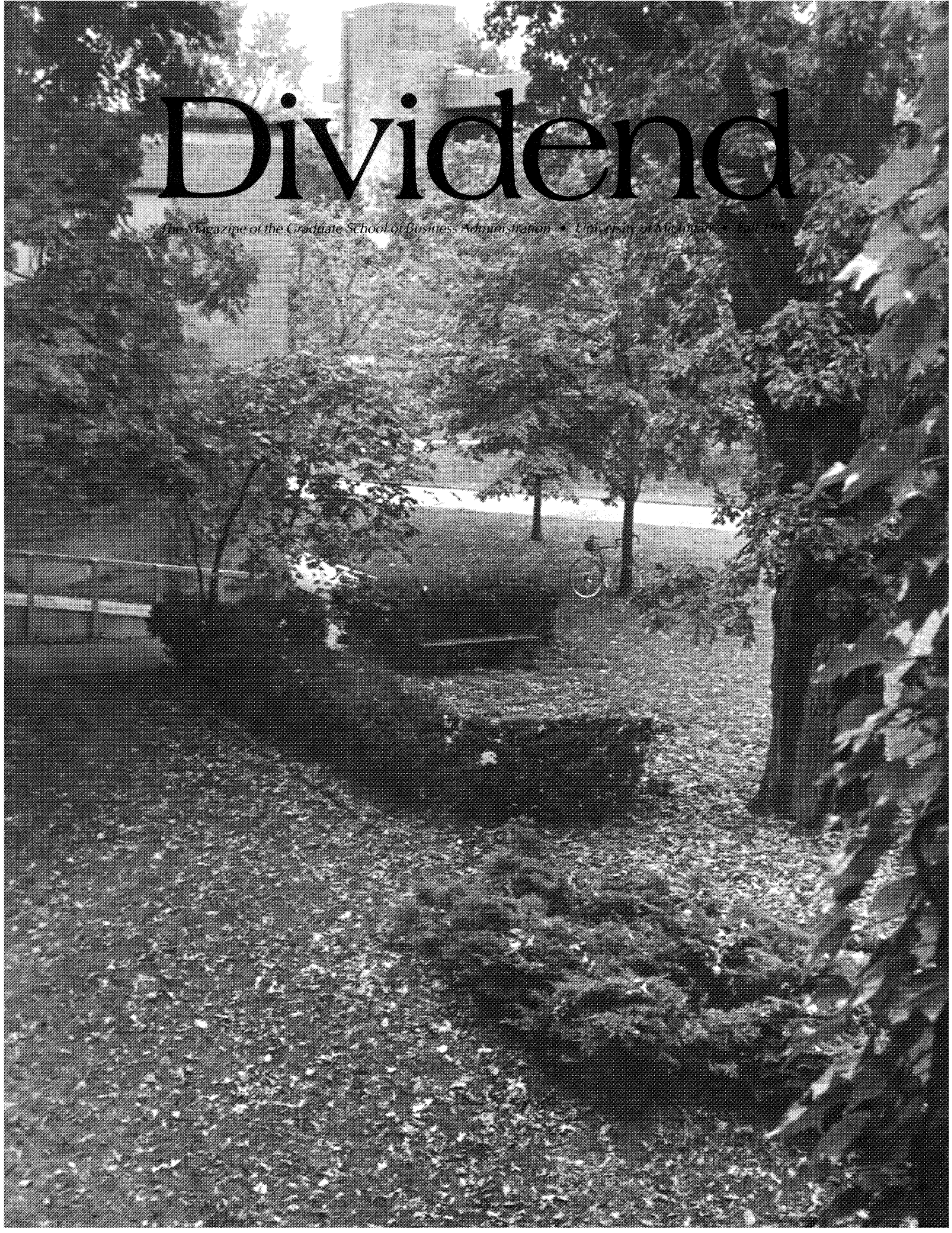


# Dividend

*The Magazine of the Graduate School of Business Administration • University of Michigan • Fall 1987*





THE UNIVERSITY OF MICHIGAN  
GRADUATE SCHOOL OF BUSINESS ADMINISTRATION  
ANN ARBOR, MICHIGAN 48109

Gilbert R. Whitaker, Jr.  
Dean

January, 1984

To Alumni and Friends:

January 1, 1984 marks the beginning of a new five-year term for me as Dean of the Business School. I am very pleased that the University has asked me to serve an additional term, and I look forward to an exciting period.

Each issue of Dividend reports on many of the events here at the School and importantly upon many events in the lives and careers of our alumni. It is through the accomplishments of faculty, students, and alumni that the School's goals are met. It gives all of us great pride to see so many significant achievements.

We are especially pleased to report in this issue the establishment of the J. Ira Harris Professorship in Finance and the William Davidson Visiting Professorship in Business Administration. These very generous gifts by two distinguished alumni of our School will enhance greatly the endowment base of the School and enable us to expand our faculty resources.

As always, we welcome news from you as well as your comments and suggestions for improving the Michigan Business School.

Sincerely,

Gilbert R. Whitaker, Jr.

# Dividend

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Cover Photograph by Virginia Geren.

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# The Inside Story on Michigan's Is Told in a New Book on the

*"It wasn't until about six months into the job, in the context of a late-night client crisis, that I realized in a very literal sense what my MBA had taught me: namely, how to think through a problem; how to deal with various personalities and support groups in the context of the problem; how to cope; and how to endure. I realized that knowing all the details at Michigan was what helped internalize the concepts that would remain long after the details themselves were forgotten; that learning the details cold at Business School would help confront details in the real world. And you know, that Michigan MBA felt pretty good right then."*

The above quote is taken from a newly published book entitled, *The Insider's Guide to the Top Ten Business Schools*, in which the Michigan Business School is ranked seventh.

The book aims at the prospective MBA, and includes ten articles, one for each of the top ten schools. Rather than being a dry recitation of requirements for admission and

course descriptions, the chapters have an informal, candid flavor resulting from the authors' personal experience of having gone through the program and seeing it from the inside, as the title promises. The top ten programs in the *Guide* are (in order): Harvard, Stanford, Wharton, Chicago, Sloan School of Management (MIT), Northwestern, Michigan, UCLA, Columbia, and Amos Tuck (Dartmouth).

Len Savoie, MBA '80, an account executive for a New York advertising firm, wrote the article about Michigan. The book is published by Little, Brown and Company, and edited by Tom Fischgrund, a 1980 graduate of Harvard Business School who also holds a Ph.D. in political science from MIT. The book includes chapters on strategies for getting admitted to a top business school, succeeding at business school and getting a great job after business school. There are also several charts comparing characteristics of the top ten, such as student characteristics, average class size, tuition, course requirements, number of companies that recruit at the school and average starting salaries.

