Dividend

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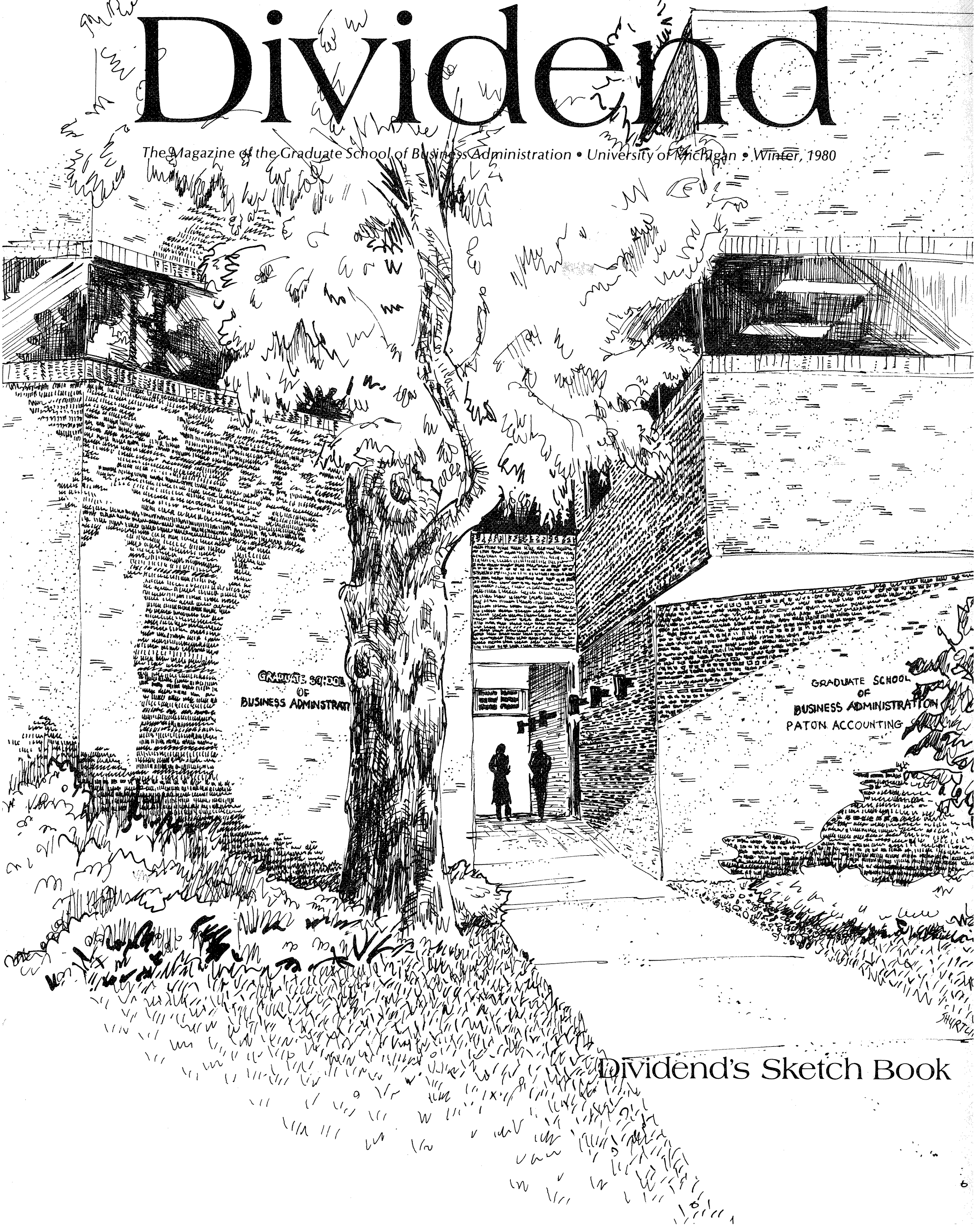

Dividend's Sketch Book

Research done at the Business School foretold the failure of the Susan B. Anthony dollar a full year before the coin was released to the public.

The Dollar (Almost) Nobody Likes

The chances are you have received very few, if any, Susan B. Anthony dollars in change recently. Some people have never even seen the Anthony dollar, introduced with great fanfare last July 2. In fact, the Anthony dollar has proved so far to be a colossal flop. Why?

That most people wouldn't like the Anthony dollar coin was foretold with great accuracy by the Graduate School of Business Administration of The University of Michigan, which was commissioned by the Federal Reserve to do a $20,000 research study of the coin a full 12 months before it was released to the public. According to Claude R. Martin, Jr., business school professor of marketing who directed the research, the conclusion derived from the study was clear: the $1 coin would fail unless the $1 bill was dispensed with. Says Martin, "At no time did we find *any* participant in the currency system who felt the $1 coin and the $1 note could coexist successfully."

At this point you may be thinking, "If we have a perfectly good $1 bill, which everyone seems to like, why replace it with a coin? Why not leave well enough alone?" A good question.

But everything wears out sooner or later, even money. Our one dollar bills wear out and must be replaced in approximately 18 months at a cost of 1.8¢ each. This represents a lot of money, considering the fact that in 1979 an estimated 3 billion of them were circulating. Besides, we like the $1 bill so much that the Bureau of Engraving and Printing would soon need to build a new facility, at the cost of at least $100 million, to meet the demand.

Taking these facts into account, a one dollar coin makes sense. While a coin costs more to manufacture initially, it has a life expectancy of 15 years. Thus, substituting a coin for the $1 bill would mean a production cost saving to the Treasury department of 80%. And if the government substitutes a coin for the $1 bill entirely (making the $2 bill the lowest denomination of paper currency) the U.S. could save as much as $34.9 million in distribution and handling charges, according to a study done by the Federal Reserve Bank of Chicago.

But a study by the U.S. Mint concluded that the 1976 reintroduction of the $2 bill had been a failure. Such an exerience produced a certain wariness about going ahead with another currency/coin addition, which is why the market research was commissioned.

Now you might think that money is not something needing "consumer acceptance," like soap or toothpaste, but you'd be wrong. A series of in-depth interviews done by the business school researchers clearly showed that coin and currency are "pulled" through the system by consumer and retailer demands, rather than being "pushed" onto the consumer by banks and the government. Furthermore, while consumers are important in the system, key decisions on what kind of coin and currency we will use are made by certain types of retailers, who make certain assumptions about our preferences and develop their monetary supply mix accordingly. For instance, retailers did not order the $2 bill from banks because they perceived that the consumer, their customers, would not accept them.

To find out what we would accept or not accept, the researchers did a series of "focus group" interviews. These are interviews conducted by a trained moderator among small groups of respondents. Among those interviewed were: men consumers; women consumers; managers of chain drug stores and supermarkets; managers of fast food restaurants, small independent retail stores, and small drug stores; head cashiers, and/or training cashiers for major supermarket chains.

Before going into the information turned up by these interviews, let's say a word about money-as-product. Money goes through the same process as any other product—that is, it has a manufacturer, in this case, the Bureau of the Mint (for coins) and the Bureau of Printing and Engraving (for paper currency). After the "product" is manufactured, it is distributed to the Federal Reserve Banks, who in turn provide the "product" on demand to the consumer, retailers, and other financial institutions, such as savings and loan associations, etc. Note the word "on demand." If there is no demand, the product simply piles up at the bank.

The focus group interviews showed that a great many elements go into our decision as to whether we like one kind of coin over another. For example, interviews with men turned up the interesting information that they start the day with very few coins in their pockets, and then acquire coins throughout the day as change for paper currency. At the end of the day, they give the change to their wives, their children, or put it in some kind of savings receptacle. Because they usually empty their pockets of coin at the end of the day, the men felt that a $1 coin would be too great in monetary value for their habitual savings pattern. They also saw a psychological relationship between the coin and inflation, symbolizing the shrinking value of the dollar. They also felt the introduction of the coin would drive vending machine prices upward. During the interview (which was conducted at the end of the day), each man was asked how much coin he was actually carrying. The maximum amount was $1.43.

Women, on the other hand, carry more currency per person than men, at least in the focus group. They were carrying considerable more coinage (the maximum being $3 in coin) as well as more $1 bills. They said there were eight major reasons why they carried so much coinage: 1) children's school money; 2) pay telephone calls; 3) vending machines, particularly gum and candy machines; 4) tips; 5) payment of newspaper carriers; 6) use in laundromats; 7) parking meters and public transportation; and, 8) small purchases.

A concern of many of those interviewed was that the Anthony dollar looks very similar to a quarter, and thus could give rise to many a situation like one described recently in the *Detroit News:*

"It's 55 cents for that, not 25," said the clerk, grabbing back the merchandise (in this case, a cup of coffee and a bagel).

"That's a dollar," explained the would-be buyer.

"That's no dollar!"

"Yes, it is."

"Oh yeah? What country is it from?"

"The U.S. It's one of those new dollars."

Only after considerable discussion was the clerk persuaded to accept the coin. Another puzzled cashier stared

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About the Cover
Our cover is one of the sketches from the Dividend Sketch Book. The artist is Bill Shurtliff, and the sketches can be ordered printed on heavy paper and suitable for framing.

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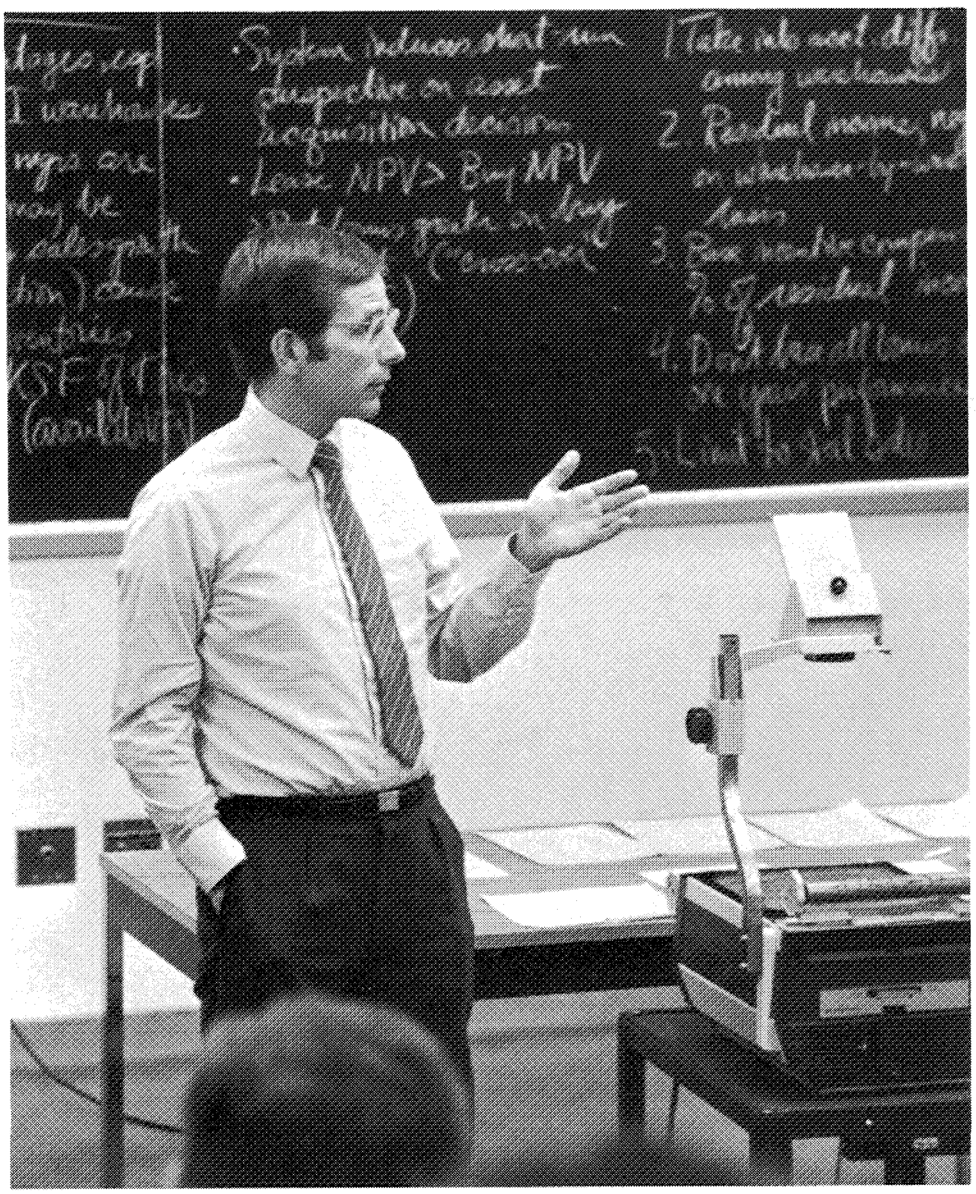
LEARNING FROM EX



William M. Agee, chairman and chief executive officer of Bendix Corporation.

