Many excuses can be given. The paperwork can be lost. Or the delayman can be very busy with other important (but unspecified) matters. The papers can somehow get to the bottom of the In Box, there to stay for three or four months. The secretary's filing methods can be blamed, etc. The truly skilled practitioner can hold essential paperwork for as long as six months and, in some outstanding cases, even longer!

The compendium of techniques above should serve effectively for a time, but every decision-avoidance expert, no matter how gifted, eventually is caught in a situation where a decision must be made. However, a rule to meet this emergency has been developed. It is:

### 4. *When the necessity for a decision looms, arrange matters so that the other fellow makes it.*

Suppose a subordinate is coming to see you about a matter facing the department. You know he will have his facts well marshalled and his recommendations ready for a decision. Your strategy is simple. Simply arrange not to be in your office at the time of the appointment. Or tell your secretary that something important has come up and all appointments must be cancelled. Whichever

method you use, do not explain. It is important that your subordinate be kept in a state of uncertainty about when and/or if he will get a decision from you. This has a telling effect on morale, and it may drive him to make the decision himself, which, after all, is your objective. Some people, however, will persist in trying to see you, in which case bolder moves become necessary.

If a subordinate succeeds in catching you in your office, welcome him and allow him to get well into the statement of the problem on which he needs a decision. Then suddenly remember that you must make a very important phone call. A variant of this is to instruct your secretary to put all calls through. The objective is to be talking on the telephone while your subordinate waits. This indicates clearly to him that the matter he is bringing you is not worth your time. The obvious conclusion for him to draw is that he should be handling it himself.

If these procedures, even when followed conscientiously, do not succeed, an emergency method can be employed. Probe your subordinate thoroughly on all aspects of the problem. Keep asking questions about every detail until you find something he cannot answer. Then throw the whole matter back into his lap, pending clarification. (Cautionary note: This technique can backfire, as some employees prepare themselves so well that they can answer every question you can think of. In such cases, proper decision-avoidance becomes almost impossible to implement. Therefore the method is not recommended except in emergencies.)

Never forget that the goal is to make sure that your subordinate, and not you, decides. That way, if his decision turns out to be wrong, you can ask him why he made that decision?

Skillful use of these procedures should keep things nebulous until the time for decision-making is past, thus allowing you to make all decisions without actually making them. (Known technically as "decision by default.")

*Continued on page 26*

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## *EjLOHOiiiiL i uiiarus*

By Sidney L. Jones

*Minister-Counselor for Economic Affairs  
to the North Atlantic Treaty Organization*

Change is always disruptive and often threatening to established patterns. It becomes less ominous if it is recognized as a necessary part of growth. Throughout the postwar period the political, economic and military relationships within the North Atlantic Treaty Organization have created a strong base for extraordinary cooperation and progress. These historical relationships are now changing dramatically and it is important that public understanding keep pace to avoid disruptive suspicions that might warp national policies and erode the basic strength of the mutually advantageous Alliance.

At the conclusion of the devastating World War II, the United States was clearly the dominant economic power. In 1950, America produced 40 percent of the world's Gross National Product, including 76 percent of the motor vehicles and 46 percent of the steel. The U.S. owned one half of the world's international monetary reserves and a severe "dollar shortage" limited the flow of trade and investment. By 1970, our share of GNP had declined to 30 percent, motor vehicles to 31 percent, and steel to 20 percent. Massive dollar outflows during the 1960's slashed the U.S. portion of international

monetary reserves to 11 percent by August of 1971 when convertibility was terminated. Serious distortions have again created the risk that nations may revert to economic nationalism based on expansion of preferential regional trading blocs and proliferation of barriers to trade and investment.

International economic pressures converged during the summer of 1971 forcing the U.S. to announce on August 15th that strong actions would be required to correct the structural problems afflicting the U.S. monetary and trade position. The realignment of currency exchange rates last December and preliminary trade adjustments are a valuable beginning, but the real challenge awaits the major economic nations as they attempt to develop new patterns for basic monetary and trade relationships.

Fifteen years ago there was no European Economic Community; Japan was not an economic giant; Russia was not concerned about domestic economic growth; and China was racked by economic chaos. These four, plus the United States, are now destined to become competitive economic super-powers. At the same time, explicit attention must be committed to the emergence of new economic powers and the

desperate needs of many developing nations to reverse the expanding gap in national standards of living. Although the pace of change has been rapid, it is only the prelude to a remarkable future when new policies and institutions—at the international and national levels—will be required. The North Atlantic Alliance will provide stability during that turbulent period, but continuation of that positive relationship will require increased understanding of the emerging character of the European Economic Community.

### *The European Economic Community*

European history is a series of attempted political, military and economic unions created to establish stability in a volatile environment. In 1958, six major nations—Belgium, France, West Germany, Italy, Luxembourg and The Netherlands—signed an agreement to create the European Economic Community (EEC). The explicit goals were to gradually eliminate tariffs and quantitative restrictions on trade among member nations and to establish a cohesive economic policy toward non-member countries. Success in achieving the first goal

has been admirable as trade has increased substantially. There has also been cooperation on developing policies for capital flows, work force migrations, regional economic development, commercial law, and other issues. A sizable bureaucracy—located in Brussels—has been created to oversee the administrative details of the economic union and it is widely recognized that the EEC has created a viable program of internal cooperation. Tariffs and quantitative requirements for imports have also been coordinated. However, the degree of cooperation on monetary issues has been more difficult to develop and there have been several examples of unilateral acts to protect national goals, including the recent floating of the British currency in late June. Disputes about trade matters and domestic economic policies also continue. Nevertheless, progress toward economic cooperation has already been made to a degree that probably would have been considered impossible in 1958.

After many years of vacillating negotiations, the United Kingdom is now scheduled to join on January 1, 1973. Denmark and Ireland are also expected to enter the Community at the same time.\* Assuming the actual enlargement occurs on schedule, the concentration of economic power in the enlarged EEC will indeed be impressive as summarized in Table 1. In reality, the impact of the EEC will extend far beyond its specific membership because of close treaty ties with associate members such as Turkey and Greece and the specific trade agreements now being formulated with Austria, Finland, Iceland, Portugal, Spain, Sweden and Switzerland which will grant special tariff and other trade benefits on a reciprocal basis.

\* In late September, a national plebiscite in Norway rejected membership at this time despite several months of planning. Danish voters approved entry into the EEC on October 2. The negative vote in Norway was somewhat surprising and disruptive, but the economic impact on the EEC will probably be moderate.

Table 1. The Economic Strength of the Expanded European Economic Community as of 1970.

	Expanded EEC (9 members)	United States	Expanded EEC as Percent of U.S.
1. GNP (billion U.S. \$)	626.5	974.2	64
2. Population (millions)	253.5	204.8	124
3. Per Capita GNP (U.S. \$)	246.8	4,757	52
4. Civilian Employment (millions)	102.4	78.6	130
5. Total Exports (billion U.S. \$)	112.4	43.2	260
6. Total Imports (billion U.S. \$)	116.3	39.9	291

Source: *The OECD Member Countries, 1972 edition*, published in the *OECD Observer* each year. Figures for 1970 were supplied by the Statistics and National Accounts Branch of OECD.

### Future United States-European Economic Community Relations

The tendency for strong economic powers to exchange goods and services exists in the relationship between the European Economic Community and the United States. As summarized in Table 2, exports to the EEC have expanded greatly and the share of total U.S. exports received by the developed European

countries has increased as a result of the major economic expansion there. The six member nations of the original Community have historically experienced trade deficits with the U.S., even in 1971 when we recorded our first national trade deficit since Calendar Year 1888.

Table 2. U.S. Exports to the Enlarged EEC, 1958 and 1971

	A. Values (billions U.S. \$, f.o.b)	
	1958	1971
Exports to entire world	17.9	44.1
Exports to enlarged EEC	3.9	11.2
	B. Percent	
Exports to entire world	100.0	100.0
Exports to enlarged EEC	22.0	25.3

Source: U.S. Department of Commerce, Bureau of the Census

In turn, the U.S. provides a major market for imports of European goods as summarized in Table 3. The pattern of trade is very similar in that the absolute value of imports from the enlarged EEC has increased rapidly and their share of our total has increased slightly. The expansion of trade between the two major economic powers demonstrates the advantages of having strong partners. However, statistics do not prove that barriers do not exist, because there is no way of determining what changes would have resulted if the residual tariffs and non-tariff barriers did not exist.