The book gives a flavor of each school's personality as defined by the academic environment, social life, admissions requirements and prospects for employment upon graduation. Savoie says Michigan's distinguishing characteristics are

its balance and flexibility. He says, "The University of Michigan is a highly specialized, self-contained community that means serious business. For two years, MBA candidates eat, sleep and breathe business in a tough, demanding program." He adds that while the program is intense, it balances several academic aspects and provides the student with flexibility in planning an individual program. His claim is supported by the fact that only half of the courses are required. He says, "With fully half the courses at the student's discretion, the program becomes highly flexible in meeting individual needs while maintaining a strong balance of fundamental ground-work: Many students also tap into the greater resources of the university to tailor the MBA program to their own specific career desires. MBA candidates may take three or four graduate courses (up to ten credit hours) outside the Business School in Michigan's schools of art, music, international study, communication, and many others."

Balancing the teaching method with the case method is another way Michigan remains flexible. The important thing Savoie stresses, is that Michigan is not tied to any particular teaching method. Rather, the method is tailored to the subject matter. "It uses whichever it feels is most appropriate," he says, adding,

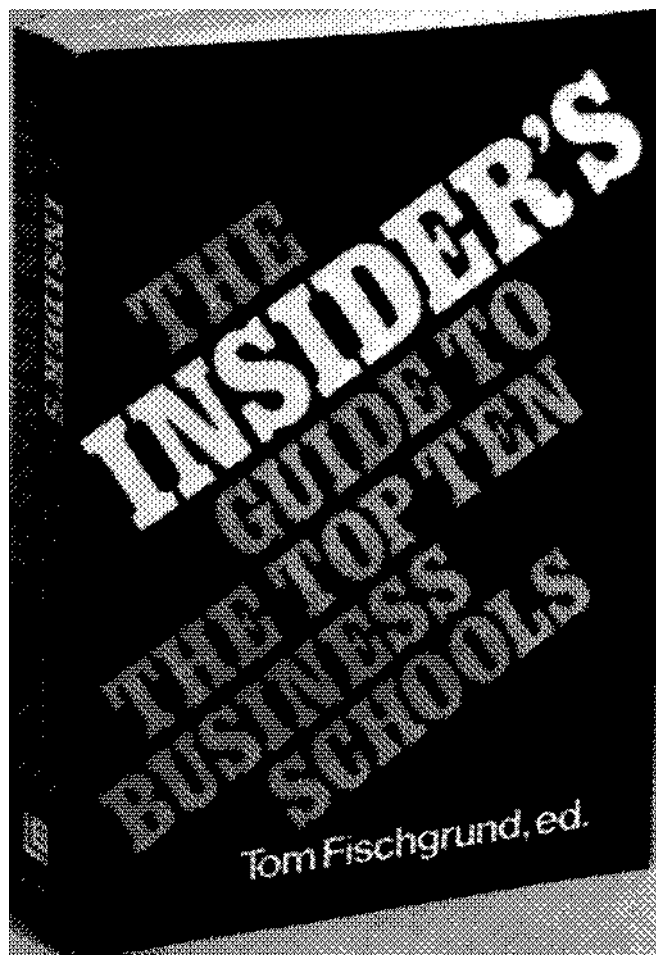
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"the overall academic environment is a roll-up-the-shirtsleeves, no-nonsense approach. While some of the other top business schools tend to skew to the theoretical or quantitative side, Michigan is more balanced. It's quantitative when it has to be, which is often. It covers all the important theory in the core courses, but with some well-placed restraint. For example, some business schools spend almost half of the introductory statistics class delving into the depths of Bayesian decision theory. While it is important to understand this aspect of conditional probability, realistically it is only a tool that the general manager should be aware of so an expert can be called in when the theory needs to be applied."

The application process at Michigan is highly competitive; from filing the application through interviewing for jobs. "Michigan doesn't really seem to care from what or where you come," explains Savoie about getting into Michigan's program, "just as long as you have established a solid record of achievement that indicates an aptitude and a desire to perform well, both academically and in the real business world."

Because the majority of students applying to Michigan are exceptional candidates, Savoie notes that the essay is the one way to make yourself stand out. He says, "The essay sections on the



*"The fact that I had spent the last four years playing in rock bands seemed like an overwhelming obstacle. The trick, as I would learn even more definitively in Business School, was to position the problem as an opportunity."*

application are critical, since all other measurements of future promise are implied from data beyond the applicant's immediate control (e.g., test scores and academic record). In this case, the Michigan application provides two essay opportunities to sell yourself. The first is a self-evaluation that asks you what strengths, accomplishments and characteristics you'd like to further develop. The second is simply why an MBA, and why Michigan.

"The catch is that each answer must be limited to only one page. Thus, efficiency, in addition to effectiveness, becomes key. This is the first hint of what you might expect in the MBA program, and is wonderful preparation for the real business world you'll be facing thereafter."

The essay has to work twice as hard if an applicant has non-traditional work experience. He describes one student's struggle with the essay: "In my situation, the fact that I had spent the last four years playing in rock bands seemed like an overwhelming obstacle. The trick, as I would later learn even more definitively in business school, was to position the problem as an opportunity. After wrestling with it for many hours and hounding every member of my family for advice, I developed a simple outline. First, I drew parallels from my experience to universal business principles. Business, I decided, transcends all fields. In the musical world I functioned as a manager and a partner in a successful business enterprise. I wrote that I was disillusioned with the long-term career prospects and felt I would be better able to contribute and benefit from a more solid traditional

profession. I needed the foundation an MBA would provide. Finally, I felt that the creative insight from my musical experience would make me a unique candidate. The greatest part about this whole approach was that it worked."

Getting into the program is only the first of many challenges on the way to an MBA. Michigan's academic environment is highly competitive largely because those who enter the program are motivated and achievement oriented. Intense is how the *Guide* chooses to label Michigan's program.

Savoie quotes one MBA student as saying, "The quality of work required is top notch, and the amount of work is simply overwhelming. In order to survive, one is quickly forced to realize what is important and what can slide." Savoie comments, "Behind this ordeal is the theory that identifying priorities and then working toward achieving them is the best preparation for a successful career in the business world."

In spite of the competition, academic camaraderie exists. Says Savoie, "Outside class most students have the attitude 'Hey, we're all in this together, how are we going to get through it all?'" This camaraderie extends to the social life. Savoie explains, "Surprisingly, social life does exist at the Business School. When you're working that hard and under such intense pressure on a regular basis, it almost has to. You need the release. And because there is such a short supply of free time, many students skew to the wild and crazy side during their off-duty hours, primarily Saturday night. Michigan business students make up with

intensity what they lack in social frequency. Although some students claim to have eschewed all social contact during their two-year tenure in order to concentrate single-mindedly on academic performance and the job hunt, these students were not necessarily the ones that excelled in either. Most students at Michigan subscribe to the philosophy that the best way to succeed during the program is to work hard and play hard.

"Clearly, your social life at Business School is what you make of it."

In discussing getting that first job after your MBA, Savoie says, "The school's high standards, solid overall reputation, and excellent contacts with major firms translate to consistently impressive placement statistics. Once in the business world, Michigan MBAs consider their degree as a continuing source of pride. It serves them well as they progress through the ranks of major firms, and many hold top positions in upper echelons of management."