After the cases are analyzed, the textbooks read, the lectures heard, it's absorbing to be able to ask questions of someone who's *applying* those concepts you're learning about, who can give insights into what the corporate world is really like, and maybe even offer some career advice.

That's the opportunity Business School students are getting as corporate visitors add their special insights to Business School education. Some visitors are graduates of the School who have been working only a few years and come back to talk about a specific corporate subject. ("A Case History of a Product Turn-around.") Some come from within university managerial ranks to discuss topics such as "Non-profit Institutional Buying" or "Administration of Data Resources in a University." Some are here to throw light on a specialized area ("Foreign Exchange and Eurodollar Trading"), and some are senior corporate executives who can give students a rare glimpse of what it's like at the top. For a sample of the kind of dialogue that can take place see "No Surprises," page 10, an interchange between students and W. Paul Tippett, president and chief operating officer of American Motors Corporation, who was here for the day as an Executive-in-Residence.

On these pages, we introduce you to a few of the other distinguished visitors to the School in fall term. They included:

PERIENCE

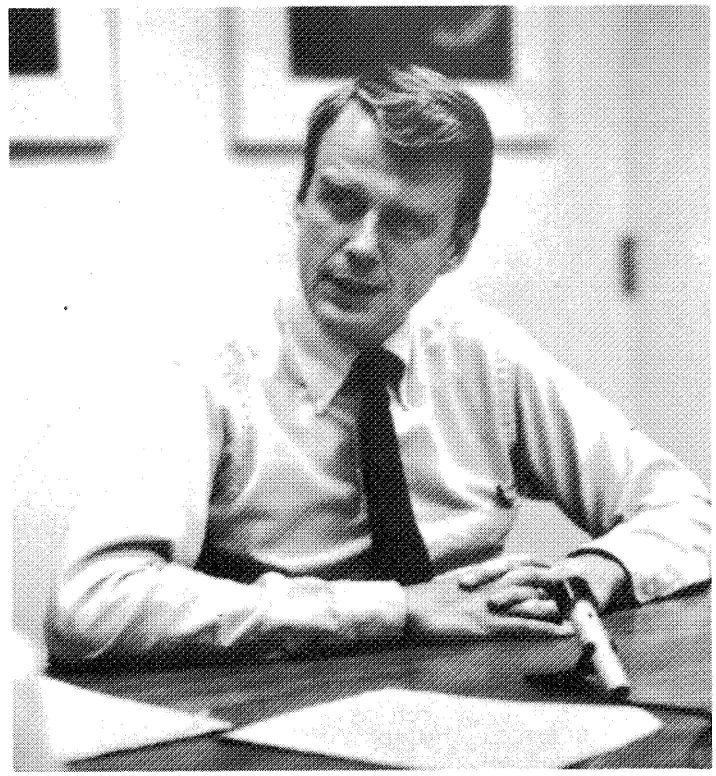
Corporate Visitors to B School Classrooms Add an Important Dimension

William M. Agee, chairman and chief executive officer of The Bendix Corporation, who spent a day at the School as an Executive-in-Residence. He participated in a class, and spent an hour and a half with students at an informal "brown bag" luncheon before giving a talk in Hale Auditorium on "Leadership: The High Cost of Management by Crisis." During his talk, Agee made the point that the unwillingness to think strategically has unfortunate consequences in business as well as in government—and we end up being surprised by events that should have astonished no one. As examples, Agee cited the energy crisis and the funding of Social Security. "The trouble with management-by-crisis," said Agee, "is that when we legislate in panic, we regret at leisure." After his speech, he opened the meeting up for questions, and a lively interchange took place between him and the audience of students attending his talk. Agee joined Bendix in May, 1972, as executive vice president, chief financial officer and a member of the board. He was elected president and chief operating officer on December 1, 1976, and a month later, was elected chairman and chief executive officer. Before joining Bendix, Agee was associated for nine years with Boise Cascade Corporation, holding various positions, including those of chief financial officer and senior vice president.

Willard F. Rockwell, Jr., chairman of the executive committee of the board of directors of Rockwell International Corporation, gave a talk on the decade ahead. Following his lecture, held in Hale Auditorium, he answered students' questions and then attended a reception in his honor held in the executive lounge of the Assembly Hall. The reception provided an opportunity for students to speak with him informally. Asked what the number one problem is in running a very large company such as Rockwell, he replied the distance from people. Communications, he said, becomes a problem, because everyone does *not* know everyone else in such a large company. Rockwell became president of Rockwell Manufacturing Co. in 1947, and held that position until 1964, when he became vice chairman of the board and chief executive officer. From 1967–73, he was chairman of the board and chief executive officer of North American Rockwell Corporation, and in 1973, he became chairman of the board of Rockwell International. The next decade of business leaders, said Rockwell, will have to be sophisticated not only in business, but also in terms of the world situation. They are going to need to be politically astute, to know other cultures and economies, as well as being technologically aware. For the next decade's business leaders, Rockwell emphasized the importance of strategic planning and the ability to analyze worldwide trends.

Willard F. Rockwell, Jr., chairman of the board of Rockwell International.

James A. Henderson, president and COO of Cummins Engine Company.



Donald P. Eckrich, president and COO of Beatrice Foods Company.

William C. Goggin, member of the board of directors of Dow Corning Corporation and former CEO of that company.

Three top executives met with students in a course in organizational design to talk about how they organize and manage three very different kinds of businesses. They included:

James A. Henderson, president and chief operating officer of the Cummins Engine Company, which is a large, single business company organized along functional lines. His presentation and discussion session centered on two issues: a) how Cummins integrates organizational planning into the overall business planning activity, and b) what he as the chief operating officer expects of the personnel function. Students' questions covered such areas as how ethical considerations are incorporated into executives' business decisions, and what the company is doing to design work to enhance employee involvement and productivity. Henderson joined the Cummins Engine Company in 1964 as assistant to the chairman. In 1965 he became vice president of management development, and in 1969, vice president of personnel. In 1970 he became vice president of operations. From 1971–1974 he served as executive vice president, and then became chief operating officer in 1974. In 1977 he was named president of the company.

Donald P. Eckrich, president and chief operating officer of Beatrice Foods Co. He discussed the organization and management of a diversified firm, and the problems of management control in a company which is organized into decentralized operating divisions. He also discussed the programs of incorporating new acquisitions into the firm. His background makes him particularly well qualified to comment on acquisitions and mergers. After receiving his BBA from The University of Michigan in 1948, he joined Peter Eckrich & Sons, advancing through various positions to become general operations manager in 1962. He was named director of operations in 1965 and was elected vice president in 1966. Three years later he was elected president of the company. In 1972, following merger of the company with Beatrice Foods, he assumed the dual role of chairman and president of Peter Eckrich & Sons. In 1974 he was promoted to president of Beatrice Foods Specialty Meat Division. He was named executive vice president of Beatrice in 1975, responsible for all grocery, specialty meat and warehouse operations. He was elected vice chairman and president-domestic grocery products, in September, 1977, and in July, 1979, he succeeded James L. Dutt as president and chief operating officer of Beatrice Foods Co. He has served as a director of the company since 1972.

William C. Goggin, former CEO of Dow Corning Corporation and still a member of its board of directors, discussed the management of Dow Corning, which operates with a matrix structure. His talk provided an instructive contrast between the organization and management issues facing a large, single business company as discussed by Henderson, and those confronting a diversified firm, as discussed by Eckrich. In the early 1970s Goggin was an innovator in developing and implementing the corporate-wide multidimensional "matrix" structure for Dow Corning. It consists of three overlaid sets of organizing dimensions and reporting relationships: 1) functional, 2) businesses or product groups, and 3) geographical areas of the world. He discussed the pros and cons of this structure, which is gaining use in many companies, and shared thoughts on the management challenges involved in its use. Goggin, who is a graduate of The University of Michigan, joined the Dow Chemical Company in 1936 as a research engineer and held various positions in research, technical service, development, sales and management. In

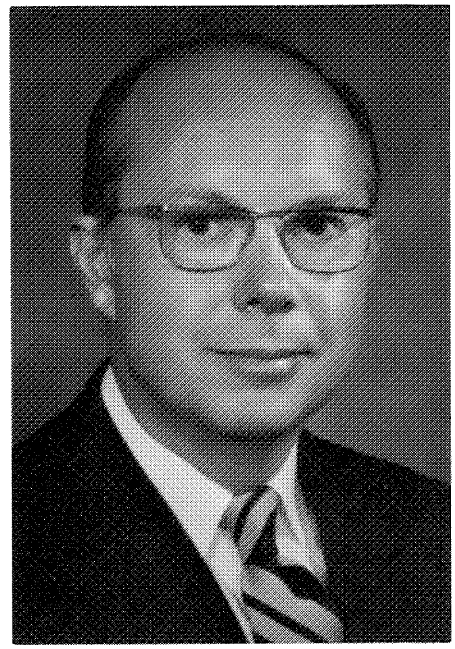
1967, after nine years as general manager of the Plastics Division, he moved to the presidency of Dow Corning Corporation. During his nine year tenure there as president, CEO and chairman, he led the company to a position of global leadership in the field of silicones. Productivity per person was tripled. As a result of his interest in innovative management of complex technology, he has published many articles, co-authored two books and lectured extensively.

Donald Mandich, president and a director of DETROITBANK Corporation, talked to banking students on problems a CEO faces in long range planning for a large commercial bank. He discussed the need to consider regulatory trends, capital adequacy, the product service lines that the bank might offer, and the basis for decisions on what to encourage and what to phase out. Mandich began his career at the DETROITBANK's principal subsidiary, Detroit Bank & Trust, in 1950. He became a bank officer in 1957 and was promoted to assistant vice president in 1961. In 1963 he was appointed to vice president and named manager of International Loans and Relations. He became manager of the International Banking Department in 1967 and was named senior vice president and officer-in-charge of the department in 1969. He was appointed president in 1974. Mandich, who received his MBA with distinction from the U-M Business School, is the author of many articles in the field of international banking and is the editor and one of the authors of a book on foreign exchange trading techniques and controls published by the American Bankers Association in 1976.

Dean Kaylor, executive vice president of National Bank of Detroit, spoke to a class on commercial banking. He focused on the bond and money market asset portfolios of a bank and related them to the source of funds of the bank. In other words, he discussed asset-liability policy planning, and spread management, including an assessment of the risks involved when banks acquire funds at maturities and rates that differ from the maturities and rates at which the bank is lending the funds out. As executive vice president, Kaylor has responsibility for the direction of National Bank of Detroit's administrative services, bank investment, comptroller's and general services divisions. Before being elected to his present position January 1, 1979, he was senior vice president and officer-in-charge of NBD's bank investment division. Kaylor serves on the board of directors of the International Bank of Detroit and the NBD Mortgage Company. He is chairman of NBD's operating policy committee and also serves as an advisory member of the government borrowing committee of the American Bankers Association.