The pattern of U.S. foreign investment in member nations of the Community is also impressive. In 1958 the book value of U.S. direct investments in the original six members of the EEC was \$1.9 billion. By the end of 1970, that figure had increased to \$11.7 billion as Western Europe became the favorite target for U.S. foreign investment during the 1960's. The addition of \$8.0 billion of direct investments in Britain, plus facilities owned in Denmark and Ireland increases the 1970 total to \$20.3 billion. New capital investments

Table 3. U.S. Imports from the Enlarged EEC, 1958 and 1971

A. Values (billions U.S. \$, f.o.b.)		
	1958	1971
Imports from the entire world	12.8	45.6
Imports from the enlarged EEC	2.6	10.4
B, Percent		
Imports from the entire world	100.0	100.0
Imports from the enlarged EEC	20.6	22.8

Source: U.S. Department of Commerce, Bureau of the Census.

continue to flow into the area and the EEC Commission estimates new commitments totaling \$3.3 billion will be made by U.S. firms during 1972.

The flow of U.S. capital into Western Europe is reminiscent of the large investments of Europeans in our new nation in the 1800's. Several familiar business names in America are actually European companies. After a long moratorium

on new investments, which was aggravated by the disposal of assets by foreign investors during each world war, there is renewed interest in Europe concerning direct investments in America. At the end of 1970 the book value of such holdings totaled \$3.5 billion.

The crucial importance of the North Atlantic Alliance in the political and military spheres makes these economic contacts

particularly important. However, the U.S. must adjust its thinking to reflect new realities. The enlarged European Economic Community will function as a separate entity with specific goals and it has adequate power to effectively pursue the objectives selected. In the future, EEC companies will become even more effective competitors for markets in Europe and the U.S., as well as the new opportunities that will open up in Japan, Russia, China, and in many developing nations. The intensity of this competition need not disrupt the traditional bonds of the Alliance if care is taken to make the necessary adjustments, but the changing nature of the relationship must be recognized.

*continued next page*



Sidney L. Jones

*About the Author:* Sidney L. Jones was a professor of finance at the Business School until last spring, when he was named minister-counselor for economic affairs to the North Atlantic Treaty Organization in Brussels, Belgium. The appointment carries the top Foreign Service Reserve-Rank I designation. Dr. Jones works directly with Ambassador to NATO David M. Kennedy. At the time of his appointment, he said, "One of my main assignments will be to communicate to our European counterparts an assessment of U.S. economic conditions, and to obtain similar information about conditions abroad. The lines of communication are the important objective. In addition I expect to serve as a resource person for Ambassador Kennedy." Dr. Jones received his B.S. degree from Utah State University, and his MBA and Ph.D. from Stanford. He joined the Michigan Business School in 1965. From 1969-71 he was on leave from the faculty of the Business School to serve as a senior staff economist and special assistant to Paul W. McCracken, who was then serving as chairman of President Nixon's Council of Economic Advisers.

## Future Challenges to EEC-United States Economic Relations

Although the creation of any international organization is difficult, it is usually a much greater challenge to manage growth. In the next few months the three entering countries must confirm their good intentions. After months of preparation, Norway surprisingly rejected membership and the United Kingdom must still overcome intensive internal opposition. There are still uncertainties about the future and member nations are realistically concerned about this transitional period. Americans may be puzzled by the difficult sequence of Community development, but the unique characteristics of our relatively cohesive nation and our national mentality which seeks quick solutions to every type of problem make us inappropriate judges. The individual nations of Europe appear dedicated to greater economic cooperation and the waves caused by specific problems and delays should not be mistaken for the basic tide of unity.

*Harmonizing National Policies.* The original six members have achieved several important goals of harmonizing trade and financing policies. The next step—involving fiscal and monetary issues—will be much more difficult. The decision that all member nations would cooperate to keep fluctuations in their currency exchange rates within a narrower band than is permitted by the Smithsonian Agreement last December—the so-called "snake within a tunnel"—is a good example of the effort to harmonize national monetary policies. That experiment lasted for two months until the British decision to float the national currency which allowed market forces to take the pound far below the level specified in the agreement. The key issue of majority voting has still not been solved and it will be some time before any sovereign nation will permit itself to be outvoted on a vital national interest.

*Creation of Preferential Trading Blocs.* In addition to the creation of a free trade area and coordinated economic policies within the nine members, the expanded EEC will have preferential trading and investment ties with several other European, Mediterranean, and African countries. Greece and Turkey are already associate members. Seventeen African nations with historic ties to Europe, plus three East African States and the Malagasy Republic have also been granted special tariff and financial privileges. New agreements are now being worked out with several other nations of Europe. The United States has traditionally supported the expansion of the EEC as a basis for creating a strong political, military and economic partner. However,

*"Underlying all of the future economic relations between these two great economic powers will have to be a new international monetary system.*

there is now great concern that the proliferation of preferential agreements may be discriminating against U.S. trade and investment. In response, the Community has cited several arguments: the preferential ties recognize traditional areas of responsibility; the arrangements with several European nations not now qualified for full membership are necessary for their development; U.S. trade with these areas has grown rapidly in percentage terms so discrimination evidently does not hurt; and the dollar values of trade are not large. While each of these arguments has statistical or historical validity, they do not erase American concerns that trade and investment should be free and competitive. At the same time, EEC nations are very critical of many U.S. practices which are considered particularly protectionist.

*Third Nation Policies.* One of the most crucial issues involves the development of policies toward nations outside of the North

Atlantic Alliance, particularly with regard to Japan, Russia, China, and the Lesser Developed Nations (LDC's). The absence of normal multilateral trade and investment relations has created severe distortions in U.S. economic relations with Japan. In 1971, Japanese sales to EEC nations increased sharply, from a very low base, and there is now serious consideration being given to the development of a new EEC treaty with Japan on trade. A prerequisite will be to eliminate numerous trade and investment barriers on both sides.

*Common Agricultural Policy.* One of the most difficult problems affecting economic unity within the expanded EEC is the harmonization of national agricultural policies. The

current EEC approach is to guarantee prices and to apply a variable levy against imports. These policies are particularly important to the U.S. because 18 percent of our exports to the EEC are agricultural products and it is hoped that the remarkable efficiency of U.S. producers can further increase sales. In February of 1972, the U.S. reached an agreement with the EEC on several agricultural trade issues.

*Basic Monetary and Trade Reform.* Underlying all of the future economic relations between these two great economic powers will have to be a new international monetary system that will build upon the Smithsonian Agreement of last December and a basic restructuring of the framework of international trade. Once again, the U.S. will have to adapt itself to the difficult and slow pace of international negotiation as these crucial issues are considered within the framework of the North Atlantic Alliance.



# Psychoanalysis for the Organization

A Review of *Organizational Diagnosis* by Harry Levinson

By Raymond E. Hill

*Assistant Professor of  
Industrial Relations*

The notion that an organization has a psyche or personality which can be diagnosed as to its functioning is indeed fascinating. In fact, the New York Times benignly referred to Dr. Levinson as the "organizational shrink." Yet, some organizations do seem to have personalities. IBM for example takes an aggressive, outgoing stance and seems responsive to its environment. On the other hand, I have known organizations such as a fundamentalist rural church which had primarily a defensive posture and seemed turned inward upon itself with continual internal strife. Some organizations, like people, stumble and fall under stress, but then make heroic coping efforts and eventually become strong and vital again. Indeed some organizations, like people, become stronger as a result of a temporary "mental illness"—one notable example being Avis whose guiding slogan is "we try harder." Other organizations have severe and complete breakdowns characterized by bankruptcy and dissolution such as Hiram Scott College in Scottsbluff, Nebraska.

Carrying the analogy between organization and person further, Dr. Levinson presents a classification scheme for organizational ill health which attempts to specify the seriousness of the pathology or "dysfunc-

tion." The underlying concept of mental health involves the degree to which the organization uses energy to effectively master its environment versus the degree to which energy is used in ineffective defensive maneuvers or maladaptive coping efforts. The concept of the relative effectiveness of energy use has been well articulated at the individual level by Dr. Karl Menninger in his book, *The Vital Balance*. Dr. Levinson worked at The Menninger School of Psychiatry for several years and his notions of organizational health flow from his distinctly clinical and psychoanalytic background.

The organization which expends disproportionately large shares of energy for defensive purposes betrays an underlying strain which may eventually topple the system. Similarly, ineffective coping efforts to master the environment "cost" energy but do not bring the organization any return.

Defensive and maladaptive coping activities have been categorized into five levels depending on their degree of adaptive effectiveness in dealing with the environment (both internal

and external environment). These levels start with the most adaptive or "normal" activities such as organization planning and projection of future trends, or pilot efforts and testing procedures for either products, services or policies. The next level of energy use which represents less effective adaptation is referred to as "first order" activities and are exaggerations of normal coping devices. They cost more in terms of energy but yield less in terms of increasing the organization's mastery of its environment. First order devices may include such things as reducing intake of information from outside, impulsive revision of tasks and processes, or increased stereotyping of competition, labor, or the community. Second order activities are more serious than first order and represent disruptive behavior which has a high cost in terms of organizational survival potential; these include such things as unduly risky financial manipulations, scapegoating some member or part of the organization, or arbitrary change with sudden cutting of established departments. Third order activities are more serious again and are highly maladaptive. They are characterized by inappropriate expressions of hostility. These may manifest themselves as outbursts through adver-

tising; or other public statements against inappropriate targets. An example which comes to mind here is Warner & Swasey's advertisement designating the supposed lack of independence and initiative of certain parts of the American labor force. Another example I am familiar with along the same lines involved a company's adamant statement in its annual report that what America needs to do is to return to a literal belief in the Bible. While these outbursts no doubt flow from someone's real convictions, do they really help the organization adapt? Other third order maladaptive activity includes open violence in labor relations, manipulative practices in marketing and motivation or lying and deception with regard to the product. Fourth order activities are the most dysfunctional and represent self-destruction or the collapse of the organization through bankruptcy or forced merger.