Along with having an excellent MBA program, Michigan also is cited as being among the most reasonable in price — its out-of-state tuition ranks it eighth in the list of ten, being only more expensive than Northwestern and UCLA. Of the top ten schools, only Michigan and UCLA are public institutions.

In summing up, Savoie says, "Overall, the Michigan MBA is an excellent degree, well worth the effort, and a continuing aid in climbing the corporate ladder. If you're looking for a solid, balanced program with no pretensions, Michigan is the one to go for. You certainly won't regret it." •

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## *PhD. Student Yu-Fei Yuan Explains How China Is Making the Transition from Abacus to Computer*

When the cultural revolution came to China," says Yu-Fei Yuan, who is now a Ph.D. student at the Business School in computers and information systems, there were no classes on campus. All the university activity was revolutionary criticism. I wanted to do something helpful and meaningful for the country, so with my students I went to work in a small factory that produced horns for cars. At that time, people were trying to change the system to combine educational things with producing things. My students and I wanted to do something innovative with the factory, so we decided to see what kind of a numerical control machine we could develop."

Yu-Fei, who graduated with a degree in mathematics from Fudan University in Shanghai, continues, "At the time I went to the factory I was very young and had not designed any computers. But this is the Chinese way. I like to do things I have never done before. In other words, we learn by doing."

"My students and I spent a year working on developing a computer to control a special machine which used electronic sparking to cut very hard metal. The computer would control the shape and size of the item being manufactured. One trouble we had was that the computer's electronic impulse was very sensitive and easily disturbed

by the environment. We tried to improve the circuitry so that the machine would be reliable and also cheaper. Finally we were successful. The computer was designed in such a way that with a change of program it could make different items.

"Many factories then wanted to produce this kind of machine," Yu-Fei continues. "In America, if you innovate something, it is yours, but in China, the idea doesn't belong to anyone. We gave the blueprint to whoever wanted it. I developed this machine in 1968 and '69, and found out later that it was developed in Switzerland at the same time. It was developed in the U.S. in 1974.

"We taught people how to build the machine. They would build it in our University and then take it back to their factory. I spent three years teaching and writing a textbook on how to understand and use the machine. During those three years I got no rest on the weekends because I needed to travel to factories far and wide to teach them how to fix their machine if it had broken down and to give other general consultation services."

Yu-Fei's next project involved not only computerizing a complex operation, but, just as important, convincing managers that the computer provided a better way to do things. In 1972, the Shanghai

branch of the Bank of China came to the University for help in streamlining their operations. The bank was using calculating machines from the 1930s and the abacus to do its seven thousand transactions a day. In China, computers were used only for scientific purposes. So Yu-Fei and five other teachers from the University spent three years designing, building, and testing a computer system for the bank in Shanghai. They also developed a software system. "We often worked from early morning until midnight or even later," says Yu-Fei, "and the bank sent people to learn from us. But the problem was, the people didn't believe the computer. So one of the first things we had to do after building the system was to convince managers that it would work for them."

To convince, Yu-Fei and his colleagues devised a three stage program. At first, the main work was done manually, but the computer system was used as a backup. "That way," explains Yu-Fei, "we were able to show managers that the computer was accurate." After about three months the computer was shifted to the primary operation, and the manual system was used as a backup. After another three months, the bank was convinced enough to shift to using the computer without a backup, and the manual workers changed over

to being computer operators. Did this mean a reduction in the work force? "No," says Yu-Fei, "In China people don't worry about being unemployed. An innovation doesn't necessarily reduce the job — it makes it easier to do the job."

For the next several years after the bank project, Yu-Fei taught computer programming and design principles until in 1977 he was assigned to work on the building of a mainframe computer capable of 1 million calculations a second.

Yu-Fei and the three other teachers who worked with him on the mainframe computer developed a computerized diagnosis system for testing the faults of the mainframe. "We used a computer to simulate the fault pattern, to generate a test code, and to compile a diagnosis dictionary," explains Yu-Fei. "Then we used a mini-computer actually to test the mainframe, using the diagnosis dictionary as a guide. At this point, you have to combine the diagnostic dictionary with human judgment, because the interactions within the computer can be very complicated. It's similar to a doctor diagnosing an illness. The causal relationship between symptom and disease is not always obvious. The doctor may need not only lab tests, but also discussion with the patient to find clues as to what the trouble may be. Similarly, in testing the large computer, we needed an advanced language so that the tester could have a 'diagnostic conversation' with the computer." Yu-Fei designed such a language and wrote a paper about it. "I got praise for this from the Shanghai Scientific Organization," he says, "but of course I got no money."

Many of the ideas used in designing and testing the large computer came from foreign literature, most of it written in English. What about Japanese? "Japan can follow ideas and copy them quickly," says Yu-Fei, "but they don't have the original ideas."

There is a pressing need in China for information to make centralized planning more effective. Since China started economic reform, the importance of the computer has

become more and more obvious. To help meet the need for computer expertise, Fudan University started a management science department, and Yu-Fei was invited to join it.

When Fudan University received the first Fulbright Scholarship offered to China, Yu-Fei was recommended to apply for it. However, by the time the decision was reached in April, 1982, it was too late to apply to universities. But in May when President Shapiro came to China, the American consul introduced Yu-Fei to him, and Yu-Fei was able to enter the University of Michigan in the fall of 1982. "Many people in China know the University of Michigan as a top school because so many Chinese have studied here before," says Yu-Fei. "In fact, a friend of my father's came back to the University of Michigan recently to celebrate the 50th reunion of his class."

Yu-Fei's most serious problem when he first arrived here was language. He had been so busy with projects over the past years that the only time to study English was on the bus going home from work. Although now in China most students study English from junior high school on, Yu-Fei had studied only one year of the language supplemented by three months of spoken English. "The first term was very hard," he says. "After I had been here one month I had to take a midterm with 17 pages of multiple choice questions. I did all the questions except the last problem, which I didn't have time to understand fully. There were some words in it about business that I was not familiar with. However, all the professors here are very friendly and helpful, and I'm much more comfortable with the language now."