Jack W. Reynolds, senior vice president for personnel and public affairs at Consumers Power Company, which provides gas and electric service to approximately half the state of Michigan. He spoke to students on the process of effectively implementing a large scale, corporate-wide reorganization. In 1975 Consumers Power Company underwent a major strategic and organizational change in which Reynolds played a key role. The changes reflected the rapid shifts in the public utility environment in the mid-1970s, and provided a case study of the linkages among the business environment, strategic, and organizational changes. Indeed, the written case study has been used for several years in the Business School's Public Utility Executive Program. Reynolds joined Consumers Power Company as vice president of personnel in 1975 after a 28 year career with B. F. Goodrich Company, during which time he had served as director of industrial relations, director of union relations and director of organization development. He was appointed to his present position of senior vice president of Consumers Power Company in 1978.

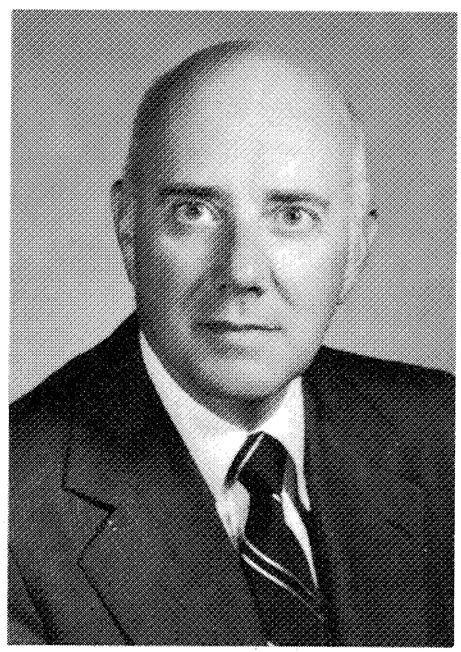
Donald Mandich, president and a director of DETROITBANK Corporation.



John R. Taylor, executive vice president and chief actuary of Bankers Life Insurance Company.

William Agee, chairman and CEO of Bendix Corporation, chats with Business School students over an informal "brown bag" lunch.

Jack W. Reynolds, senior vice president for personnel and public affairs at Consumers Power Company.



Dean Kaylor, executive vice president of National Bank of Detroit.

John R. Taylor, executive vice president and chief actuary of Bankers Life Insurance Company, who spent two days here as the 1979 Actuary-in-Residence. Taylor met with several classes and had informal discussions with finance and marketing faculty and students. Taylor also gave a talk on "Life Insurance for the 1980s—Threats and Opportunities," in which he discussed issues he believes will be important during the 1980s in the insurance business. It was Bankers Life Company that introduced the "adjustable life" insurance that allows its owner to increase or decrease the amount of a policy, change its period of coverage, and raise or lower its premium by switching between term and ordinary life insurance. After his talk, Taylor answered questions on a wide variety of aspects of the insurance business, including the impact of the changing demographics that the industry will face in the 1980s. Taylor, who was awarded a master's degree from The University of Michigan in 1951, joined Bankers Life the same year. From 1952 to 1959 he worked in the group pension operation, and from 1960 to 1966 he worked on a variety of research and development projects. In 1966 he was placed in charge of agency services, and in 1968 assumed overall responsibility for individual insurance underwriting and policy-owner services. In 1970 he became head of long range corporate planning, and he was elected to his present post of executive vice president and member of the company's board of directors in 1973.

NO SURPRISES

A Dialogue Between Students and W. Paul Tippett, President and Chief Operating Officer, American Motors Corporation

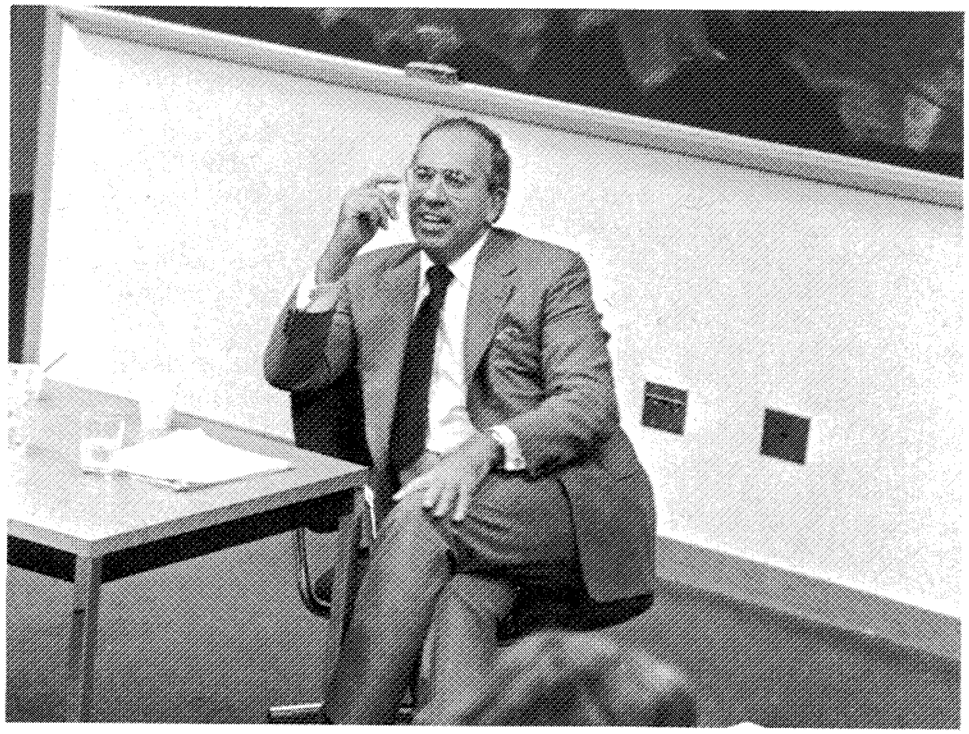
Editor's Note: The executive-in-residence program at the Business School is designed to bring high level executives into the School for a single class day. They are invited to participate in several classes, as well as to attend a small number of informal gatherings to allow for interaction with students and faculty both inside and outside the classroom. When Paul Tippett visited a class in industrial relations as an executive-in-residence during the fall term, students had prepared a list of questions they hoped he would talk about. What follows are excerpts from the discussion that day. Tippett, who joined American Motors Corporation in 1978 as president, chief operating officer and member of the board of directors, entered the automotive industry in 1964 with Ford Motor Company's Autolite Division. He held various marketing positions with the Ford and Lincoln-Mercury divisions of the company. In 1972 he was named vice president of product and marketing for Philco-Ford Corporation in Philadelphia, and in 1973 was appointed director of sales and marketing for Ford of Europe, Inc. In 1975, Tippett left Ford to join the STP Corporation in Fort Lauderdale, Florida, as executive vice president. He was elected STP's president and a member of its board of directors in 1976. Later, he was elected executive vice president and a corporate director of the Singer Company. He also was president of Singer's Sewing Products Group before moving to American Motors Corporation.

Q. *What is the role of the CEO in relationship to lower levels of management and the workers?*

A. Obviously we could talk about that for hours, but there are three areas I consider critical. I think they get less visibility than they should. The first job of the president (or the chairman) of a company is to make sure everyone in the organization understands the strategy. That sounds basic, simple, but I can tell you it is hardly ever done in a thorough enough way. Every company, in my judgment, should have a strategy—what it is trying to do, how it is trying to do it, where is it trying to get, where it should be five years from now, and so forth. Clearly the chief executive officer of the company is not in a position to make more than one tenth of one percent of the number of decisions made every day in that company. Now, obviously, somebody down the line is going to be making some decisions that can go one way or another, and if that person understands the strategy of the company, he is more likely to make those decisions consistent with the way the CEO would make them if he were deciding. This whole thing is easier to say than to do, but it is absolutely critical. It takes an immense amount of time, which is why it is often not done well or consistently. It takes a lot of personal contact. It takes a lot of travel, especially in a large organization. And it needs to be done thoroughly. That is one thing I believe the chief executive should spend his time doing.

The second thing a CEO or a president should do is what I would call "training" the people who report to him, and this is difficult at times. It is easier to say "No, Joe, that's an interesting idea, but here are the things wrong with it and we're going to do this instead." That takes about thirty seconds. It is much more difficult to sit there with Joe and ask him, "Well, did you think about this?" or "What effect would this have on our overseas business?" or "Have you checked on what it'll do to the margin if you reduce the price of the product?" In other words, you need to take the time to train people so they understand how to arrive at a better decision next time. At higher levels of the company, I think most officers feel that the people who work for them shouldn't need to be trained, but we *all* need to be trained. This is not the fastest way to get to a decision, but it is absolutely critical if those people are ever going to be qualified to assume more responsibility.

Third, I think the job of the CEO is to establish a personality for the company. What kind of company does he or she want it to be? That's important for the outside as well as the inside. One of the questions you have asked on this sheet is, "Is office politics necessary for personal advancement?" My answer would be that it depends on the company. In some companies, yes it is—but that tone, that atmosphere, that environment, that milieu—whatever you want to call it—is established by the person who runs the company. If he makes it clear that's the way this company's going to be run—then, yes, office politics *is* necessary. If he makes it clear by example that's *not* the way the company is going to run—then office politics will not be required. How open do you want your company to be? You put the stamp on that. Do you shoot guys who bring you bad news? Or do you say, "Look. No surprises." By the way, that's a great management precept, I believe. No surprises. I've even had signs made that say "No Surprises." Because, you know, bad news will always happen. You'll always have it. Things don't go well all the time. But the worst thing to do is to be surprised. Someone may keep it to themselves because they think they're going to fix it, and by the time you find out about it, it is beyond fixing. That is a surprise you can't put up with. So if you want open communication channels, you have to work at it. If you don't want it that way (and some people don't), the CEO can communicate that too. Setting the tone for a company is a very, very important role. Ford Motor Company is a different kind of company compared to GM because of Henry Ford's personality. No question about it. IT & T was a certain kind of company when Harold Geneen was there. I don't know if he deliberately set out to establish a tone of voice, but it was certainly created whether he liked it or not.



"How open do you want your company to be? You put the stamp on that. Do you shoot guys who bring you bad news? Or do you say 'Look, no surprises.' Bad news will always happen. Things don't go well all the time. But the worst thing to do is to be surprised."

Q. *Could you give us an idea about how you yourself communicate goal strategy to your employees—to the lower levels of management?*

A. Obviously you start with the people who report to you. If they don't understand, nobody else is going to understand. So I hold monthly staff meetings, to which all the officers of the company are invited. We go over the profits, losses, inventory positions—all the mundane operating issues are brought forth for the prior month, and we talk about them in terms of what our overall strategy is. So first you must take the time to make sure everybody understands what's broadly happening in the business, even though it may not be directly in their purview. Then you should make sure that *they* do the same thing with *their* people. So you say to the marketing manager, or the VP of marketing, "Do you have a monthly staff meeting?" "No." "Why not?" You talk it through and try to communicate to them the importance of this strategy.

Another aspect of keeping people informed is that you have to get on the road. The people who are least likely to understand what you are doing are the people physically separated from you. So you have to get on your horse frequently—go out and talk to them and say, "Here is what we are trying to do, and here is what we want *you* to do. Here is your role in it." That takes time. You need to go to the plants. In many, many companies, the union thinks the employees work for *them*. *Our* workers—many union leaders say that —*our* workers. I say, "Wait a minute. These people don't work for you, they work for AMC." So we want these people to know they are part of the team. Just because we occasionally have an adversary relationship with the union does not mean the workers have an adversary relationship with the management as employees of the company. So you go out at new car announcement time (which I did for all of our plants), and put on a two hour introduction show for our employees, saying, "Here are the new cars, here's why we designed them this way, here are the key areas where you can contribute, here are the quality problems we have on this kind of design, here's how many we hope to sell. If we do sell this many, here's how much the company's going to make. Here is what that means in terms of new jobs, advancement opportunities for you and so forth."