Dr. Levinson's book, however, is not primarily a method for classifying an organization's illness but rather it is a systematic method for attempting to understand an organization in its total functioning. This is consistent with current trends in the field of psychiatry which suggest that too much effort in the past has been devoted to deciding for example whether a patient's schizophrenic reactions were of the "catatonic" type or "chronic-undifferentiated" type. These nosological terms are to a degree merely labels which explain little if anything to anyone including the psychiatrist, and do not contribute to a genuine understanding of the individual or his problems.

Karl Menninger in his book *The Vital Balance* articulates the trend when he notes, "... this view of mental illness as personality dysfunction ... sees all patients not as individuals afflicted with certain diseases but as human beings obliged to make awkward and expensive maneuvers to maintain themselves, individuals who have become somewhat isolated from their fellows, harassed by faulty techniques of living, uncomfortable themselves,

and often to others. Their reactions are intended to make the best of a bad situation and at the same time forestall a worse one—in other words, to insure survival even at the cost of suffering and social disaster."

It is precisely this view of "illness" which underlies Levinson's work, and the end point of his diagnostic method is a fundamental understanding of how the organization functions as a total, dynamic and open system. This is probably the overwhelming contribution of *Organizational Diagnosis*, and it fills a considerable void in the rapidly growing field of organizational intervention. Dr. Levinson's work is the first systematic approach to diagnosing organizations and is comparable to the assessment and evaluation process in medicine. There are many techniques for

*"The organization which expends large shares of energy for defensive purposes betrays an underlying strain which may topple the system."*

partial diagnoses. The social psychologist, the financial analyst and the marketing consultant all have their special tools which are brought to bear on only part of the organization. And a diagnosis and "treatment" for one part of the organization often creates unintended problems in other parts. For instance, a new financial control system instituted into the financial structure may cause a morale problem on the psychological side of the organization. Total diagnosis efforts in the past have traditionally focused on the organization's bureaucratic structure and who related to whom and in what manner. While these may have been useful for some purposes, they are not very helpful in "perceiving the organization as an active, unique, living system."

Indeed one of the main strengths of *Organizational Diagnosis* is that it provides a multidimensional

picture of the organization. As Dr. Levinson notes, "A comprehensive method of studying and assessing organizations for the purpose of ascertaining their points and modes of dysfunction should cover a number of major areas. It should include an evaluation of the relationship of the organization as an open system with the other systems with which it interacts. It should be an ordered, systematic gathering of data as a basis for intervention or organizational change efforts. To understand an organization as a living entity, it will be important to see organizational purpose as being akin to the issues of identity for the individual. An organizational purpose implies a concept of the organization, a self-image if you will. This concept, in turn, is or

should be related to what the organization does and how it does so."

D. Levinson then goes on to present a lengthy and detailed outline and description of the types of data necessary to make a total systems diagnosis. The book is thus primarily a data-gathering guide, or manual which presents a diagnostic outline. It is important for a diagnosis to be based on systematic data, since a diagnosis is really a hypothesis about organizational functioning. If the hypothesis or diagnosis is inaccurate, it is then possible to return to the data and find the source of error.

The data to be gathered are of three basic types: (1) genetic data, (2) descriptive data and (3) interpretative data.

Genetic data includes identifying and historical data. Included here are the type of organization, its size and overall first impressions. All organ-

*Continued on page 19*



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beautiful and spacious building has been acquired by the Graduate School of Business Administration for use as a Center for management training programs. The building, a former chapter house, is located at 1735 Washtenaw Avenue. It is named the Kalmbach Management Center for Leland J. Kalmbach and his son, Dohn, both of whom made major contributions toward the purchase of the new facilities.

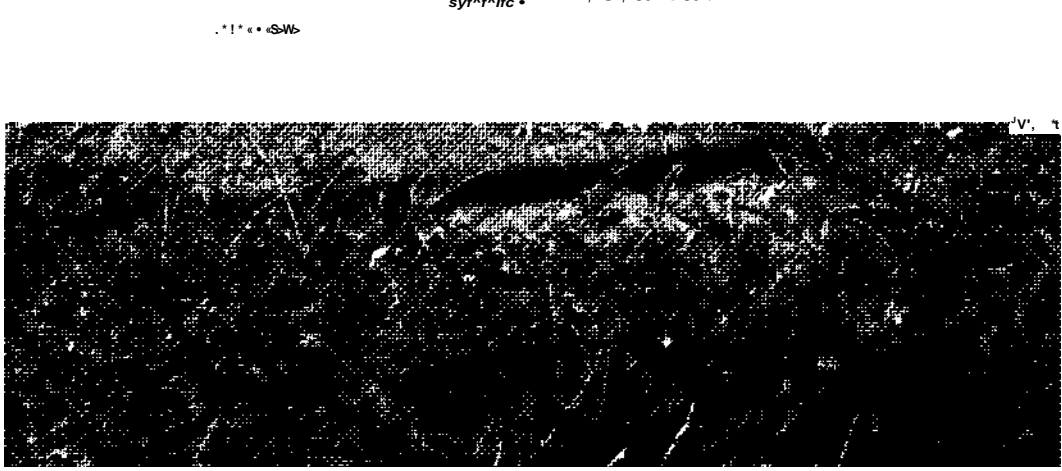
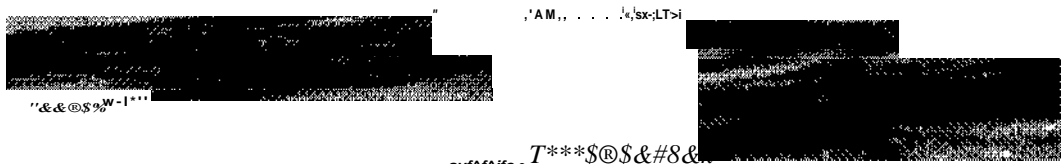
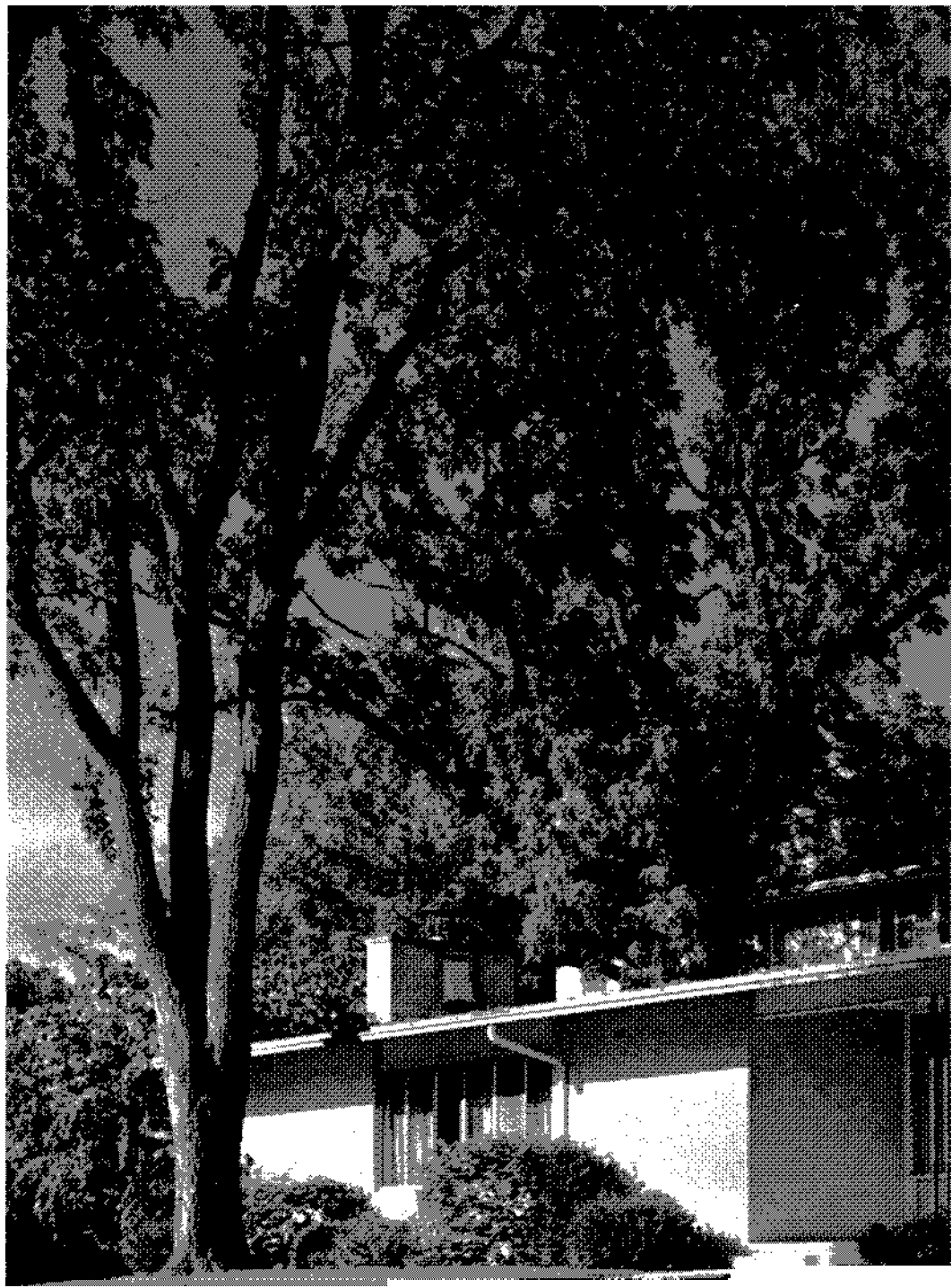
The new Center will consolidate the work of staff members formerly occupying four separate locations on and off campus. For the first time, staff members responsible for the management seminars and short courses will all be under one roof. Coordination will be simplified, and operations will be more efficient.