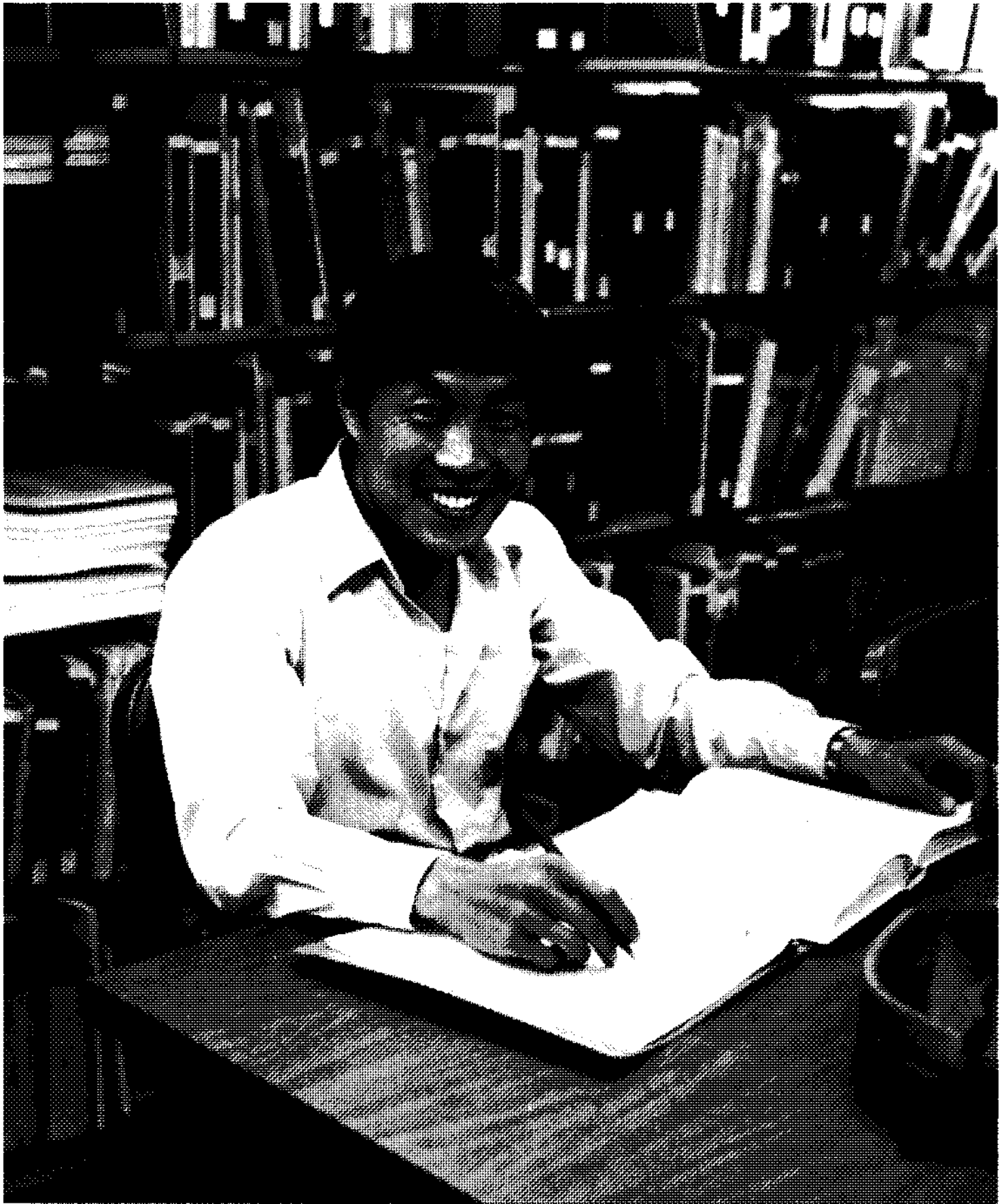
"In China the education system is different. Students are not so in a hurry. The important thing in China is to get some new idea, then use the idea to solve some problem. The course load is not so heavy. Here we read and read and every week we have to hand in homework. Also, in China the tests are difficult but they give you enough time to do them. Here

there is not enough time" — (with a smile) — "the American students don't have enough time either."

"Here people work efficiently and many, many places use the computer. This is a modern society whereas China is old and less developed. Shanghai is extremely crowded and pollution there is serious. Everywhere you go out it's dusty, and the water from the tap has too many chemicals in it. The air is so clean here and I like the quiet and the privacy. In China it is difficult to study at home because there is so much noise. Every night people turn on the TV very loud. Several families may live in one house and each house is very close to other houses. It's more comfortable here. And although the winters are not as cold in Shanghai as they are in Michigan, we have no inside heating system in Shanghai. That makes it hard to write inside because it's so cold, you have to wear gloves."

Yu-Fei is interested in using computers for economic planning. "Our assumptions are different because our planning system is not based mainly on profit," he says, "but we have changed some of our ways. Before, a price was fixed by the government, and there were many shortages because there was no adjustment. Here if there is more demand than there is supply the price goes up. In China the prices are set according to the plan, so if you have 100 staplers in the plan, and only five people want them, you end up with 95 staples in the warehouse. Now we are experimenting with using market mechanisms to support the planning systems, and changing the prices to adjust to supply and demand. However, this also brings a problem — inflation. But, for example, if you increase the price of food products that will stimulate the farmer. The price may be high but you can buy something you couldn't buy before. In China we are discussing how to modernize more and more. We can't try to change everything in one year. It will take some time, but we'll change one year by one year by one year." H





*When he first arrived here from mainland China, Ph.D. student Yu-Fei Yuan's most serious problem was language, he says.*

*A Report on Senior Management Control of Computer Based Information Systems*

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By

Robert K. Mautz  
*Professor of Accounting and  
Director, Paton Accounting Center*

Alan Merten  
*Professor of Computer  
and Information Systems*

Dennis Severance  
*Professor of Computer  
and Information Systems*

*Editor's Note:* The following article is excerpted from the book, "Senior Management Control of Computer Based Information Systems," the third report issued by the Financial Executives Research Institute in a continuing study of management control undertaken by an interdisciplinary research team of Business School faculty. The focus of this third study was to investigate the problems faced by senior management in computer related activities, and to find some solutions. The research team selected 12 companies from the Fortune 100 which typified the various problems of computer management and which were reputed to have these problems well in hand. The team then interviewed the chief executive officer, the corporate information officer (CIO), the executive to whom the CIO reported, and the director of internal audit. In addition, senior executives from two public accounting firms and two major computer vendors were interviewed and their advice was incorporated. Tentative conclusions based on these interviews and on the team's preceding internal control research