Everybody understands I think—I *hope*—that if a guy who's a foreman in one of our plants thinks something is going wrong with the plant, and he's talked to his boss and nothing happens, that something *can* be done about it. I've had guys get in their cars and drive from Toledo to Southfield, and sit in the lobby in their overalls waiting to see me. The last one ran an elevator that kept stalling between floors. He finally got tired of waiting to get it fixed, so he said, "I'm going to *do* something." He locked up the office, got in his car and drove to Detroit. We got the elevator fixed. People need to feel that if they've got a problem they've got somebody to talk to. They, therefore, are willing to listen when *you* say, "Now let me tell you about *my* problem. The quality at Toledo was down last week," or whatever. It's nothing magic. It just takes a lot of time.

By the way, if you believe in this kind of strategy, I would urge you to get training in public speaking and communication. Public speaking and communication are undervalued assets in most business schools and in most schools, period. I think the training people get in that, and their ability therefore to ultimately operate as head of a large concern where you've got to project yourself is way underestimated. If I were going to advise someone—given that we're all trained well technically—I would advise them to spend a lot more time on public speaking courses or seeking out opportunities to improve whatever public speaking skills they have. And writing skills as well. But more important, from a CEO's point of view, public speaking.

Q. *What do you think about having representatives of labor unions on company boards of directors?*

A. I believe the Board should represent the total enterprise or the stockholders. And it's the only group that really does represent the stockholders in the ultimate sense. As soon as you start putting people on that board who are beholden, or who are interested in a specific interest group, you have a bunch of people with disparate interests who have no way to come together for the best interests of the whole. And in my view, that job—of coming together for the best interests of the whole—is the job of the Board of Directors.

Q. *You said you thought communications were underplayed in business schools. I am curious about what other things you think the MBA should emphasize in regard to education?*

A. I believe in the liberal arts. Therefore I think a businessman should have a liberal arts background first, and then on top of that should learn the technical requirements for operating in a specific area. If you do not have that background, I would suggest reading as much as you can on *non*-business issues—to get a non-business view of what is going on in the world. Another thing I would recommend is sensitivity training. One thing I am guilty of is not letting people tell the whole story. For instance, a plant manager might come in and say, "Have I got a problem with the plant," and he outlines the problem. And then I'll say, "O.K., what are we going to do about it?" And then he says, "Wait a minute, I want to tell you how awful it was." I know I'm guilty of saying, "Yeh, I understand, I get the picture, you don't have to paint it for me fully." But he *wants* to paint it fully—this guy's been suffering with this problem and he wants to tell you about it. So you have to learn to listen. The temptation may be to short circuit them because you get the point quickly, but they want to tell you the details, and it's important to listen to them.

Q. *Will you identify any specific management problems that always have to be dealt with?*

A. There are always issues in a business between differing disciplines. For instance, the quality control manager vs. the manufacturing manager. Quality control wants everything to be 100%. Manufacturing wants to make the budget work. Another inherent conflict is what I call management people vs. timing people. We have a very sophisticated timing system. If you don't make a decision on this subject until this date, you are not going to get the thing out of the end of the tube until this date. But management gets paid to be impatient. So there's a natural conflict between the management people who want to make it happen tomorrow and the timing people who want it done in a classical timing way with no short cuts whatever. There's just *thousands* of conflicts like that, and some of them are very difficult to resolve amicably between people. But that is a thing that can be learned and worked on.

Q. *If you could relive the 70s, how would you change your management strategies?*

A. Ultimately, you've got to level with the people. If things are bad, you need to tell them so. If you say, "It's tough, folks, and we gotta do these ten things," they'll do them. But first they have to understand what is going on. What we're doing now is developing a balance in the company. The company in the early 70s was dependent on the automobile business in the U.S., period. When that business went down, the company went down. When that business went up, the company went up. We've worked hard on developing an international business, because most markets around the world don't go in sync with the U.S.—so if the U.S. is down, it doesn't mean they will be down. The risk is spread over a large number of markets and other kinds of businesses that are non cyclical. To be excessively dependent on the business cycle in the U.S. is what gets you in the soup with a high fixed costs company, as automobile companies always are. That is what we are trying to avoid, and that is what we are trying to communicate as part of our strategy.

Q. *Do you have any suggestions for us MBAs in terms of developing our own career paths?*

A. I think the biggest danger to a career path is getting type cast—don't get type cast as a "packaged goods marketer," or a "car person" or an "accounting type" or a "production type." Everyone who can graduate from this school can *run* something, assuming you want to. The important thing is to develop a broad enough range of experience so that you can operate comfortably as a generalist. So I would advise you to consciously seek different kinds of experience. You could have 20 years' experience or one year's experience 20 times. What you want to avoid is one year's experience 20 times. When I was in the car business (I was with Ford for 13 years) I did not want to be type cast as a car guy, so I volunteered to go to Philco. I wanted to learn a new business. I wanted to go overseas. That is very important. I would urge you to seek out international experience early. Two or three years of international experience is terrific. You learn more than you learn in 10 years anywhere else.

Q. *From an internal company point of view, what do you do to encourage people to move from function to function? I know that there are costs involved—are the costs worth the benefits in terms of developing managers?*

A. There are costs and there are risks. But we have to take the risk if the young manager is going to develop into the kind of total manager we'd like to have ten years from now. One

"As you move up in the organization, the effects of your decisions are substantially more momentous, and, in some respects, your ability to make the right decision is concomitantly reduced because you become increasingly isolated. You're not riding in taxis anymore—you are riding in a company car. You are not flying coach, you are riding the company plane. So you have to have a conscious program to counteract this."

way to hedge your bet is to make sure the person is in a position where he or she is reasonably well supervised, so if in fact the move is not working out, you would know about it very quickly. You would not take someone who had never run anything and send them to Thailand and say "run the company in Thailand." By the time you found out the person was in trouble, you would be in BIG trouble. You have to make sure, as you are trying to give the person different experiences, that they can be supervised for a long enough time to know that it is taking—that the body is not rejecting the transplant. And some you win and some you lose. The ones you win are terrific—the person is a much better individual for it.

Q. *What are you looking for in fast track people? Do you have certain criteria?*

A. It's the results that count. Producers are the ones who should have the opportunity for development. But you need to be sensitive, and make sure your managers are sensitive, to who the producers are. There can be a kind of discrimination that says unless a person is a college graduate, they can only go to a certain level. That is ridiculous. Some people learn more on the street than any of us would learn in college. You have to be flexible enough to recognize that. Results, obviously, are what it's all about.

Q. *How far down in the organization are you in touch? I'm sure you have a very good rapport with your vice-presidents and beyond that with your general managers, but does it go beyond that—to lower levels?*

A. One of the biggest problems management has is that as you move up in the organization, the effects of your decisions are substantially more momentous, and, in some respects, your ability to make the right decision is concomitantly reduced. Because you become increasingly isolated. You're not riding in taxis anymore—you are riding in a company car. You are not flying coach, you are riding the company plane. So you have to have a conscious program to counteract this. Because if you leave the system to its own devices, you won't know what's going on out there to the degree you should. You've got to get out of the office. If you talk to the plant manager, he's going to tell you all the workers in the plant love their work, are very happy with the company, like him a lot—you know, that's what he will tell you. But you better find a way without bruising anybody's ego to talk to some of the people and find out what is really going on. Go to the supervisors' picnic and play softball all day. A guy gets about four beers in him and comes up to you and says, "Listen—I've been wanting to tell you this for a long time . . ." That is when you find out what is *really* going on.

"The biggest danger to a career is getting type cast. What you want to avoid is one year's experience 20 times."

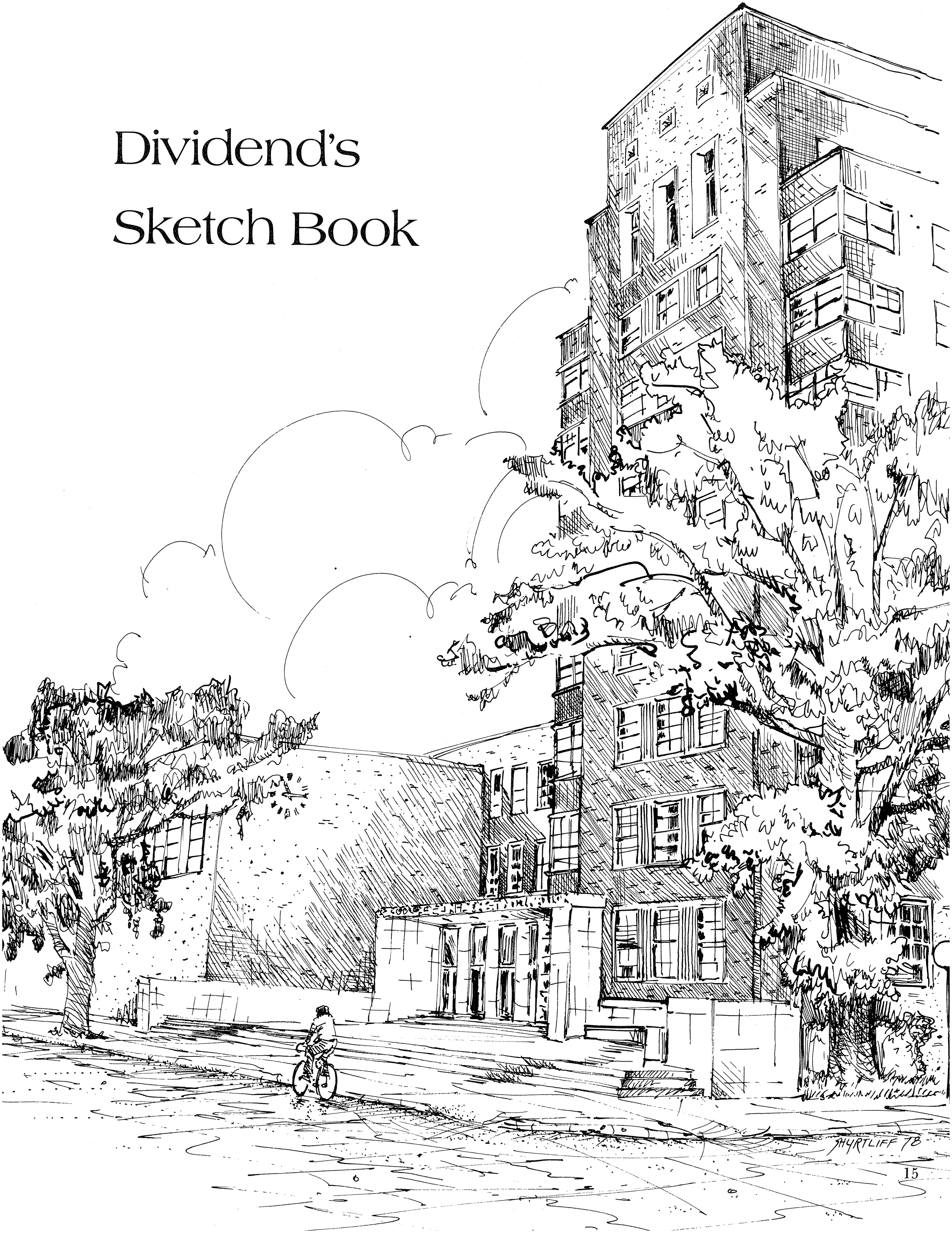
Q. *When you were younger, did you have any idea of the fact that you would end up where you are today?*

A. No, I really didn't. When I started, I wanted to become marketing vice president of a major company. But when I got more experience, I found out that lots of the decisions that were being made I had no control over, but they affected the ultimate success of the project—the financing, or manufacturing, or quality control levels. As you really get results oriented—which I think most of us are—you realize that the only way you can make sure the results are what you want them to be is if you can get everything in your hand. That's how I got started seeking some of these other things out. I wanted to make sure we could get the job done. But there is always someone else who has something that you have no control over, until you get to be a general manager or something of that sort.