In announcing the acquisition of the Center, Floyd A. Bond, Dean of the Graduate School of Business Administration, commented on the growing importance of continuing education for management. He said, "The new Kalmbach Management Center is ideal for our purposes. In addition to providing offices for 22 members of our management education staff, it will enable us to house and feed the participants in nearly 100 of our programs each year. This Center, along with our new Assembly Hall, will provide our School with superb facilities for our management education programs which continue to grow in quality and importance."

The new building has four levels. On the ground level are 11 private offices, 11 secretarial stations, and a large workroom for putting together materials used in the various management programs.

The first floor has a large, well proportioned lounge measuring 24 by 41 feet and featuring a fireplace and sliding glass doors opening onto an inner courtyard. Opposite the hall from the lounge is a pleasant reading room. As you proceed down the wide hall past the reading room, you pass the men's and women's coat rooms and the receptionist's office. At the end of the hall to the right is

*Continued on next page*



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The Lounge of the Center measures 24 by 41 feet.

the house manager's apartment, and to the left is a large, well equipped kitchen. The dining room, which seats up to 92 people, opens onto a huge (33 by 48 feet) seminar and conference room. This room has a fireplace at one end and a hospitality facility at the other. Sliding glass doors open onto an inner courtyard.

The upper two levels of the Kalmbach Management Center consist of private rooms for

participants in the management conferences. Thirty four participants can be housed in single rooms in the Center at any one time.

The acquisition of this new management facility was announced, and some of the ways in which it would enrich our programs were explained, at the annual invitational Conference on Management Training and Development in October. Conferees attended from 50 states and

several foreign countries. This yearly conference, provided at no cost to participants as a public service of the Management Education Division of the U-M Graduate School of Business Administration, gives participants an opportunity to exchange ideas and procedures, work on common problems and be exposed to some of the latest ideas in their fields. Discussions with faculty members and other authorities are



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Above, a wide hall leads from the front door to the back of the Kalmbach Center. Windows along this look onto a courtyard. Opposite the windows are coat rooms and the receptionist's office. Pictured at left is a view of the stairway which leads to the upper two levels of the Center. On these levels are private rooms for participants in the management conferences.



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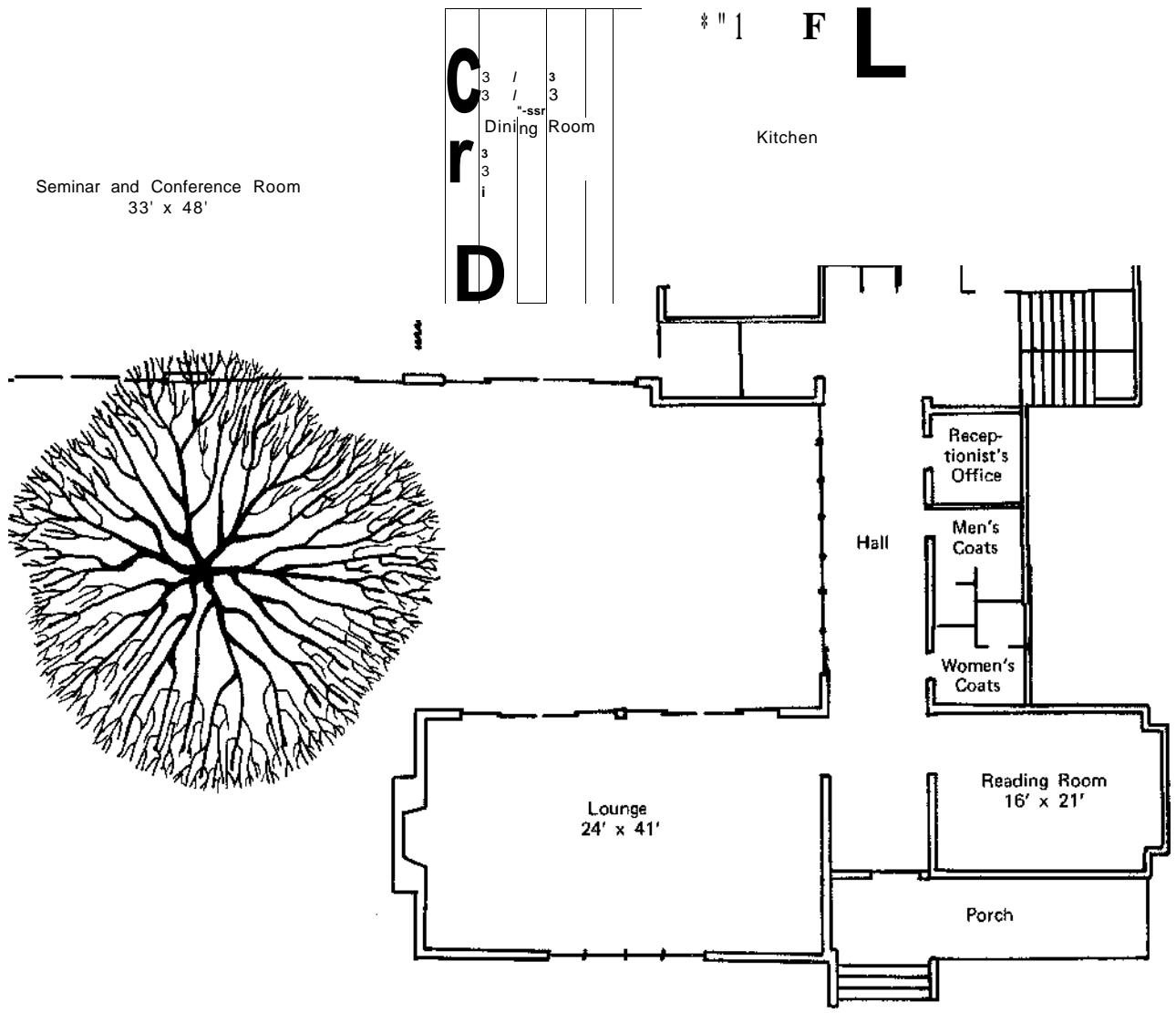
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Photos by Stuart G. Abbey

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# A.DOUJ tiic [Calmbachs



Leland J. Kalmbach, honorary chairman of the board of the Massachusetts Mutual Life Insurance Company, graduated Phi Beta Kappa from the University of Michigan in 1923. He served with the Lincoln National Life Insurance Company in Ft. Wayne, Indiana, from 1924 to 1947, holding the offices of vice-president (1939-47) and director (1937-47). In 1948 he joined the Massachusetts Mutual Life Insurance Company as vice-president, becoming president of the company in 1950, a post he held until 1962, when he became chairman of the board. He has been honorary chairman of the board of the company since 1966. He is a director of the N.E. Telephone and Telegraph Company, and a past chairman and current member of the Life Insurance Association of America. He is the recipient of three honorary doctoral degrees.



Dohn Leland Kalmbach, die son of Leland J. Kalmbach, has his BBA (1960) and his MBA (1962) from the University of Michigan Business School. From 1962 to 1967 he was in the underwriting department of Eastman Dillon, Union Securities & Co. He is now a general partner of several hedge funds which have combined assets of approximately \$20 million. The general partners are money managers for these funds. The funds are: Berman, Kalmbach & Co.; Merridohn Partners; H & R Associates, and H.J.F. Associates, all located at 345 Park Avenue, New York City. Mr. Kalmbach is a member of the board of directors of Crest Ultrasonics Corp. and Guardsmark, Inc.