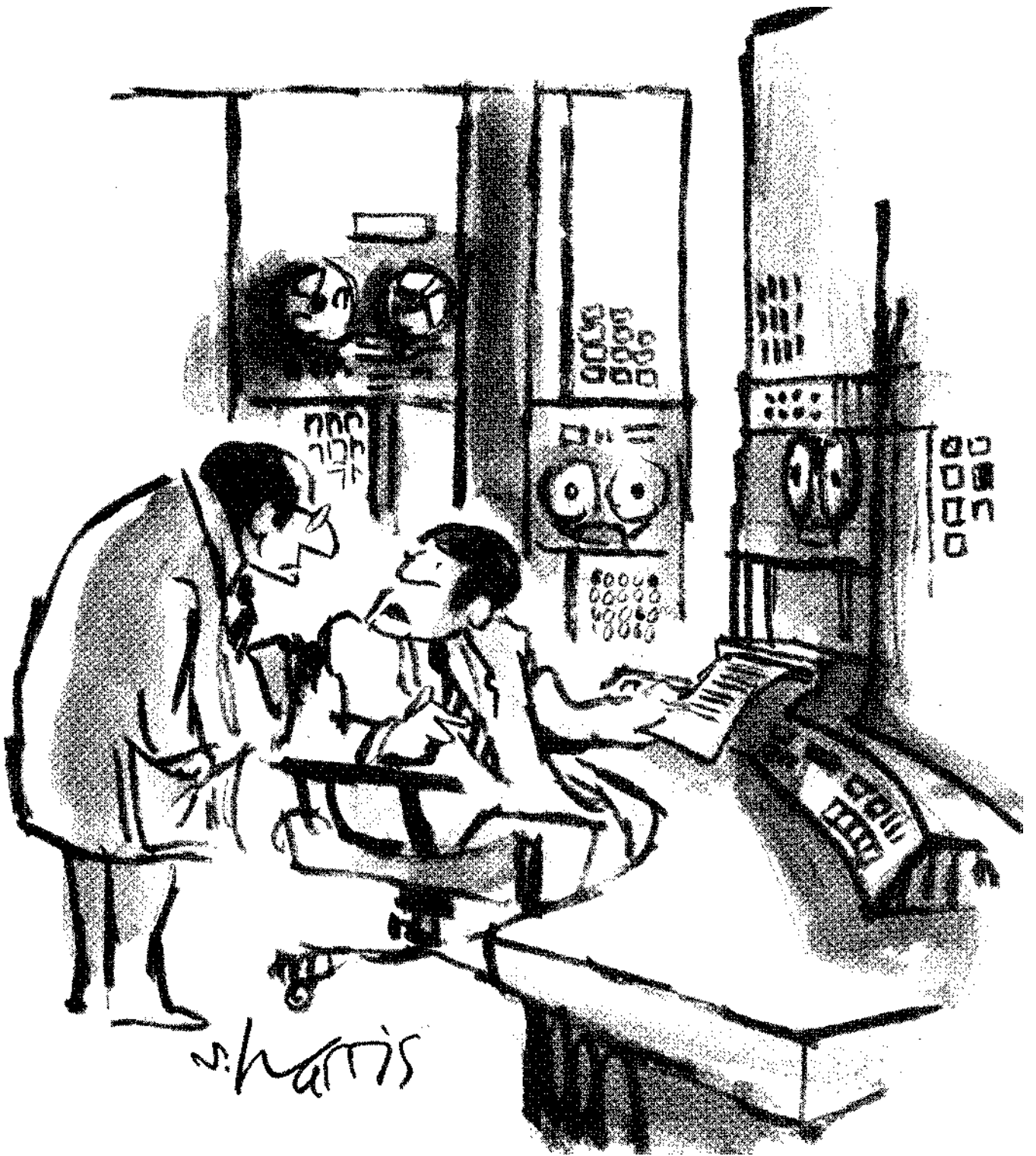
were then tested in a series of research seminars with experienced executives who face similar concerns on a daily basis. The resulting book, from which this article is taken, detailed the findings and presented suggestions for solutions, including interview guides to help in diagnosing particular problems. The book is available from the Financial Executives Research Foundation, 10 Madison Avenue, P.O. Box 1938, Morristown, New Jersey 07960.

Computers have now proved so useful for such a wide variety of purposes that for some companies to conceive of operations without them is almost impossible. Some companies, such as banks and newspapers, can no longer separate computer usage from operations. It is not a matter of using the computer for recording transactions; the company's business is conducted by computer. It has become the means of doing the company's business.

During our research we always inquired of each chief executive officer (CEO) interviewed, "What

is the extent of your company's dependency on the computer?" The typical response was, "In many of our key business activities, we are completely dependent." The attitude of the CEO in responding to the question was one that is a little hard to describe. He was not actually delighted at being so dependent on the computer, yet neither did he express regret. He seemed, in many cases, almost proud of the fact. He felt that there was no real alternative, given the options before him, so that his company over the last ten to twenty years had deliberately accepted the costs, inconveniences, and risks that go with computer dependency. The advantages clearly outweighed the costs. Without exception, our interviewees were convinced that even small companies, in time, would be forced by competition to follow the same path.

One astute oberver has described the computer as "the principal productivity lever now available to our economy." Effective use of the computer for increased productivity may be crucial to success in domestic as well as in international competition. However, innovative



*'The central processing unit is on strike. How does one negotiate with a central processing unit?'*

applications of the computer put pressure on a company's organization because of the difficulties of assimilating computer technology and computer and information systems personnel into a business organization.

One of the favorite questions in our interviews was: "Assume that your son or daughter has just been appointed chief executive officer of the Fortune 1,000th company. He comes to you for advice, saying: What do I do about data processing? How would you answer?" We cite that question to emphasize what we think is the problem before us. Somehow the hard won experience of those companies which have already faced the problem of adapting to the computer age must be made available to other companies whose size is not such that they can afford the same kinds of costs and efforts. Not all of those who will face difficulties are at the Fortune 1,000th level. Many are way below that; some may well be above. We are convinced, however, that many companies that have not yet faced this problem of securing senior management control over computer-based systems will face it within the next few years.

With this as background, let's briefly consider the computer problems identified in our interviews. Corporate executives were aware of their organizations' increasing addiction to computers, both for operational control and for information purposes. In addition, data processing budgets claimed as much as three percent of total sales, were sometimes measured in hundreds of millions of dollars and were typically growing at fifteen to thirty percent per year. Data processing departments in general were noted for high personnel turnover, budget overruns, late projects, multi-year backlogs, absence of long range plans and continual dissatisfaction by line managers with the quality of the service that they provide. Couple this with the widespread belief that computer specialists feel more allegiance to their technology than

do the company that employs them, and cause for management uneasiness is clear.

More specific insights into the nature of the disaster related risks faced by corporations were obtained during interviews with the chief internal auditors, who were concerned about both computer failure and computer abuse. Many companies have come to rely so heavily on their computers for the daily processing of transactions and control of operations that a serious computer breakdown could lead to a substantial curtailment or stoppage of operations.

Computer abuse was the second concern of the auditors. To an ever increasing degree, sensitive corporate data, especially financial and accounting data, are stored in

#### *About the Authors:*

Robert K. Mautz and the other authors of this study were all members of the interdisciplinary research team that produced *Internal Control in U.S. Corporations: The State of the Art*, and Professor Mautz is coauthor of *Criteria for Management Control Systems*, two previous research reports on internal control matters. Mautz is a past president of the American Accounting Association, a recipient of the American Institute of Certified Public Accountants Gold Medal for service to the profession, and was elected to the Accounting Hall of Fame in 1978.

Alan G. Merten was a member of the faculty of the U-M Engineering College before joining our faculty, and has published widely in the areas of computer-based information systems, data management systems, and management science.