Q. *How much time do you need to devote to do a job such as yours well?*

A. I have gone through the famous bell shaped curve. I started off saying "you gotta keep things in perspective. The job isn't everything." Then I got caught up in the job. You become more single minded than you should. You become less of an individual than you should. Then I tapered off and said to myself, "Hey, look, if I put in those extra two hours at night when I'm tired, they're probably not going to make that much of a difference in the infinite scheme of things. Go home and see your wife and kids, or go to the ball game or the concert or whatever." As you are progressing, it's an individual matter to see what's important to you. There is no question about the fact that if you work 16 hours a day 6 days a week you are likely to make faster progress than if you work 9 hours a day 5 days a week. We had a guy at the office some years ago—he would literally work all night. I would come in in the morning and he would be at his desk asleep. He had a wife and kids and I would say he was crazy to work that much, but he was an ambitious fellow. He progressed rapidly. That was important to him. You have to assign to yourself what is important to you. Is a slightly slower rate of rise justified if your life style is more rewarding and fulfilling? That is a decision only you can make. I think it's crazy to see people who have no other interests but business. After all we are not brain surgeons, we are not saving lives, we are only out selling cars or whatever. I can see where a brain surgeon might feel compelled to save lives 24 hours a day and feel rewarded. I'm not sure that most business men or women are in that category.

Dividend's Sketch Book



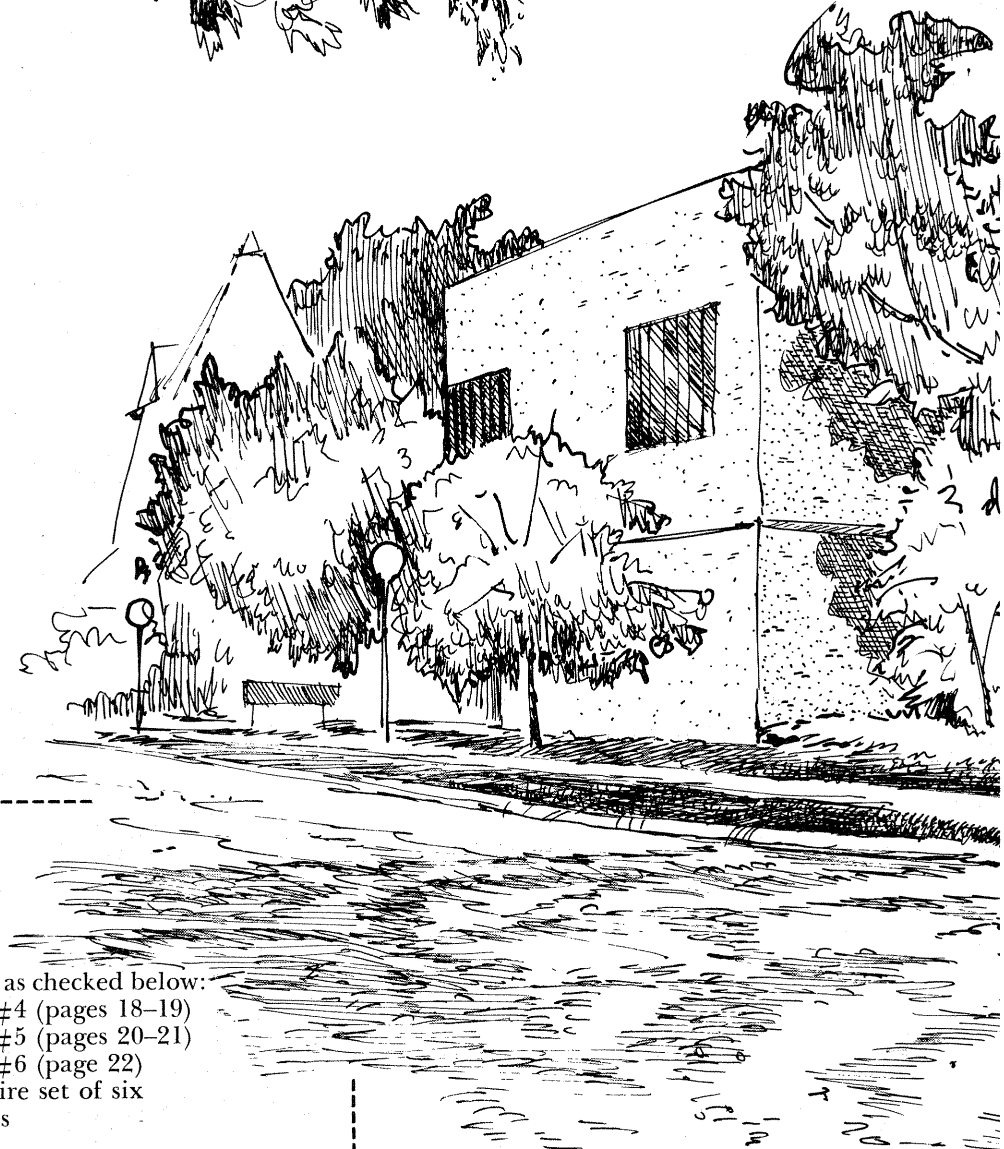
In these pages, we bring you a series of sensitively drawn pen and ink sketches of the business school buildings, both new and old, and their surroundings, including the inviting courtyard created by the developing business school quadrangle.

Each of these drawings is available printed on heavy paper suitable for framing, and would make an imaginative and beautiful gift. Proceeds will go to the Business School Fund. To order any of the prints, or an entire set, use coupon below.

The artist is Bill Shurtliff, well known to the Ann Arbor community. Bill was born and raised in Ann Arbor, and his eye became accustomed early to the mixtures of buildings, old and new, and of people that give Ann Arbor its particular flavor. He is able to touch on the nuances and subtleties that make a scene unique.

Bill attended The University of Michigan and graduated from its School of Art in 1976. Since then, he has had a number of exhibitions of his drawings, paintings, and sculptures, throughout southern Michigan. His reputation as a distinguished pen and ink artist was established with his detailed and sensitive drawings of Ann Arbor and the U. of M. campus. He handles his subject with a delicacy of line and a fineness of detail that allows the scene to demonstrate its own beauty, grace and vitality.

To order, fill out the coupon below.



Dividend Sketch Book
Graduate School of Business Administration
The University of Michigan
Ann Arbor, Michigan 48109

Please send me sketches of the business school as checked below:

- ☐ Sketch #1 (Shown on the Dividend cover)
- ☐ Sketch #2 (page 15)
- ☐ Sketch #3 (pages 16–17)
- ☐ Sketch #4 (pages 18–19)
- ☐ Sketch #5 (pages 20–21)
- ☐ Sketch #6 (page 22)
- ☐ The entire set of six sketches

Single sketches are $15.00 apiece ($10.00 of which is tax deductible as provided by law). The complete set of six sketches is $75.00 ($60.00 of which is tax deductible as provided by law).

Name ______________________________

Address ______________________________

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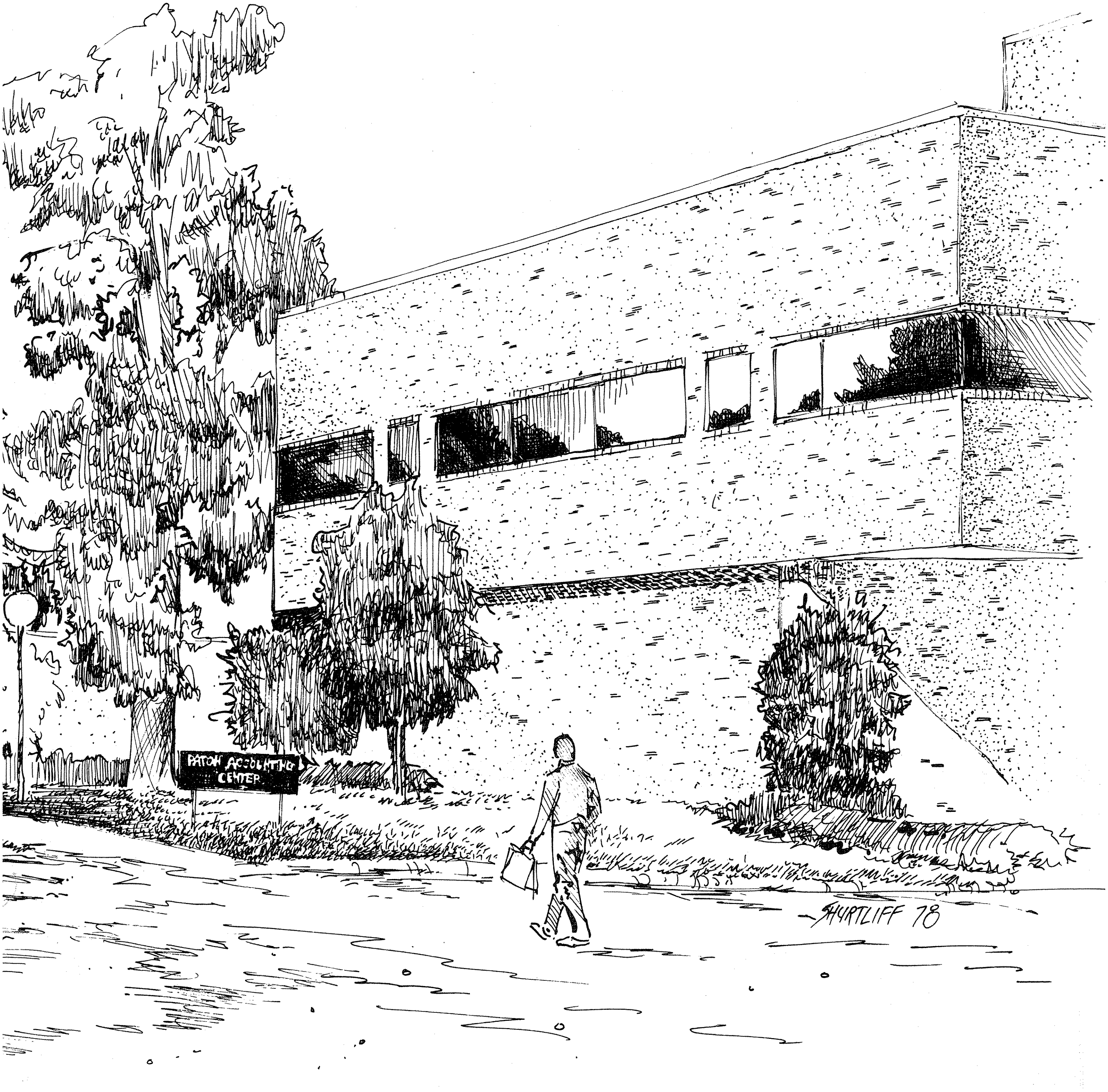
Please make checks payable to **"The Business School Fund."**


PATON ACCOUNTING
CENTER
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BUSINESS ADMINISTRATION
ASSEMBLY HALL
SHURTLIFF '78


SHURTLIFF 78


SHURTLIFF 78

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.

Professor Mautz Receives AICPA's Highest Honor

Robert K. Mautz, director of the Paton Accounting Center and professor of accounting at the Business School, has received the highest award given by the American Institute of Certified Public Accountants. He received the Gold Medal of the 151,000 member organization during the 92nd annual meeting of the AICPA, held recently in New Orleans.

Dr. Mautz, a major contributor to the professional literature on auditing and accounting, has served on the AICPA board of directors as well as on the advisory council of the Financial Accounting Standards Board. In 1978 he was inducted into the Accounting Hall of Fame.

A member of the Comptroller General's Consultants Panel from 1966 to 1977, Mautz received the General Accounting Office's Public Service Award in 1976. He is a past president of the American Accounting Association and former editor of its journal, *The Accounting Review*.

Mautz received his Ph.D. degree in accounting at the University of Illinois. While serving on the Illinois faculty for 24 years he was named Weldon Powell Professor of Accountancy. From 1972 until 1978 he was a partner in the international accounting firm of Ernst & Ernst in Cleveland. He became director of the Paton Accounting Center in January 1979.