## Psychoanalysis for the Organization

*Continued from page 10*

izations have histories and the important factors include key developmental phases or crises experienced in the past which are affecting the present or will affect the future.

Descriptive data includes structural data such as the formal organization chart, informal organizational arrangements, the financial structure, plant and equipment and other resources both material and human.

Also included are descriptions of mechanisms for communication, decision making, and integration of the organization into a unified whole.

The interpretative data constitute the largest and most interesting aspects of the diagnostic effort. This involves an assessment of current functioning and the organization's relation to reality both inside and outside its boundaries. The interpretative data involves the organization's "psyche." Questions of interest here are whether the organization is alert and accurate in its perceptions of its employees, market conditions, legal developments, financial conditions, research innovations, etc. The consultant is also concerned about whether the organization has a short term or long term time perspective, whether it uses information it collects and for what purposes, and whether it is energetic or lethargic. An additional important issue under interpretative data involves attitudes and relationships of the organization toward persons inside and outside its boundaries and the attitudes of these same persons toward the organization. Do people personify the organization as their father, mother, a stranger or as themselves? Their answers belie feeling that the organization is paternalistic, or maternalistic, or perhaps that the organization does not care about them. Conversely,

does the company manager; treat his employees as if they were "delinquent, unappreciative children?" How involved are people in their work? Do they rush from their work at the close of the shift? Do the office employees virtually stop working twenty minutes before quitting time? Does the organization give people adequate space in which to function, or do they just assume (erroneously) that people can be packed into work situations like machines? Much of this attitudinal data is collected by means of a structured interview which asks several projective type questions which the consultant then interprets (i.e., the question of what sort of person the organization reminds one of).

*It is important for a diagnosis to be based on systematic data? since a diagnosis is really a hypothesis about organizational functioning."*

The consultant then pulls all his data together and crystallizes his impressions into an overall summary report and recommendations. The key questions before the consultant are how "sick" is the organization and how is the organization "sick"? How does the organization hurt? How does this organization experience its problems? Once the diagnosis is complete, consultative interventions can be made when appropriate.

While I feel *Organizational Diagnosis* presents a tool of great usefulness to the organizational intervention field, it is clear, as Dr. Levinson points out, that the consultant is ultimately his own best tool. He notes "Since there is no consensus or established criteria for either assessing an organization or defining various modes of intervention, the consultant's conclusions and recommendations will necessarily

be based on subjective interpretations and selections. They will reflect his professional orientation and, as such, will be that part of the case study in which there will be the greatest diversity of interpretation. Because of variety of theoretical orientations, the consultant must approach the selection and understanding of these data open-mindedly and yet with firm conviction about the way *he* interprets the data based on *his* professional orientation."

Dr. Levinson's outline and questions, however, are developed out of his own background as a clinical psychologist and it appears to me that some knowledge of fundamental psychoanalytic techniques would be very helpful.

There are also some questions about the theoretical validity of viewing an organization as if it has "personality." Many of the variables for consideration in *Organizational Diagnosis* have been taken directly from individual psychology (e.g., masculine-feminine orientation, attitudes about self, energy level, etc.) It could be argued on the other hand that the theoretical question is unimportant since individuals are interviewed, and the data then aggregated into an overall impression based on common responses to the questions.

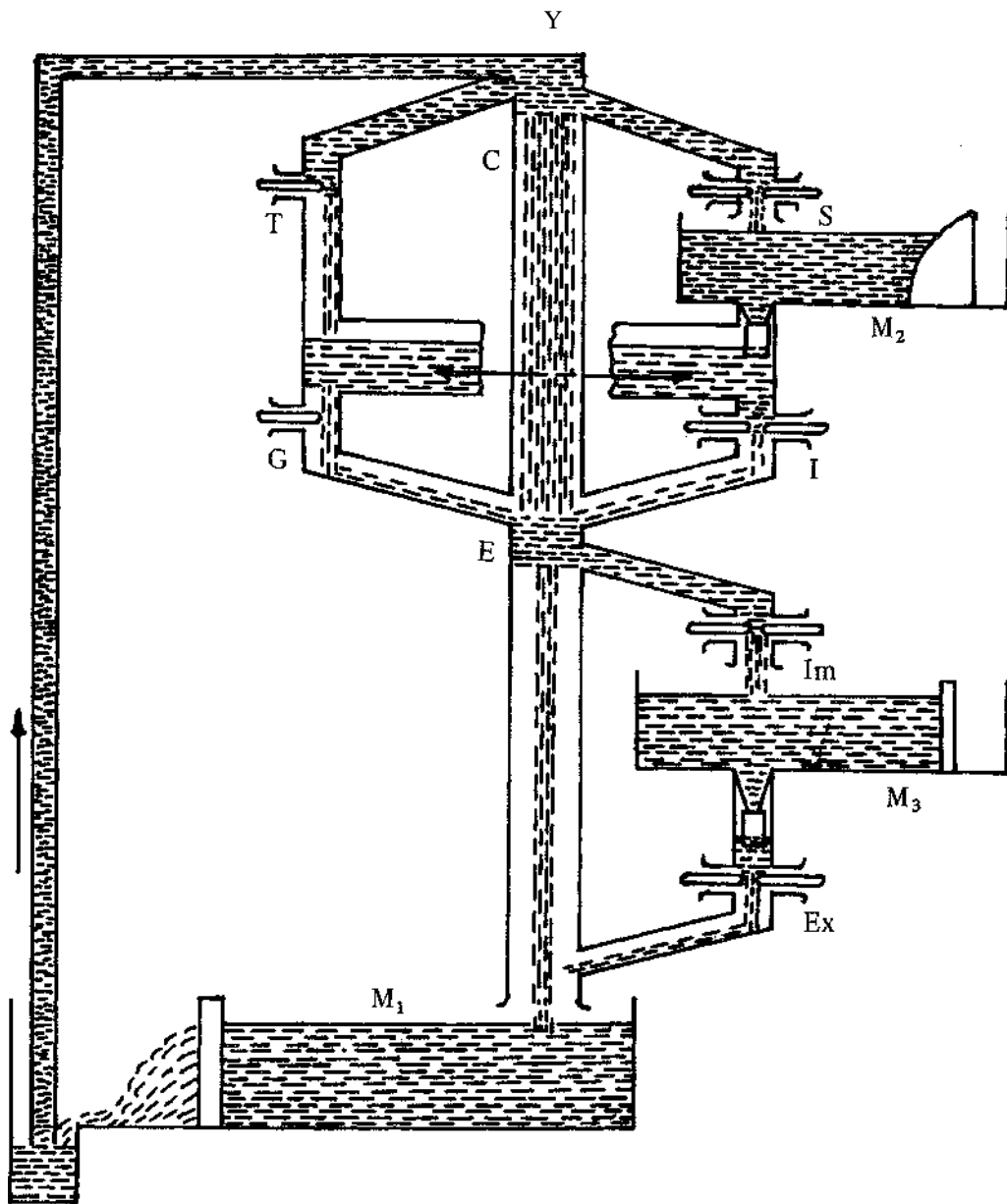
At any rate, psychoanalysis is a very powerful tool for interpreting individual behavior and perhaps the ultimate contribution of Dr. Levinson's work will be that of a real marriage between psychoanalytic concepts and the theory of human organization.



# THE MONIAC

Question: What is seven feet high, five feet wide, makes a splashing sound, and gives you a feel for monetary theory?

Answer: The Moniac.



In the system, income (Y) is pumped to the top of the model where it becomes available for taxes (T), consumption (C), or savings (S). Taxes provide the government expenditures (G) or become available for private investment (I). Funds for investment purposes are also available from savings. Government expenditures and investment combine with consumption to give total expenditures (E). After an adjustment is made for the foreign sector (Im and Ex), total receipts flow back into the active money tank (M). Income is a function of the level of total expenditures.

The model allows for adjustments in all the consumption and expenditure functions. Likewise, adjustments can be made for a changing money supply and changing liquidity preferences. The impact of various monetary adjustments can be traced through the system; and changes in income, investment, the money supply, and interest rates are recorded. While to expect exact measurements would be unrealistic, the student can visually appreciate general relationships.

Indeed it is an interesting machine, even an hypnotic one. Once it is turned on, the splashing and the gurgling begins, colored water rushes around in various pathways, the levels in different tanks start going up and down. Frankly, you can hardly take your eyes off it.