Dennis Severance has substantial industrial experience as a systems specialist with Bell Telephone Laboratories, the Army Chief of Staff at the Pentagon, and General Motors Corporation. He is currently active in executive education and acts as an information systems consultant to a number of large corporations.

computer memories accessible from remote terminals. They are exposed to potential manipulation, misuse, or destruction through operations that require only a fraction of a second for completion, and which can be initiated through terminals hundreds of miles away. Companies that are extremely cautious about cash control may quite unconsciously permit other employees to "get their hand in the till" indirectly through the initiation of transactions at data processing terminals.

Technological developments like mini and micro computers and distributed database systems increase the availability of computers and computer terminals. Auditors suggest that predicted advances in office automation, fourth generation languages and telecommunication will increase the internal control risks still farther. The ability to conceive and build useful computer systems may far exceed the ability to imagine and guard against possible misuses, abuses, and potential attacks against these systems and the corporate assets that they control. Many of the controls incorporated in financial systems today were devised only after a significant loss painfully demonstrated a need where none had been recognized previously. Auditors frankly admit that the time and effort needed to certify the adequacy of controls even on existing data processing systems is far beyond their ability, given current expertise and manpower. They fear that current attempts to relieve the backlog for new systems by encouraging end user computing will lead to a flood of ill-conceived, poorly documented and under-controlled systems.

Interviews with heads of data processing departments provided support for the auditors' fears. Within most companies, the data processing organization is viewed primarily as a service function — it collects, transmits, stores, retrieves, and displays information required by other departments of the business. Those who call on the data

## *Symptom; "My people can never get what they want out of their computer department when they want it"*

*Symptom:* The Chief Financial Officer of Company E has inherited computer-based information systems as an activity under his control. He has assigned it to the Controller in order to keep it separate from internal auditing which reports directly to the CFO through the Director of Internal Auditing.

The Chief Financial Officer makes it a point to lunch with each of the company's division heads at least once a month in order to discover whether the finance function in general is meeting their needs. He finds this very useful and over the years has established good rapport with all of them so that they can discuss matters of common interest with candor and mutual respect. In recent months, he finds more and more criticism of the company's information systems operations. The division managers report that their line officers continually come to them with complaints. Systems projects are seldom on schedule. When time commitments are missed, significant cost overruns occur. Even when projects do get completed, checked out, and put into use, they are seldom satisfactory. The systems people just can't seem to realize what it is that the operations people need in order to serve the company's customers.

The Director of Research and Development is especially critical.

His people can never get the time they need on the computer. Many of them must come in at night to get their programs run and their data processed. This means overtime pay and makes his budget look bad. In addition, his people have little faith in the technical competence of the information systems personnel. They always seem in such a hurry, never have time to listen to explanations of special needs, and can't begin to appreciate anything that is out of the ordinary. After all, if his people were doing routine runs they would not be in research and development.

These complaints have increased with the company's growth. Over the last year, the information systems budget has increased substantially, and the Manager of Information Systems has asked for more and more people, but real productivity has not increased. The CFO felt good about the new Manager of Information Systems when he was first employed, and thought he was the right man for the job. Now the CFO is losing confidence. The Manager of Information Systems does not seem to be holding up well under the strain, and the unhappy fact is that things are just not getting any better.

*Proposed Remedy:* As the dissatisfaction on the part of line management and the Director of Research and Development

increase, the CFO is reluctantly becoming convinced that he should start the search for a new Manager of Information Systems at the earliest opportunity.

*Possible Remedies:* In this case, the Chief Financial Officer has reached a valid conclusion; operation of the information services department is unsatisfactory. Something must be done to improve it. His inference that a change in the management of that department is the appropriate solution, however, may not be at all what is needed. At least two important possibilities require competent investigation. First, the possible failure to specify the duties of all involved with information systems may result to misunderstandings, impossible expectations, inappropriate attribution of failure, and a great amount of frustration.

Second, the information systems operations may be located improperly within the company. The Director of Research and Development may have computing facilities under his direct control in order to meet the needs of his people. If the Manager of Information Systems understands his responsibility to run directly to the Controller's accounting and other information needs first priority and consider everything else to be secondary.

processing department for service are principally concerned with the immediate availability of desired information. They seek quick, inexpensive, efficient, easy to use systems. The poor esteem in which some data processing groups are held today results precisely from

their inability to meet this expectation of prompt service, economy, and simplicity.

Strong control is the antithesis of fast inexpensive access to information. The analysis, design, and testing of a well-controlled system requires more time, and calls

for more professional staff than an uncontrolled system. The controlled system is generally less convenient to use, and is always more expensive to operate. Data processing professionals generally tend to feel that their role is to provide ease and speed of computer access at

minimum cost. Seldom are they motivated by, or trained in the need for, controls.

This reflects the environment in which data processing professionals operate. There is little demand for control consciousness. No industry standards exist to define the nature of the scope of adequate control over data processing, and there is virtually no sharing of control concerns, experiences, and methods among corporations. New developments make the traditional system of checks and balances provided by accountants and auditors largely ineffective.

To sum up, the senior managers we talked to have a variety of concerns which we feel can be divided into two groups for purposes of comprehending their real importance. The first class might be described as potential disasters and includes such things as:

1. Complete or partial interruption of business activities.
2. The destruction of accounting and control records.
3. Material inaccuracies in accounting and control records.
4. The manipulation of accounting and control records to cover or effect irregularities.
5. The exposure of sensitive corporate information.

Any one of these might be viewed as a disaster from management's point of view, something highly detrimental to the business and something which reflects discredit upon management. For most companies that have made a major commitment to computer usage, these are now relatively low probability items. They may well remain a problem, however, for companies just getting started in the establishment of an information systems function.

The second class of concerns has to do with possible competitive disadvantage, and is shared by those executives who not only have confidence that they need no longer fear catastrophes but have also

given some thought to the future. Included here are such things as:

1. The erosion of competitive position due to obsolete computer systems.
2. The inefficient use of information systems resources.
3. Excessive information systems expenditures.
4. Information systems departments that are unresponsive to line management needs.
5. The dissipation of management energy in preoccupation with inappropriate or ineffective computer systems.

Class (2) concerns will remain a problem of any company facing significant competition. They constitute specific manifestations of common management problems. Cost control, the effective use of resources, the responsiveness of service departments to operational needs, the encouragement of innovation and experimentation, and conservation of management energy are or should be matters of great concern to management whether they result from computer usage or from some other aspect of business activity.

Two problems faced by management in meeting the class (2) type of concern are worth mentioning. First is the possibility of perceiving the company's present computer activity as successful, even while contingencies are actually developing. As long as none of the class (1) type of catastrophe occurs, the company may appear to be doing reasonably well. Current needs for information may be met on a timely and apparently satisfactory basis. Yet, at the same time, obsolescence may be accumulating, costs may be running higher than they should, and resources may be used ineffectively. Competitive disadvantage can result from invisible forces slowly nibbling away as much as from major events apparent to all.