In addition to the Gold Medal, Dr. Mautz received a hand-lettered scroll, which reads in part:

"A partial list of his service contributions demonstrates the diversity of his involvements in the technical, educational and policy making activities of the profession. He was a member of the Committee on Auditing Procedure, served both on Council and on the Board of Directors of the Institute, and was a member of the Commission to Study the Common Body of Knowledge for CPAs. He was also a member of the board of trustees of the Accounting Research Association and of the AICPA Foundation. In 1976–77, he chaired the SEC Disclosure Study Special Committee. Interspersed with these many activities, he served on numerous committees of the American Accounting Association and as a member of the Cost Accounting Standards Board."

Upjohn's President Gives 14th Annual McInally Lecture

"Appropriate Science for Marketing" was the title of the 14th annual William K. McInally Memorial Lecture given by Dr. William N. Hubbard, Jr., former dean of the University of Michigan Medical School and currently president of the Upjohn Company. The lecture was given in November at the Business School.

Dr. Hubbard was dean of the U-M Medical School from 1959 to 1970, when he became vice president and general manager of the Upjohn Company's pharmaceutical division. He was named executive vice president in 1972 and president in 1974. He has written and spoken frequently on issues related to medical education, medical ethics, and changing patterns in medicine.

The McInally Lecturer received his undergraduate education at Columbia College and graduated from the New York University College of Medicine, where he served on the medical faculty and became associate dean before joining the U-M faculty.

He has served on many public and governmental agencies and is currently a member of the board of the National Science Foundation and the National Academy of Sciences' Science and Technology for International Development, and is consultant to the director of the National Library of Medicine.

Dr. Hubbard received the New York University Alumni Achievement Award in 1979 and the 1976 annual award of the Society for Health and Human Values. He holds honorary degrees from Hillsdale College, Albany Medical College and Hope College.

The William K. McInally Memorial Lecture is named in memory of a former U-M Regent. Other speakers in the series have included Harvard economist James S. Duesenberry, humorist Richard Armour, and Germany economist Herbert Giersch.

DOR Publishes Books on Risk Control, CPA Firms, and Issues in Advertising

The Division of Research has recently published three books by professors at the Business School. They include:

CPA Firm Viability by Harold E. Arnett, professor of accounting and Paul Danos, associate professor of accounting (168 pages, paper, $6.50). This is a study of major environmental factors affecting certified public accounting firms of various sizes and characteristics.

Data were collected from 50 CPA firms, representing a broad spectrum of sizes, types, and locations in the United States. In-depth interviews with the top management of each firm and operational data form the basis for the analyses and conclusions contained in the work.

In looking at the environment of the accounting function, the authors discuss the effect of size of business units, specialization, regulations, litigation, merger pressures and competition. Other sections take up the conflicts between the professional and business dimensions of the CPA firm as well as specific characteristics such as management style and recruitment, training, and staff retention experiences. The work contains over 100 charts and graphs which summarize the attitudes of respondents and their firms' operating characteristics.

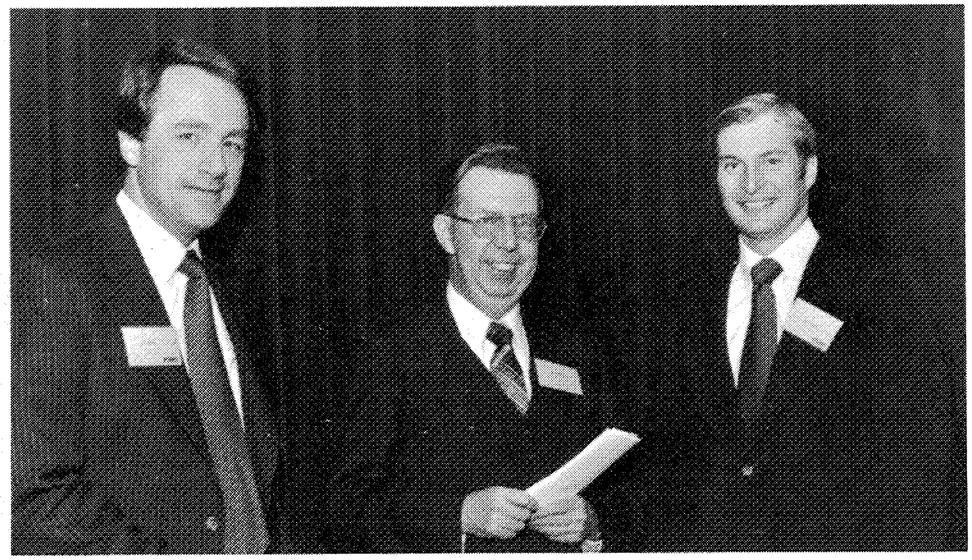
Risk Control in the Overseas Operation of American Corporations by Donald L. MacDonald, professor of insurance (202 pages, $9.50 cloth, $7.50 paper). In this book, MacDonald describes and solves problems encountered by those responsible for handling risks of loss through casualties in 17 countries in which many American corporations operate affiliates.

The book is designed primarily for the use of U.S. corporate officers who oversee the work of specialists in casualty prevention, insurance usage and "self-insuring." It is also intended to be of interest to directors of risk control who work with personnel in foreign affiliates and to persons planning careers in corporate risk control or in international insurance brokerage firms.

Factual material was obtained by the author in conversations with more than 115 risk managers, insurance brokers, lawyers and others, many of whom provided predictions and remedies.

Various chapters deal with trends in the perils of legal liability, theft, physical hazards and aggression, as well as the opportunities and problems in insuring foreign operations against loss.

Current Issues and Research in Advertising, 1979, edited by Claude R. Martin, Jr., professor of marketing, and doctoral student James H. Leigh (188 pages, $5.00). The 1979 edition surveys a variety of issues, including a challenge to children's television research, the perception and use of advertising by architects, and women's attitudes toward sex portrayals in advertising. This publication is an annual offering of the DOR. Submissions for the 1980 edition are currently being reviewed by an editorial board of distinguished national scholars in the field of advertising.



A $25,000 grant for the study of the common body of tax knowledge has been awarded to the Business School by the public accounting firm of Peat, Marwick, Mitchell & Co. Pictured after presenting a check to Associate Dean Donald H. Skadden (center) are, (left) James Rumpsa, regional partner and (right) Robert W. Scharff, partner of the firm. The research will study what tax knowledge is needed by all tax practitioners regardless of individual speciality, as well as focusing on what stage in tax careers people need various types of knowledge.

New Course Offered in Self Assessment and Career Development

The management of careers at different stages, the management of career transitions, and total life cycle concerns were explored in a new, experimental course on self-assessment and career development offered during the fall semester.

Focus of the course was on both individual career development and career development in the human resource planning system of organizations. The design, implementation, and evaluation of career development systems was also covered.

According to Ray Hill, associate professor of industrial relations, who taught the course, there were three major purposes: 1) to raise the students' self awareness in terms of personal career concerns; 2) to technically strengthen the student who wants to specialize in human resource management; and 3) to strengthen any student interested in supervisory responsibilities, since managing employee careers is an important management process.

Private Thoughts About a Private Man

By Ross Wilhelm*
Professor of Business Economics

He was a serious man. Whether he was teaching, writing, researching, traveling, planting Christmas trees, hunting mushrooms, fly fishing, or whatever, the subject was studied, rationally thought through, and addressed seriously. Nothing was treated in a trivial manner. The most striking memory is that of his impact on the faculty. During the 1950's the doctoral students and the faculty gathered each afternoon in the lounge on the ninth floor for a break and coffee. While the conversation might have begun with the latest football game or a current bit of faculty gossip, very soon after Clare arrived the conversation turned to a topic he raised—a serious question to be treated seriously. "Are we imposing so many obligations on the large firms that we cannot afford to permit them to fail? . . ." Can we manage the economy or are we moving to chronic inflation and stagnation?" . . . "How many barriers and how many controls must we impose before we are living in socialism and not capitalism?"

It was the longest, on-going, non-credit seminar in the history of the University. We debated as equals but it was his strong intellect and his dedication to freedom and ideas that kept it alive. The debate was always spirited and he didn't always win nor always try to win. But he taught us. He taught us a view of the world that influenced all of our teaching and work. It made us a School in the classical sense. It was one of the critical elements that helped make the Michigan Business School great and unique.

He always was at his best teaching a small group. His strength was in asking penetrating questions that demanded the student think his way through to understanding—the Socratic method. In his seminars he took us through John Stuart Mill, Hume, Ortega, Schumpeter, Jewkes, Hayek, Walter Lippiman and other greats. We were always seeking to learn what makes a society good and the conditions for freedom and unleashing the creative spirit. While his approach was derived from Freddy Taylor, Marshall, and Bert Ohlin he carried us quickly beyond the conventional limits of economics and far into political philosophy.

Clare E. Griffin, professor emeritus of business economics and dean of the Business School from 1927 to 1943, died November 30th in Ann Arbor. He was 87. Griffin began at the University of Michigan in 1919 as an associate professor of commerce and industry and by 1925 was professor of marketing. He retired from the University in June, 1961, and after retirement traveled, wrote, and did consulting work. In tribute to his years of devoted service to the University, a chair at the Business School has been established in his name.

His style of teaching did not lend itself to the large classes he taught in the Architecture School Auditorium. He was forced to lecture and often students didn't come to realize the value of the ideas they had learned until years after they had left school. We who took the seminars were more fortunate.

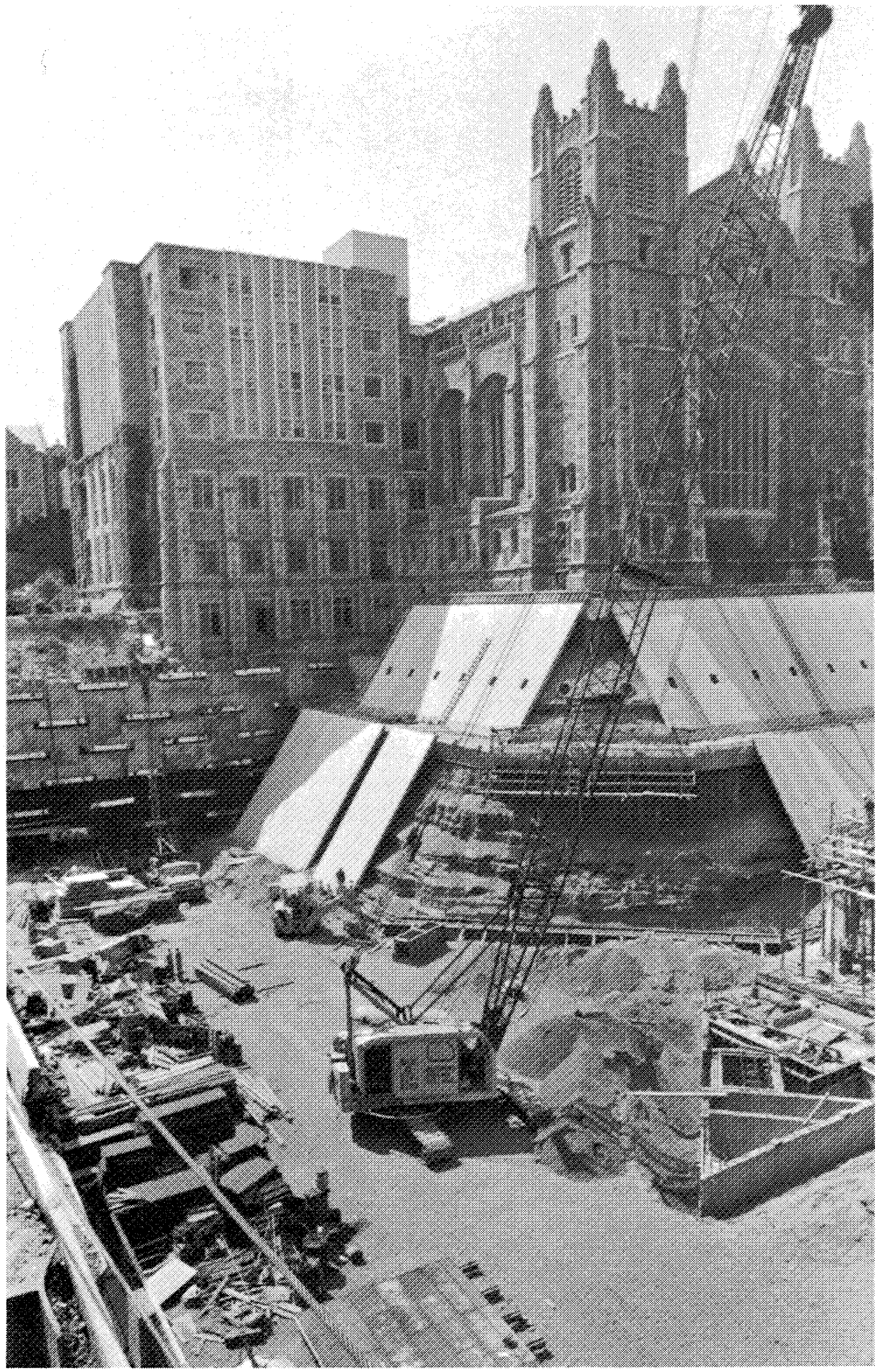
In a very real sense the ideas and questions he worked on are not considered in Business Schools nor Economics Departments today. Positivism, even though discredited and fading, dominates economic and business scholarship and there is little place for philosophical or metaphysical questions in the scheme of things. It is difficult to think of a refereed journal in which Clare Griffin could publish today. His passing emphasizes the poverty of our lives as well as the loss we have suffered.