The Moniac was invented in the late forties by A. W. Phillips and W. T. Newlyn for use in connection with the teaching of monetary theory. It was originally used in the Department of Economics of the University of Leeds, England. Its initial U.S. enthusiast was economist A. P. Lerner of Chicago's Roosevelt College, who dubbed it the Moniac "to suggest money, the ENIAC, and something maniacal." (ENIAC stands for Electronic Numerical Integrator And Computer.)

Our Moniac, which is now installed in a conference room on the third floor of the Business School, is one of 12 models produced by Redifon Flight Simulation Ltd. in the early 1950s. It has been donated to our school by Andrew Court, former economist for General Motors.

The Moniac and its functions was described in an article in Fortune Magazine in March, 1952, as follows: "In essence a simple analogue, the Moniac traces the circular flow of dollars through the economy. These flows are controlled by nine adjustable sluices or 'functions,' each of which regulates a set of effects—of national income on tax revenues, government spending on consumption, domestic spending on imports or exports, the rate of interest on savings or investment, the rate of exchange on exports and imports. These 'functions' are arbitrary in

*Continued on page 24*

*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\**

#### Entire Dutch MBA Class Visits School for 10 Days

Twenty nine MBA students and five faculty members of the Interfaculty for Graduate Studies in Management, Rotterdam, Holland, came to Michigan last spring to study corporate strategy and organizational behavior. They spent ten days at our Business School, three days at the Harvard Business School and five days at the Columbia Business School.

The tour was arranged by the Dutch students, who also raised the money to make it possible. They represent the entire first class of MBA students at the Rotterdam School, and when they visited here, were in the last half of their second year of study.

The MBA program of the Netherlands School differs from traditional MBA programs. Instead of having several courses in different subjects each semester, the school breaks the two years into seven time periods of about three months. In each of the time periods, one subject is studied intensively. The first six months (or two time periods) are devoted to foundation courses. The last five time periods are devoted to specific problem areas. For example, in one three month segment, students concentrated on marketing, working as a group with an actual company on their marketing problems. Another time period was devoted to an intensive study of production management, again working with a company. The students visited Michigan during the three month segment that was devoted to corporate strategy and organizational

behavior, which was the focus of their stay here.

The first aim of the tour to the U.S.A. was "to study corporate strategy and its implementation, where it has been researched and taught for some time as a subject in its own right." Our organizational behavior and industrial relations faculty members held special classes for the Dutch MBA students, or invited them to participate in regular classes. Members of our faculty in business policy also arranged special classes for the students as well as several case discussion sessions. In addition, the Student Council and the International Business Club arranged a trip to Greenfield Village and the Henry Ford Museum, as well as planning informal get-togethers so that the Dutch and American MBA students could get to know each other.

An important part of the Dutch students' program was the combination of academic work and company visits. For example, guest lecturer John Schwendiman of the corporate product department of the Dow Chemical Company spoke one day at the School on "Long Range Corporate Planning." Two days later, the students visited the Dow company, where they had lunch and spent the afternoon with high ranking corporate officials, including Carl Gerstacker, Chairman of the Board, who talked on Dow company policy and pollution control. Other senior corporate executives discussed the system the company has set up for long range planning and forecasting. There was also plenty of

time allowed for questions and informal discussion between the students and the company officials.

Another highly successful corporate visit occurred when students visited the Detroit headquarters of the S. S. Kresge Company, and heard corporate officers discuss the planning and strategy that went into the transition from Kresge dime stores to K-Mart. On the way home from that session, the bus stopped at a K-Mart and students were able to go in and see for themselves an example of the stores they had been discussing.

Will this kind of study trip to the U.S.A. be repeated in other years? Probably not in this particular form, as the students who made the trip comprised the first MBA class of the Interfaculty for Graduate Studies in Management. The next class of the Rotterdam School has 60 students, or double the first group, and the numbers in future classes are likely to go up still further, making travel as a group unlikely. However, they may break into smaller groups and/or travel to other countries closer to home.

In the words of one Dutch faculty member, this trip was "smashingly successful." In a letter to Dean Floyd A. Bond, the faculty member said, "The program you offered was absolutely number one to our experience. The teachers and the company visits were topclass. Please tell Bob Adams how pleased we are." Robert Adams, professor of international business and Director of the Institute of International Commerce, was in charge of arrangements for the Michigan visit.

## Herbert Stein Speaks to Alumni and Friends of the School at Annual Business Conference

Dr. Herbert Stein, Chairman of President Nixon's Council of Economic Advisers, was the dinner speaker at the Annual Business Conference held October 18 at the Horace H. Rackham Memorial Building in Detroit. He was introduced by Dr. Paul W. McCracken, Edmund Ezra Day University Professor of Business Administration, University of Michigan, and former Chairman of President Nixon's Council of Economic Advisers.

A large crowd attended the afternoon session of the Conference, at which Dr. Juanita M. Kreps, professor of economics at Duke University and newly appointed public member of the Board of Directors of the New York Stock Exchange, spoke on "Sex in the Marketplace." Dr. Harold Passer, Assistant Secretary for Economic Affairs, U.S. Department of Commerce, spoke on "Strengthening America's Position in the World Economy." The speeches were followed by comments from discussants Patricia Shontz, economist and editorial writer for *The Detroit News*, and Dr. Gunter Dufey, associate professor of international business, University of Michigan. Their remarks were followed by questions from the floor. Floyd A. Bond, Dean of the Graduate School of Business Administration, presided.

Following the program, participants attended a reception and dinner. Members of the faculty of the Business School were table hosts.

## Michigan Accounting Professor Recognized with Top Position

James Bulloch, who was promoted to full professor of accounting at the Graduate School of Business Administration last spring, has accepted the Directorship of the Institute of Management Accounting.

The Institute of Management Accounting has been established by the National Association of Accountants to implement and administer the newly established



*Dr. Juanita Kreps*

## Certificate in Management Accounting program.

The Certificate in Management Accounting has been established by the National Association of Accountants in response to the needs of business and at the request of many in the academic community. The objectives of the program are threefold:

1. To establish management accounting as a recognized profession by identifying the role of the management accountant and the underlying body of knowledge, and by outlining a course of study by which such knowledge can be acquired.
2. To foster higher educational standards in the field of management accounting.
3. To assist employers, educators and students by establishing an objective measure of an individual's knowledge and competence in the field of management accounting.

Until the Institute of Management Accounting establishes a permanent office, Dr. Bulloch will work out of his office at the Business Administration Building.

## New York Alumni Club Co-sponsors Art Auction

The Michigan Business School Alumni of Metropolitan New York and the Wharton Graduate Business School Club of New York co-sponsored an art exhibit and auction held at the Princeton Club in Manhattan. Over one hundred works of art went on the auction block, including works by Pater Max, Marc Chagall, Ben Shahn and Salvador Dali. There were lithographs, etchings, engravings, oils and watercolors dating from the 17th to the 20th centuries. Assorted sandwiches and beverages were available throughout the exhibit period, which ran from 6 to 7:30 p.m. so that participants could enjoy a light, quick supper. The auction began at 7:30 and lasted about two hours.

## Dean Bond Welcomes New Students at Reception

Four hundred new students were welcomed at the Dean's reception for new and returning students held the day before fall term registration. Purpose of the reception, which is held annually, is to encourage and assist students to become acquainted with members of the faculty. This year new students had badges in red type and returning students had badges in black type, making it easy to distinguish newcomers. Each faculty group (i.e. accounting, marketing, etc.) was located at a "station" around the Michigan League Ballroom, where the reception was held. Each student was given a sheet showing the locations of the "stations" and the names of the faculty members at each. This made it easy for students to locate individual faculty members whom they might particularly want to meet. As usual, the reception was very well attended and provided an excellent opportunity to promote good student-faculty relations.

## Bureau of Business Research Expands Program on Entrepreneurship

Among a number of current research projects, the Bureau of Business Research is in the process of expanding its Research Program on Entrepreneurship, co-sponsored by the Institute of Science and Technology. The Bureau has had a history of achievement in the investigation of small business development and the establishment of technologically-oriented spin-off firms, but it has recently begun to make significant contributions to assist the development of minority enterprises (*Directory of Black Businesses in Michigan: 1971*, by Patricia L. Braden and Esau Jackson). The program is now supporting dissertation research on both the development of new enterprise formation and the growth and profitability of existing enterprises within the State of Michigan.

A recent issue from the Bureau's publications program is *Labor Relations and the Law in France and the United States*, Volume V of the Michigan International Labor Studies (626 pp. +, cloth, \$15, 1972). The School's Program in International Business has sponsored publication of these studies, which juxtapose various aspects of individual major European labor relations systems with their counterparts in the U.S. system. This volume takes into account the profound effects of the May-June 1968 general strike on subsequent labor relations in France and analyzes some of the changes which that event both precipitated and revealed. Designed to provide the kind of in-depth background needed for managerial evaluations on an international level, the study will also interest readers who are concerned with much more general implications of labor relations.