The Fallacy of Viewing Symptoms as Problems

The second problem in dealing effectively with class (2) concerns is that the company can get by for a long time by treating problem symptoms as they appear and ignoring the underlying and far more important causes. Putting out minor fires as they occur helps the company to get by but does not get at the underlying problems. There is a real and continuing danger that apparent success in responding to criticisms and complaints is actually no more than postponement of recognition of problems which become more serious with every passing day.

One of the important things that senior management must learn to do is to distinguish between symptoms and the underlying problems the symptoms indicate. At the moment that a symptom appears, nothing may seem more important than its immediate treatment. The danger is that once the specific manifestation is cleared, remedial measures go no further, and the underlying problem (of which the symptom was just an indication) remains.

Here we list some symptoms that may alert senior managers to the possibility that a serious underlying problem may exist.

1. Recurring computer system outages — times when the computer is "down" and business operations must somehow proceed without it.
2. Constant redoing of existing computer applications.
3. Repeated requests for computer hardware replacements.
4. Recurring computer system conversions.
5. A rapidly and continually growing information systems budget.
6. Substantial reliance on outside consultants and service bureaus.
7. High information systems staff turnover.
8. Absence of any meaningful long range plans for the

## *Symptom: "We may not be able to get you that information"*

*Symptoms:* Company A's management has an interesting problem. Insofar as daily needs for information are concerned, the information systems activity appears to be functioning efficiently and satisfactorily. The total budget for information systems is considerable but not out of line with that of similar companies, a fact which the Chief Executive Officer has determined through discussions with members of his board of directors and members on other boards on which he also serves. Provisions for data and computer security are matters of interest to the corporate audit committee and are reviewed periodically.

What troubles him is that information which some of his competitors apparently obtain on almost a routine basis is not available to him. When he asks for such information, the response is that it is not now available but that "We will look into the possibility of getting it for you, but that might, like a little time." And then, nothing much happens. Not all of his requests have been for data absolutely vital to his management responsibilities. Some of them, however, is very interesting, and all of it would be useful. What really troubles him is the apparent lack of flexibility either on the part of his Director of Information Systems or of his computer systems.

"The Director of information

Systems was hired almost a year ago. He is young, dynamic, bright, personable, and except for a total absence of experience in the specific industry, has impeccable credentials. He has an advanced degree in data processing, was hired away from a first class consulting company which regarded him highly, has managed a data processing service bureau, and prior to that had experience as a systems designer and programmer,

The Chief Executive Officer prides himself on running a progressive, forward looking organization. The company was among the first to turn to computers for business purposes, and he is convinced that doing so provided a significant advantage over much of the competition. If anything, competitive conditions are increasing their pressures on the company. Failure of the information systems department to respond to requests troubles him,

*Proposed Treatment:* The Chief Executive Officer doesn't know whether new computer systems or a new Director of Information Systems is needed, but if the company is to maintain its competitive edge, something needs to be done. He decides to gather three forms of information before choosing a course of action. He asks his computer vendor (the recognized leader in his industry) to provide a team of specialists to analyze

the adequacy of his current hardware and systems configuration; he hires his external auditors to perform an audit of information systems operation; and he engages an executive search firm to locate a suitable candidate for a new Director of Information Systems,

*Possible Untreated Problem:* However able the Director of Information Systems may be, he has come into an industry in which he has no experience and perhaps little knowledge. As a minimum, he needs a clearly-enunciated policy to guide him. What, official position has the company adopted with respect to computer usage? Does the responsibility for innovative uses of the computer rest, on operating managers or on the Director of Information Systems? Is any budgetary provision made for this kind of research and development activity?

What efforts are being made to acquaint the Director with industry trends and directions? To what extent is he included in strategic planning sessions? Who is acquainting him with internal plans for changes in services, products, operations, and organization? A person could be a wizard with a computer, or with any other instrument, but unable to use it effectively in an environment in which he is unable to recognize needs and opportunities.

- information systems department.
9. Continual dissatisfaction by line managers with the quality of information systems services.
10. Persistent computer system errors.
11. Budget and schedule overruns on new system development.

12. A large backlog of system development and system modification requests.
13. Continuing difficulty of communication with information systems personnel.

### Underlying Problems

If these are symptoms, what are the underlying problems which are indicated by the existence of the symptoms? Other than the possible incompetence of the corporate information officer, we suggest that four major problems may exist at

the roots of the symptoms mentioned:

1. No company policy exists, or has been communicated to those involved, that offers adequate guidance respecting the company's attitude toward computer usage over the long run.
2. The information systems function has not found an appropriate position within the organizational structure. We would describe an appropriate position as one which assures equitable service to all users of the computer resources, that provides a sympathetic response to expressed needs of the information systems department, but that at the same time exercises knowledgeable supervision over that function, and that is at a high enough level in the company to communicate with senior management on a basis of mutual trust.
3. Responsibilities have not been defined of those most involved in computer usage including line managers, information systems personnel at all levels, internal auditing, and general management. Included among the responsibilities should be that for long-range systems planning, new systems specification and approval, approved systems design, development, and installation, physical computer security, data integrity and systems operating controls, hardware and software maintenance, personnel management, and computer based systems cost control.
4. Adequate provision has not been made for the assimilation of the information systems function into the company organization. This includes efforts to reduce communication difficulties between computer technicians and others in the company's organization and to assure career management for information systems personnel.

*'Disposing of a symptom by itself accomplishes little. Unless senior management can distinguish symptoms from problems, huge amounts of effort can be expended on nothing more than postponing the inevitable.'*

If one or more of these problems exists, attention to symptoms is entirely inadequate. Until the problems are attacked and resolved, symptomatic outbreaks of one kind or another will recur.

With the exception of the last one, all of these four problems could relate to any other activity as well as to the information systems department. Even problem 4 is not really unique because specialists of various kinds have been brought into corporate organizations for years. Rarely, however, have so many come in so rapidly and with so little real preparation made for them. Recognition of the problem would seem to be half the solution. The development of training programs and career paths for information systems professionals should not be difficult for a competent personnel officer in any major corporation.

#### **Management Response to Underlying Problems**

If the problems are similar to others faced by management, the resources senior management has to apply to those problems are also familiar. We again emphasize the danger of mistaking symptoms for problems. The treatment of symptoms is often satisfying, easy, and economical in the short run. But disposing of a symptom by itself accomplishes little. The underlying problem remains and will sprout new symptoms until it is itself disposed of. Unless senior management can distinguish

symptoms from problems, huge amounts of effort can be expended on nothing more than postponing the inevitable. In a competitive world, the costs of living with the problem may be more than the company can bear.

In a given company, what served management well a year ago may no longer be adequate. The question should be asked, Are we doing all that we should, given our present and expected future circumstances, to:

1. Utilize the computer resource for competitive advantage?
2. Provide information systems with the proper organizational location?
3. Assign responsibilities for efficient and economical information systems development, utilization, and maintenance clearly and unequivocally?
4. Assimilate and integrate information systems activities and personnel into the company?
5. Organize the information systems function for internal efficiency and responsive service?
6. Control the costs of information systems without reducing competitive effectiveness?
7. Measure the performance of the information systems function to assure that benefits exceed costs?
8. Provide security adequate to our needs in view of risks and costs involved?
9. Develop and encourage effective internal auditing?
10. Establish and maintain senior management control over all major information systems decisions?