He was a private man. He didn't believe in burdening his friends with his personal troubles. Yet we all were a part of Florence and Clare's life just as they were a part of ours . . . gathering at the lake each fall with our children to cut our Christmas trees . . . the gracious and delightful dinners and evenings together . . . slides from the latest trip abroad that served as a vehicle for discussing the culture, art, architecture, economy and history of the people . . . Beethoven, Mozart, and other music that was not for just listening, but rather was for analysis and expanding our understanding of the piece and the period from which it came.

He showed us the path to becoming whole individuals and Renaissance men as he was. He is woven into the fabric of our lives.

* *With the thoughts and feelings of Paul McCracken, Maynard Phelps and many others.*

How to Get a Crane



Here is the hero (heroine?) of this story—the crane at the bottom of the giant pit destined to become the expansion of the law library. Students had several highly ingenious suggestions on how to get the crane out of the hole once it was no longer needed down there.

Those of us who live and work around the Business School have become used to the idea that the Law School is bordered on its east side by an enormous hole in the ground, which gets bigger and bigger as the days go by. Eventually, we know, this hole will metamorphose into the expansion of the law library. The idea of building this expansion underground, we all understand, is to preserve the beauty and integrity of the Law School's present architecture.

We have also become used to seeing several cranes around this hole in the ground, but our favorite crane was the one sitting at the bottom of the giant pit. How, we wondered, would it ever get *out* of the pit once it was no longer needed down there?

Law students, it turns out, also had their eyes on this particular crane, and also were asking themselves the same question. So, in a spirit of helpfulness, *Res Gestae* (the student newspaper of the Law School) held a contest to help the construction people figure out how to get the crane out of the hole. Here are some of the ingenious entries in the contest, along with the prizewinning idea:

—Give the crane two days with a beginning swimming manual, and then fill the pit with water.

—Put springs under it and bounce it out.

—Melt it down and siphon it out.

—Attach pontoons. Fill the pit with water and float it out.

—Equip the crane with a rotary screw, point it in the direction of China and rev the engine. Send along a Mandarin-speaking torts professor to deal with problems on the other side.

—Paint the crane cab green. Put the Law Review offices in it. For most people, it will thus be out of mind and therefore out of sight.

—Be patient. As Lake Michigan recedes, a gradual rising of the land should push the crane out of the pit within the next 50,000 to 100,000 years. Removal of the crane and opening-day ceremonies at the library should thus coincide.

—In eight easy steps: 1) Law School alumni corner market on flagstones of the type damaged by construction. 2) Kauper and Cooper defend any antitrust actions brought against the alumni. 3) Alumni raise price of flagstone so high that construction company cannot possibly afford to purchase them. 4) Ann Arbor Bank advances construction company money to purchase flagstones, taking a security interest in all equipment and assets except the crane. 5) On eve of bankruptcy, bank takes a further security interest in the crane for the antecedent debt. 6) Construction company files for bankruptcy. 7) Trustee in bankruptcy voids bank's interest in the crane as a fraudulent transfer. 8) Crane is now trustee's problem.

—In two easy steps: 1) Remove crane arm, 2) Leave engine and casing in new library and use as a large, mobile space heater.

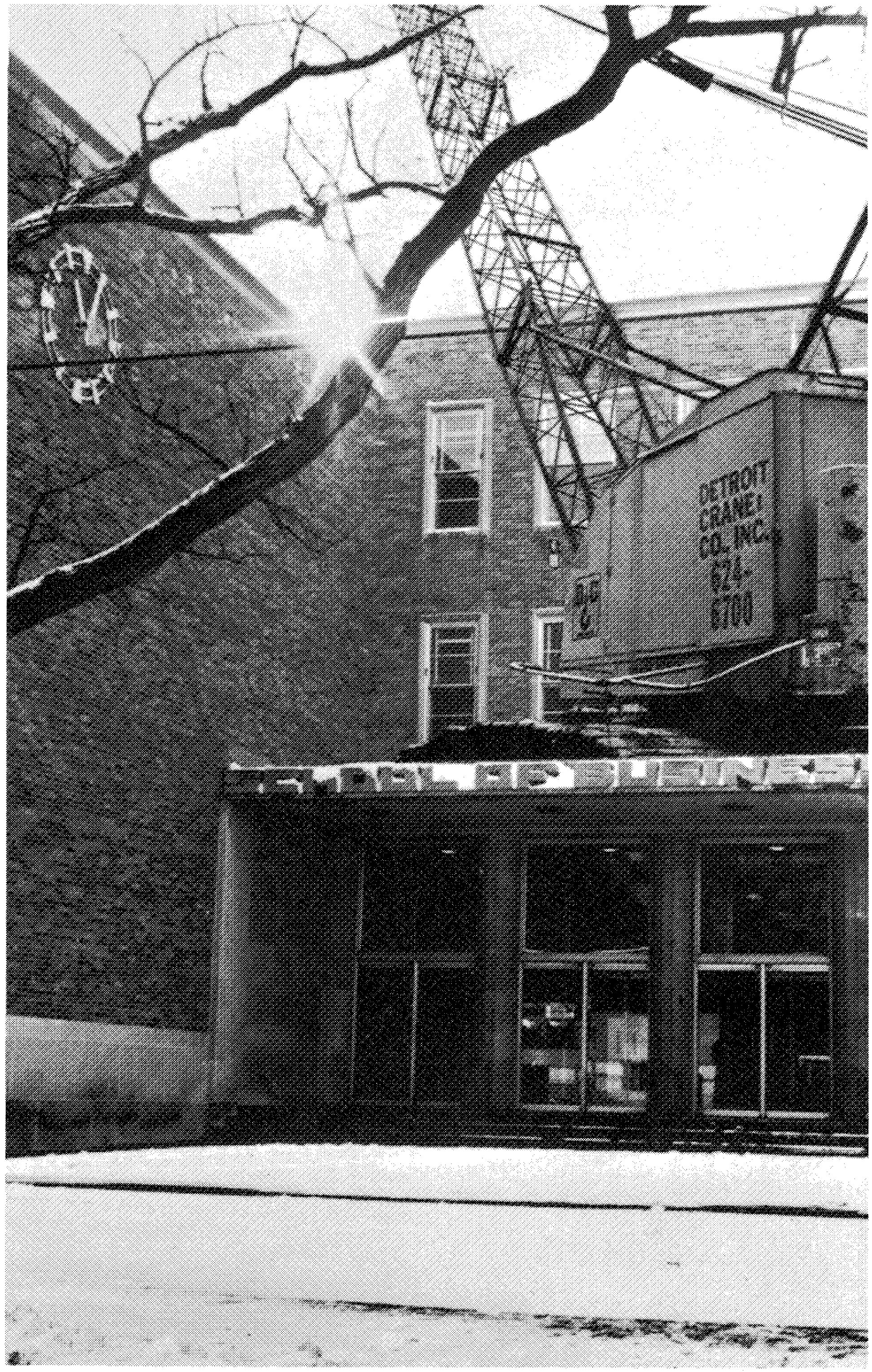
—Attach a hot air balloon to the crane. Place all law school students underneath and start them talking. The hot air generated should cause it to waft gently out of the hole.

Peter Zeitler's winning entry went thus: "The best way to get the crane out is with another crane. Let's face it, that crane has been down there by itself a long, long time. If they bring in a female crane, dress her up, put perfume on her and parade her by the pit that crane will be out in no time. If it's a female crane down there the solution is the same, just reverse it. If this doesn't get the crane out, then it's dead and they may as well just bury it down there."

The runner-up entry, by Peter Jourdan, Peter Manbeck, Russ Rua and Charles Schumaker was to "Pretend the crane is like a teaspoon. Build a fulcrum under the outstretched arm. Drop a five-ton truck on the end of the rigid member. The crane will rise out of the hole, flip once, and land on the Business School."

The actual solution to the problem of getting the crane out of the hole was, we are sorry to report, far less imaginative than any of the ones listed above. The problem was solved by calling in a consultant crane—one at least three times larger than the little guy trapped in the hole—and said huge crane then lifted little crane out of its predicament. Case dismissed.

Out of a Hole



"The crane will rise out of the hole, flip once, and land on the Business School." Now, how about a contest to help us figure out how to get the crane off of the Business School roof?

Class Notes

'44 Sylvia Glickman, BBA '44, JD '64, writes that she has two professions, law and education. Besides being an attorney, she also works in media services and affirmative action for the Franklin Township Board of Education in Somerset, New Jersey. She says the career she likes best of all is "being a grandmother."

'53 Thomas R. Ricketts, BBA '53, JD '56, is president, chief administrative officer, and a director of Standard Federal Savings in Troy, Michigan. He has also found time for much public service work. He was a director of the Detroit United Foundation and of New Detroit, Inc. in 1978–79; served as chairman of New Detroit, Inc. in 1979 and was a member of the New Detroit, Inc. Housing Committee in 1978–79. He is a member of the Economic Club of Detroit and of the Detroit Real Estate Board, and a trustee of Olivet College.

'57 Charles M. Smillie III, BBA '57, was elected president of C. M. Smillie Co. in 1977. Since that time, sales have increased 50%, and he has formed a new commodity trading company utilizing technical computer graphics analysis. His son, a sophomore at U-M, plans to attend the GSBA.

Earl Sunderhaus, MBA '57, is a practicing ophthalmologist in Asheville, N.C. After completing his MBA, he went to Ohio State Medical School, and then returned to Ann Arbor for training in ophthalmology. Married and the father of four daughters and a son, he issues this invitation with true southern hospitality. "Ya all come see us! Jimmy lives further south!"

'58 Stephen H. Fast, MBA '58, is currently vice president for trust investments at the Bank of America in Pacific Palisades, California. Since graduation from U-M, he has pursued a career in banking, starting as a commercial bank trainee at the First National Bank, Kalamazoo, Mich. He moved to Chicago in 1961 to concentrate in the area of investment counseling. Fast's next career change took him to California, and eventually to his present job where he now has responsibility for a staff of 21, including 13 professional portfolio managers.

'59 Robert G. Cope, BBA '59, is an associate professor of management in higher education at the University of Washington. He writes, "After completing the BBA, I decided I was more interested in the management problems of the public sector, so I went on to complete the doctorate with the Center for the Study of Higher Education, taking along the way many more graduate level classes in the business school. My most recent book is *Strategic Policy Planning: A Guide for College and University Administrators.* Professor LaRue Hosmer (of the Michigan business school) and I have the only two books applying the concept of strategic planning to higher educational institutions. When I am not teaching, I am consulting from the U.S. to Australia, on management development in both the private and public sectors."