Two highly specialized studies published by the Bureau over the

summer are *Teaching Undergraduate Tax Accounting in the 1970s* by UM-Flint Professor Clark E. Chastain (126 pp. +, spiral bound, \$3, 1972), and *Consumers' Information-Seeking Processes for Fashion Goods: A Literature Review* by Professor Joseph Newman and Bradley D. Lockeman (117 pp., spiral bound, \$3, 1972). Administrators as well as faculty will value Professor Chastain's treatment of many of the problems currently associated with the teaching of tax accounting. The Newman-Lockeman book reviews studies which deal with consumer information-seeking; it provides a necessary starting point for further research on the topic.

## Faculty Daughter and Son Get Job Promotions

Two alumni of the Business School who are also progeny of Business School faculty members received important job promotions over the summer.

Jane Waterman Langhorne, BBA '55, was named assistant vice-president of the Federal Reserve Bank of San Francisco. Mrs. Langhorne, who is the daughter of M. EL Waterman, professor emeritus of finance, joined the bank's staff in 1957 in the research department and held various supervisory positions before being named head of the research department in 1969. Since February 1972, she has been head of the bank's personnel department.

Patrick Carl Fischer, MBA '58, has been appointed chairman of the Department of Applied Analysis and Computer Science at the University at Waterloo in Ontario, Canada. He is the son of Carl H. Fischer, professor of insurance.

## The Moniac Continued from page 21

that they represent government, business, or consumer behaviour and must be fed into the machine as assumptions. Once these 'functions' are set, the Moniac can quickly demonstrate—and chart on calibrated scales—how changes in any number of economic relationships simultaneously affect all others.

"Once started, the Moniac draws dollars from the bottom tank marked 'active balances,' which represents the total stock of currency and bank credit in the economy at any given period of time. As income, these dollars are pumped to the top, where they are distributed in different quantities (by values controlled by the 'functions') among taxes, consumer expenditure, and savings. How many of these course through the economy (the main channel in the center) depends upon the volume of government expenditure, the translation of savings into investment, and the propensity of consumers to spend. Some of the dollars drain off to pay for imports; others return in payment for exports. The total flow returns to the working balances at the bottom tank where a feedback apparatus pumps the circulating dollars up again. As the levels change in the various tanks, floats activate the controls through attached strings, opening and closing sluices, moving the 'functions,' guiding the scribes on the charts. The left scribe records at the rate of two minutes a year the resulting gross national product; moving scribes at the top right can show the effects on the rate of interest and on imports and exports. The influence of the Federal Reserve policy on loanable funds, and interest rates can also be shown."

In short, the Moniac is a complicated visual aid for the teaching of monetary theory. And watching it work is fascinating, whether or not you know anything about economics.



## Faculty News

*H. Paul Root*, director of the Bureau of Business Research and associate professor of marketing, published an article, "Should Product Differentiation be Restricted" in the July issue of the *Journal of Marketing*. He also presented a paper on "Implementation of Risk Analysis Models for the Management of Product Innovations" at the International Symposium on Computer Simulation Versus Analytical Solutions at the University of Gothenburg, Sweden, in August.

*M. S. Ryder*, professor of industrial relations, gave a series of lectures in Great Britain on British-American comparative labor law and collective bargaining practices. He says that the new British Industrial Relations Act has borrowed many of the concepts existing in our National Labor Relations Act. He questions whether the British will profit by their importation in view of the different labor relations cultures of the two countries.

*Floyd A. Bond*, Dean and professor of business economics, continues to serve as Chairman of The Economic Club of Detroit Program Committee, as Chairman of the National Association of State Universities and Land-Grant Colleges Commission on Education for the Business Professions, and as a Consultant to the U.S. General Accounting Office.

*John H. Stamm*, assistant professor of industrial relations, has been chosen to serve as umpire under two labor agreements. He is Arbitration Umpire for the city of Flint and International Association of Fire Fighters and Arbitration Umpire for the city of Flint and the American Federation of State, County and Municipal Employees.

*James O. Winjum*, assistant professor of accounting, is the author of a book, *The Role of Accounting in the Economic Development of England: 1500-1750* which has recently been published by the Center for International Education and Research in Accounting at the University of Illinois.

*Paul W. McCracken*, Edmund Ezra Day University Professor of Business Administration, was recently appointed by President Nixon to be a trustee of the Woodrow Wilson International Center for Scholars. He is also chairman of Governor Millikin's Special Commission on Energy.

*Douglas A. Hayes*, professor of finance, reports that the Takenchi Book Publishing Company of Tokyo, Japan, has contracted to translate his book, *Bank Lending Policies: Domestic and International* into Japanese. The translation will be done by Dr. Mitsuru Misawa, financial economist for the Industrial Bank of Japan. Dr. Misawa is a 1967 Ph.D. graduate of our School.

*Vern Terpstra*, professor of international business, was on a three week study trip in Japan this summer interviewing a number of Japanese companies about their management and international business practices. In October, he was an invited participant in the National Science Foundation's workshop on "Productivity and International Competitiveness of The American Consumer Durables Industry." His book, *International Marketing*, was published in April by Holt, Rinehart and Winston.

*James R. Taylor*, associate professor of marketing, and Colin F. Neuhaus, are authors of an article in the August *Journal of Marketing Research* entitled "Variables Affecting Sales of Family-Branded Products." Dr. Neuhaus received his Ph.D. from the Michigan Business School this year, and is now an assistant professor of marketing at Eastern Michigan University.

*Franklin G. Moore*, professor of management, reports that the sixth edition of his book, *Production and Operations Management*, will be published by Richard D. Irwin, Inc. by the end of the year.

*Christopher M. Korth*, assistant professor of international business, is the author of "The Future of a Currency: Forecasting Change" published in the June issue of *Business Horizons*, and co-author, with S. Selander, of "The China

Market: Boom or Bust?" in the July *Michigan Business Review*. He also held a Fulbright scholarship in Quito, Ecuador from May 2 to June 17, 1972. There he lectured on "The Developing Country and the Multinational Firm."

*Claude R. Martin Jr.*, assistant professor of marketing, is the author of "What Consumers of Fashion Want to Know," in the winter edition of the *Journal of Retailing*, and "Support for Women's Lib: Management Performance" in the *Southern Journal of Business*.

*William K. Hall*, assistant professor of statistics, is the author of "Allocating Ambulances to an Urban Area," published in the summer issue of *Operations Research* and of "Strategic Planning, Product Innovation, and the Theory of the Firm," published in the *Journal of Business Policy*.

*Joseph W. Newman*, professor of business administration, served as a judge for the Michigan Marketing Association's 1972 national competition for doctoral dissertations in marketing. He is co-author, with Richard Staelin, of an article entitled "Prepurchase Information Seeking for New Cars and Major Household Appliances," published in the August issue of the *Journal of Marketing Research*.

*Karl G. Pearson*, professor of business administration, is the author of a monograph entitled "Industrialized Housing," prepared under the auspices of the Institute of Science and Technology, the University of Michigan, and published by the Institute in May, 1972. Dr. Pearson has also recently made numerous speeches on industrialized housing, as well as talks on "Real Estate Syndications" and "Taxation Techniques in Real Estate Investments."

*Arthur F. Southwick*, professor of business law, spoke on "The Changing Legal Responsibilities of the Board of Trustees" before 300 participants at the Conference on Hospital Organization held in Jefferson City, Mo. He also gave a lecture and a seminar on "The Legal Aspects of Nursing" at Ferris State College in Big Rapids, Mich.

## Boss #2-The Autocrat

Although you don't have to understand the theoretical principles of autocracy in order to become a successful Autocrat, you must adhere conscientiously to the following basic methods of implementation.