William A. Hockenberger, BBA '59, writes, "After ten years in banking with Mellon Bank of Pittsburgh, Pa. and the National Bank & Trust Co. of Ann Arbor, I have spent the past eight years in management consulting, specializing in work with financial institutions and government." He is now manager of Management Advisory Services at Deloitte Haskins and Sells in Denver, Co. He is listed in *Who's Who in Business and Industry in the Midwest,* and is the author of articles in *Cash Management, MBO,* and *The Community Bank.*

'64 Bruce Beda, BBA, MBA '64, joined the staff of Wehr Corporation, Milwaukee, Wi., in May, 1979, as chief financial officer and secretary-treasurer. Prior to this, Beda was with Kimberly Clark Corporation as the assistant treasurer responsible for the domestic treasury function.

James H. Andrews, BBA '64, was elected to partnership in Ernst and Whinney, Saginaw, Mi., in Oct., 1979. He joined the firm's Detroit office in 1964 and was promoted to manager in 1971. Andrews is married, the father of two children and active in a number of professional and civic organizations.

'66 Joseph C. McCarty, MBA '66, was recently promoted to corporate insurance manager at the Acme-Cleveland Corp., Cleveland, Oh. McCarty spent the previous 5½ years in various financial management capacities for LaSalle Machine Tool Inc., a division of Acme-Cleveland, and prior to that was on the audit staff for Coopers & Lybrand in Detroit.

'68 Jeffrey P. Jorrissen, MBA '68, was admitted to partnership in Coopers & Lybrand, Detroit, Mi., in Oct., 1979.

Richard L. Pyle, MBA '68, a member of the faculty at the University of Massachusetts, Boston, Mass., is teaching environmental analysis, policy and strategy, and general management. He writes, "Following four years in production management with Procter & Gamble, and four more as vice president and general manager of AMG Industries, Inc., I've taken four years to complete a doctorate in business administration at the University of Massachusetts in the field of Policy/Strategy." In addition to teaching, he performs consulting for companies on the managerial dimension of fitness programs, and has published articles on the issue of corporate fitness *(Human Resources Management,* Fall '79). Pyle is president of the Comprehensive Health Institute, a group of health professionals whose aim is to provide comprehensive health screening and education services.

ARTHUR L. SCHWARTZ, JR., BBA '67, MBA '68, is an associate professor of finance and property management at California Polytechnic State University, San Luis Obispo, Calif. Schwartz received his Ph.D. in finance at the University of Oregon in 1975 and is a licensed California real estate broker and investment consultant. His articles have appeared in the *Michigan Business Review, Journal of Finance, Journal of Financial and Quantitative Analysis, Real Estate Appraiser and Analyst* and *Real Estate Today.*

'70 FRANCES B. ROHLMAN, BBA '70, is a staff attorney conducting securities work for Detroit Edison, Detroit, Mi.

'73 THOMAS BOODT, BBA '73, is an insurance agent with Northwestern Mutual Life, Kalamazoo, Mich. Boodt started with Northwestern following graduation and is completing the Chartered Life Underwriter program. He is a member of the Million Dollar Round Table.

'74 HOWARD COOPER, MBA '74, is manager of marketing planning at Jacobsen Manufacturing Company, Racine, Wis. He and his wife Ellen, became the parents of a daughter, Stacie Michelle, on July 29, 1979.

WILLIAM E. MURRAY, JR., MBA '74, was named managing vice president of Anistics, a subsidiary of Alexander and Alexander, Palo Alto, Calif. in Dec., 1979. Most recently, he was vice president and senior consultant with the Palo Alto office. Murray joined Anistics, A&A's risk management sciences and financial planning arm, in 1976 as a senior consultant with the company's New York office, and later that year, assumed consulting responsibilities at the firm's Denver office. He is a member of the Association for Computing Machinery, the Institute for Management Science, the American Statistical Association, and the American Risk and Insurance Association.

'75 DOUGLAS JEAN, MBA '75, writes, "After graduation from U-M, I spent four years with Xerox Corporation in Rochester, New York in financial and business planning and analysis. In the spring of 1979, I joined Texas Instruments in Houston, Texas as financial planning manager in the Semiconductor Group." Jean was recently in Ann Arbor recruiting 1980 MBA graduates for Texas Instruments.

'76 MICHAEL P. SORANNO, BBA '70, MBA '76, is a product manager with Michigan Bell in Detroit. He is currently in a market research role responsible for the "Neighborhood Directory" program, focusing on the introduction of community-oriented telephone directories. Soranno writes, "I am involved in all phases of the product introduction—from market and demographic analysis, to production, to cover design, to follow-up surveys and customer reaction. I am also involved in determining the scope or coverage areas of the total directory program in Michigan."

R. GARY DOLENGA, MBA '76, is president and managing director of his own firm, Professional Rehabilitation Associates, Southfield, Mich., providing rehabilitation services to disabled workers and auto accident victims. He began in private professional rehabilitation in July, 1975 and received an MA in this field in 1978 at Wisconsin State University. Completing his first year of self employment, Dolenga writes, "This blend of business and human services provides a very rewarding and satisfying human service occupation."

ROBERT T. MCDONOUGH, BBA '74, MBA '76, an international tax planning specialist with The Upjohn Co., Kalamazoo, Mi., was recently elected Mayor of Three Rivers, Michigan.

LAWRENCE J. GRAJEWSKI, MBA '76, was appointed manager in the firm of Ernst and Whinney in Dec., 1979. He joined the Detroit staff in 1978 after spending two years with the national office in Cleveland. Married and the father of one daughter, Grajewski is a member of numerous professional and civic organizations.

'77 JIMMIE EMERSON, MBA '77, writes, "I am presently teaching economics and accounting at the U.S. Naval Academy. I have been here since July, 1979 and was recently selected for promotion to Lieutenant Commander in the U.S. Navy. Upon receiving my MBA, I served as supply officer of the U.S.S. Paul F. Foster, a destroyer homeported in San Diego, Calif. for two years." Emerson was on active duty while attending U-M.

JAY COURAGE, MBA '77, recently transferred from the Chicago to the San Francisco office of Booz, Allen & Hamilton, where he is a consultant conducting marketing and strategic planning studies in a variety of industries.

LARRY FRISKE, MBA '77, is a bond analyst in the investment division of American Family Insurance Group, Madison, Wi. He is also acting as portfolio manager for American Life Insurance Co.

'78 RICHARD C. WIELAND, MBA '78, is a marketing planning analyst with Manufacturing Data Systems, Inc. in Ann Arbor. In his spare time he teaches business policy in the management department of Eastern Michigan University.

STEVEN LAGRECA, BBA '78, currently a cost and pricing analyst at Rockwell International, Troy, Mich. writes us, "I have taken charge of 'out of production' pricing for the three major product lines handled by the service parts division. After being commissioned to study the nature and composition of throughput problems in the pricing department, I was given complete responsibility for designing a more efficient system. To this end, I have learned Fortran and developed a package of programs designed to improve tracking of customer requests and automatically compute the product prices based on

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a combination of competitive factors." Lagreca's plans for the future include graduate school.

Bradford Adams, MBA '78, is with Northern Trust Co. in Chicago serving as a money market assistant.

'79 John R. Gentile, BBA '79, a credit analyst in the commercial loan department, Ann Arbor Bank and Trust, Ann Arbor, Mi., is involved briefly with services to small businesses and with management trainee orientation. His plans for the future anticipate further progress toward the commercial lending area and additional involvement in bank policy committees on marketing and personnel.

Eric G. Johnson, MBA '79, tells us that he is currently working as a financial analyst in the federal systems division at IBM, Owego, N.Y.

Ph.D. Notes

H. Michael Hayes, Ph.D. '77, resigned from the faculty of the Anderson Schools of Management at the University of New Mexico to rejoin General Electric Co., and was appointed manager of the executive education operation in 1979. He says, "The college teaching was great, and the students paid me the high honor of voting me 'Outstanding Professor of the Year' in 1978–79. This management education job has many challenges, and promises to be exciting. It's good to see the many Michigan MBAs who have joined General Electric. They're doing a grand job!"

Louis W. Petro, MBA '68, Ph.D. '74, was recently appointed dean of the School of Business and Industrial Management, Lawrence Institute of Technology, Southfield, Mich. Prior to this, he was a management advisory services manager for Alexander Grant & Co. in Chicago. He has just submitted a chapter on material costs for the third edition of the *Accountants Cost Handbook* to be published by John Wiley and Sons, Inc.

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The Dollar (Almost) Nobody Likes

Continued from page 3

for a minute at the coin until he recognized it as an Anthony dollar. "It's that damned funny money," he said, "The government has to be crazy to do this."

Concern over the confusion of the $1 coin with the quarter was also shown by small retailers and fast food merchants, who said they spend considerable time counting and verifying cash and that this was, in general, a responsibility of management. They felt that the counting and verifying of coin was not as easy as the counting and verifying of paper money, even apart from the difficulties that might be introduced by the possible confusion of the $1 coin with the quarter.

In addition, retailers reported that the current configuration of their cash drawers did not allow for the addition of a $1 coin, particularly when you consider their need to find room in their cash drawers for food tokens and/or script.

Another problem indentified in the focus group interviews with large merchants (such as supermarkets and chain drug stores), was simply the problem of space. Coins take up more room than paper. Did you know that the average intake within one hour in one check-out line of a major supermarket is between $1,700 and $2,000? That could be a lot of coin to store in a drawer. And that's not the only space problem. Large merchants, it turns out, have very limited vault space, when you consider that they have to store not only cash and coin, but also lottery tickets, food stamps, money orders, and other miscellaneous items. If you put $3,500 in $1 coins next to $3,500 in one dollar bills, the coins take up much more room. Even $1,750 worth of $1 coins proved to be too much for the vault storage space of some 350 supermarkets.

Although retailers understood that the government would save money by the introduction of a $1 coin, they believed the coin would add costs for them, and that only a portion of that added cost could be passed along to the customer. Thus they felt they were being asked to underwrite the costs of the $1 coin. When asked to consider the tradeoff between an increase in their costs versus an increase in cost to the government in adding to its printing capacity to meet the demand for $1 note, they voted for the latter, on the rationale that any increase in government costs will be "spread" throughout the general population.

At the end of each focus group interview, participants were asked to choose between three alternatives: 1) maintain the currency system as it now is; 2) add the one dollar coin to the present system; 3) substitute the one dollar coin for the $1 bill, thus eliminating the $1 bill.

No one voted to add the coin to the present system. A few people voted to add it to the system, provided the $1 bill was eliminated. Most wanted to leave the system as it was.

Although the Anthony dollar is the first U.S. currency to bear the image of a woman (instead of a symbol of Miss Liberty), and thus honors the contribution of women to our society, its failure should not reflect on Susan B. Anthony, renowned fighter for women's rights. She is just the victim of a bad idea. None of the research indicated that people would reject the coin because it bore the likeness of Ms. Anthony (although the market research report did warn that any attempt to market the coin as "feminist" would fragment the market and diminish success). Dislike of the Anthony dollar was based on other, more practical considerations than that of whose image it bore.

Despite the research report with its warnings of difficulties, the Treasury Department decided to go ahead with its plans, and the Anthony dollar was introduced on July 2, 1979. It was all downhill from there. Two months later, more than half a billion coins had been minted, but big retailers like Sears, Roebuck and Company and Bloomingdale's in New York City reported that almost no coins were turning up in their outlets. "We average only three or four of them a day," said the director of public relations at a large department store. And in Rochester, N.Y., where 65 vending machines have been converted to accept the coin, weeks go by without a single one being used.

Why did the Treasury ignore Professor Martin's research and issue the coin anyway? When asked this question by the New York Times, Stella Hackel, U.S. Mint Director, replied, "That's his research project, period. It may or may not be valid."

"It's nice to be proven right," comments Martin of his prophetic research, "but the sad part is, the coin represented some good cost saving for the government—if it can be fully circulated. But the government can't ram things down people's throats."