### Rule 1—Never delegate anything.

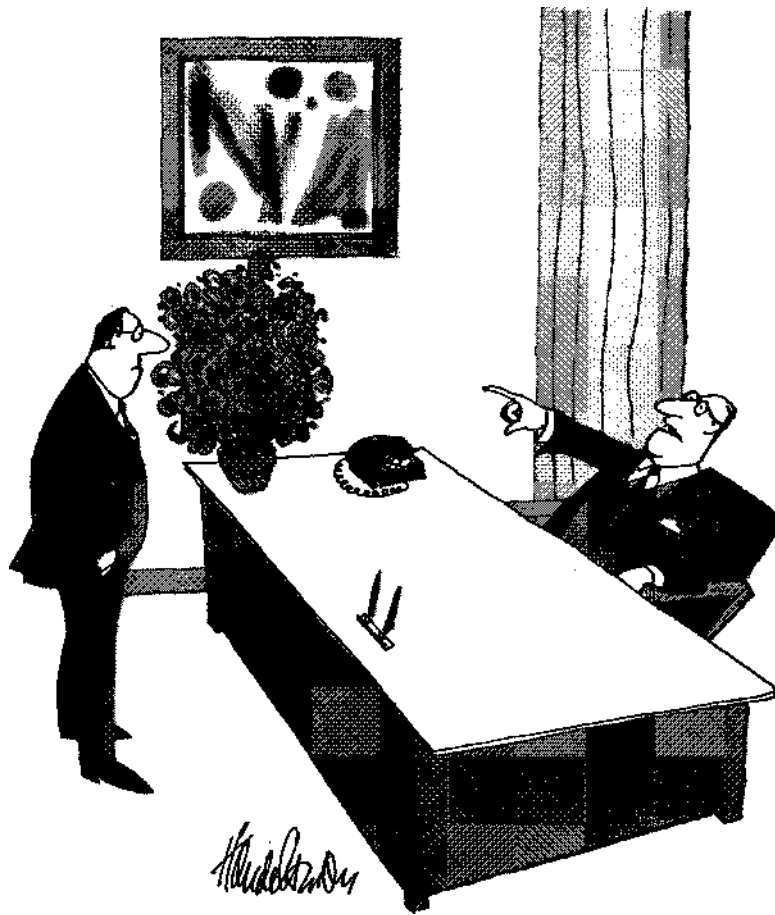
The objective is to show that only you can make decisions, no matter how minor. Delve into every detail of a subordinate's work. Be always checking, verifying, redoing. This is a must if you are to convince your employees that you have no respect for them and at the same time keep them constantly uncertain of their own responsibilities. If you succeed in applying this rule painstakingly, you will eventually reduce initiative to zero and stifle the development of any subordinates into effective managers—which will prove that only you can accomplish anything.

### Rule 2—Keep communication to a minimum.

Be totally aloof when your department is running smoothly. Talk to your people only when things are going wrong, and then be sure to demand, not request. Do not hold staff meetings and never give any clear directives; as clear communication is unfailingly dangerous to the autocrat's mission. Do not call your subordinates by name. Better still, make an effort not to know their names. This way, if any communication should creep in, it will at least be from the top down. Two-way communication should be avoided at all costs.

### Rule 3—Do not accept any suggestion unless you can see a way to take credit for it.

Motivation research has shown that credit, when given, tends to raise morale and increase employee effectiveness. This must be prevented, as such a result would counteract all your efforts to show that only you can be effective. Therefore if anyone in your department makes a suggestion, particularly



*"I hereby empower you, Ambrose T. Wilkins, to water my plants. And let's hear no more talk about how I never delegate authority."*

Drawing by Handelsman; © 1972, The New Yorker Magazine Inc.

one that you think has merit, criticize it severely. Ridicule it if possible. That way, when you offer it as your own a month later, no one will suspect you of lifting it.

### Rule 4—Prefer the stick to the carrot.

Practice being loud. The more noise you make, the less people will notice that you are thin in managerial ability. Here is a sketch of an individual who observed this rule scrupulously, written by someone who obviously worked for him: "He weighed well over 300 pounds and moved about the plant in an electric cart from which he seldom arose due to his unmanageable form. He would typically arrive on the scene and summon his subordinates by blowing on a bullhorn and yelling, 'Hey, stupid, get over here.' He would then give his instructions between cigar puffs, punctuating them by poking his subordinate repeatedly in the chest." This boss knew how to show

his authority. He also showed good grasp of the next rule:

### Rule 5—Let your employees know how little you respect them.

An analysis of procedures for implementing this principle yields several suggestions. Overrule subordinates consistently but do not tell them you are doing so and above all, do not tell them *why*. It is all right to ask for opinions, provided the person you ask knows beyond a doubt that you have already made up your mind. You can convey this message by allowing him to get half-way through his opinion before interrupting him with a decision. If you discipline anyone, be sure to do it in front of others, preferably people who work for him. Other methods include cancelling a subordinate's long-planned vacation on a whim, or letting it be known that you think everybody is overpaid. A little practice with these

suggestions, and many other possibilities will come to mind. They are endless.

*Rule 6—Do not answer criticism.*

If someone objects to something you do or say, under no circumstances answer the criticism. This would violate Rule 5, as well as conveying the impression that You Could Be Wrong. Instead of answering, simply point out that you have greater experience and let the matter ride.

**Boss #3—Who's in Charge?**

The serious student of this method of management must be familiar with the dynamic principle embodied in the phrase *I am not responsible*. The skilled practitioner knows that results don't matter as long as he looks good, or at least does not look bad. Once the dynamic is mastered, the methodology becomes clear. However, for beginners, we offer the following rules:

*Rule 1—Think small.*

Keep your mind on insignificant details at all times. Do not let the overall picture cloud your judgment or distract you from the details at hand. For instance, be extremely concerned about a \$1.35 overcharge on an expense account, while ignoring a \$10,000 mistake. The purpose here is to avoid seeing

anything in context, and to prevent goals and priorities from being set. Goals and priorities tend to clarify matters and *as soon as matters are clarified, responsibility becomes clear*.

*Rule 2—Avoid consistency.*

Never forget the guiding principle—what matters is not how things are but how you look, so be prepared to change mood and position immediately and often if you feel the change would make a better impression on superiors. This rule is closely related to the next one:

*Rule 3—Keep them guessing.*

Vigilance is necessary if you are to keep your employees from knowing what to expect. One effective technique is to hand out assignments in small pieces to several people, making sure that none of them knows what anybody else is doing. Or assign responsibility for a single job to four people at once, again making sure there is no communication between them. Be sure that the information you give your subordinates is inadequate to carry out the job. One expert scribbled specifications for involved projects illegibly on 3 x 5 cards and then criticized employees for not carrying out instructions! The ability to seem to explain without really doing so, however, calls for considerable experience and imagination: the ploy should not be attempted by the novice. All of these

methods are effective in preventing work from becoming meaningful and in preserving the proper air of confusion. They have the added advantage of contributing significantly to lack of continuity and failure to state the problem. Eventually the mission will be accomplished. If no one knows who is responsible for anything, you have succeeded.

*Rule 4—Don't rock the boat.*

The heart of this matter is that facts are not the proper basis for decision making. What counts is the best way out. Better to follow the teachings of one expert who prudently said, "The way things are is the way they ought to be," than to have your employees bothering you with new ideas, innovative approaches, or creative solutions.

*Rule 5—Avoid the written word.*

The dangers of the written word are many. The primary one is that people charged to carry out instructions have a clear-cut basis for action. This would be fatal to your purposes, which thrive on vagueness. Therefore always prefer the spoken word. Here implications can be made and meaningful silences relied upon to give subordinates an *idea* of what you want done without your actually saying it. Then, if higher management complains about the way a job was handled, you can say, "I don't know why he did it that way." (Another benefit is that if a job is well done, you can take the credit.)

Some people may object that the above rules if followed will result in bad morale in the department. This shows a failure to grasp the basic principle. It does not matter if the morale in your department is bad, *so long as you are not blamed for it*.

This ends our report on the principles and practices of bad bossmanship. If you have worked for a bad boss who does not fit any of our three prototypes, or if you have experienced refinements of technique, we would be delighted to hear from you, as we want our research to be complete. We invite your comments, and have provided a postcard (at left) for that purpose.

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Dividend Magazine  
The Graduate School of Business Administration  
The University of Michigan  
Ann Arbor, Michigan, 48104

## Letters

Editor:

I have greatly enjoyed all the issues of Dividend magazine that I have read and am very impressed with the variety of features and the type of news offered to the alumni.

I would like to suggest adding one feature which might be of value to both the Graduate School of Business Administration and to the alumni readers of Dividend magazine.

A *suggestion card* insert—it could also be part of the back cover—could solicit ideas, opinions, suggestions, or comments from the alumni. This input could be asked to focus on the

content of the magazine or it could be broadened to include input on the relationship between the school experience and its application to later job experiences. This would enable alumni to identify what areas of their education were the most important to them for later application, what areas could be changed to be more useful, and what type of instruction that may not have been available could be added to enable the present student to become a more effective executive.

I think many alumni would be delighted to respond on this type of suggestion card. The card would indicate that the school feels that it is important to have a two-way flow of information between the school

and its alumni. The card would make it easy for the alumni to voice their opinions and to give the Graduate School of Business Administration the benefit of their valuable business experiences. The insert could also be useful to poll the alumni on specific topics or to get their reaction to planned actions, programs, or policies.

This card would serve as one more method of maintaining a close, and mutually beneficial dialogue between the Business School and its superb alumni body.

Sincerely yours,  
Byron O. Hestevold MBA '65  
Ann Arbor, Michigan

*Good idea! See below.—Ed.*

# WE WANT TO HEAR FROM YOU!

*Cut Along This Line. Address on Other Side.*

Believing that a two-way flow of information between the School and its alumni is important and mutually beneficial, we are inaugurating a suggestion card insert.

Topics on which we invite your comments this issue include: £

1. Topics you would like to see covered by future suggestion cards. ~£

2. Comments on bad bossmanship. £

3. Comments on or ideas for *Dividend*.