A program that provides assurance to senior management that each of these issues receives serious and competent consideration on a recurring basis should go far toward eliminating the underlying problems which, in turn, breed the symptoms that distract attention from the real needs of the company. •



# 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.*

## J. Ira and Nicki Harris Foundation Issues Million Dollar Challenge to Alumni

A million dollar challenge grant has been established by the J. Ira and Nicki Harris Foundation to increase alumni support of the Business School. Mr. Harris, president of the Foundation, is a prominent Chicago investment banker and an alumnus of our School (BBA '59).

For the next five years, all new and increased alumni gifts to the Business School, up to \$100,000 annually, will be matched by the Foundation on a two-to-one basis.

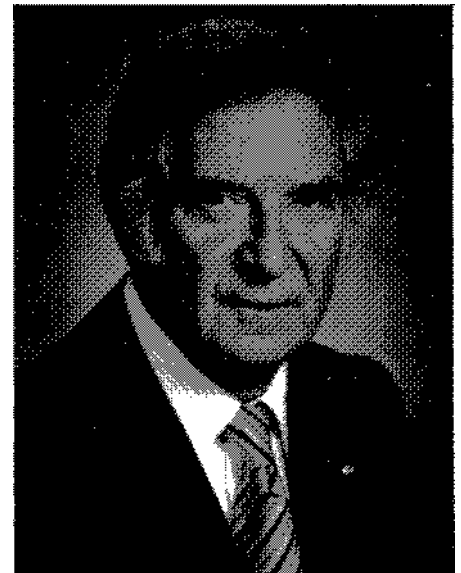
"This is the first challenge grant of this magnitude ever obtained by the University or any of its professional schools," said Dean Gilbert R. Whitaker, Jr., in announcing the grant. "The additional alumni contributions generated by the grant will help to expand the School's base of unrestricted annual support. This will help us to provide exceptional services for our students and faculty, increase our library collections, and further develop our computer services. This support has become increasingly crucial as we strive to enhance our position of leadership among America's outstanding business schools."

The amount of an alumni gift that will be double-matched is based on the individual's giving record from July 1, 1982 through June 30, 1983. If no contribution was made during that time, the alumnus will be considered a "new donor" for purposes of the challenge, and the

entire gift this year will be matched two-to-one. If the alumnus made a contribution last year, the increased amount of the gift this year will be matched two-for-one.

The Foundation matching contributions will be used to create the J. Ira Harris Endowed Professorship in Finance. "By encouraging the best and the brightest professors and students to come to Michigan or remain here, the professorship will help us move closer to obtaining our goal of becoming a leader among the top-ranked business schools," said Dean Whitaker.

Mr. Harris, senior partner in charge of the Chicago office of Salomon Brothers, is well known as one of the leading arrangers of corporate marriages in the nation. As a profile of him in the New York Times said: "Nine-figure deals are the ones for which Mr. Harris has become noted. Without him, Walter E. Heller & Company might not have bought Chicago's fifth-largest bank, the American National Bank and Trust Company; IC Industries might not have bought Pepsi-Cola General Bottling; the Pritzker family might not have bought McCall's Magazine from Norton Simon Inc.; and Esmark might not have acquired the Playtex Division of the troubled Rapid American Corporation." A participant in many such deals said that Mr. Harris is personally responsible for Chicago's emergence as a corporate finance center, adding, "If he were in Dallas or Denver, that city would suddenly become important in this business."



*William Davidson*

## William Davidson Establishes Endowed Visiting Professorship

An endowed professorship to provide support to bring business scholars of the finest reputation to teach at the Business School as visiting professors has been established by William Davidson, BBA '47, president and chairman of Guardian Industries Corp. in Northville, Michigan.

The endowment of \$750,000 will make it possible for the Business School to bring business scholars to the School for periods of a few days to as long as a semester to work with faculty, students and doctoral candidates. The scholars occupying the William Davidson Visiting Professorship of Business

Administration may also present one or two major lectures to students and members of the business community. The endowment income will also support appropriate secretarial assistants, transportation, and living expenses for the visiting scholar.

"This professorship will do much to enrich the education of our students and stimulate and challenge our faculty," said Dean Gilbert R. Whitaker, Jr. "We are grateful to Mr. Davidson for giving us the opportunity to bring internationally renowned business scholars to the School through this innovative visiting arrangement."

Davidson launched his career in business in the early '50s, when he took over the bankrupt Frank W. Kerr wholesale drug company; then the near bankrupt Rupp & Bowman Co., a surgical supply firm; and finally Guardian Industries, which was foundering into bankruptcy in 1955 when Davidson took it over. In two years he turned the company around, paying off creditors 100%. Guardian is primarily a manufacturer and fabricator of flat glass products for construction and, to a lesser extent, automotive applications. Through its Photo Division, the company also processes film for the amateur photography market.

Commenting on the Davidson endowment, U-M President Harold Shapiro said, "An endowed professorship or chair is one of the very highest honors that can be placed upon scholars who are at the forefront of achievement and productivity in their field. This important gift will enable the Business School to take another significant step in leadership in business education."

## B School Joins Equal Opportunity Consortium

The Graduate School of Business Administration has joined the Consortium for Graduate Study in Management, an equal education opportunity program to hasten the entry of minorities into business management.

The Consortium includes six other graduate schools of business at Indiana University, the University of North Carolina, the University of Rochester, the University of Southern California, Washington University, and the University of Wisconsin. It is the first cooperative equal opportunity program ever undertaken by a group of graduate schools of business.

"U-M's membership in the Consortium reflects the Business School's commitment to increase enrollment of well-qualified minority students," said William Moller, associate dean for administration and one of two U-M representatives on the Consortium's board of directors. Judith Goodman, director of admissions for the Business School, also serves on the board.

In addition to recruiting and enrolling at least 100 minority students in member universities each year, the Consortium works to raise funds to support students and meet the program's operating costs. In 1982, the Consortium received financial support totaling more than \$814,400 from 184 corporations, corporate foundations, and private foundations. General Motors Corporation, Burroughs Corporation, Ford Motor Company Fund, Chrysler Corporation Fund, and Kmart Corporation are among Michigan contributors to the program.

College relations personnel in all sponsoring companies receive a complete set of resumes for all currently enrolled Consortium MBA students, as well as information on some 400-450 minority men and women who did not receive fellowships but who desire careers in business. The program also helps Consortium students and alumni find career contacts and make job changes.

## William R. Kinney, Jr. Named to Price Waterhouse Auditing Professorship

Professor William R. Kinney, Jr. has been named to the Price Waterhouse Auditing Professorship which has been newly established at the Business School. The appointment is for a five year term.

Dean Gilbert R. Whitaker, Jr. said, "The Price Waterhouse Foundation has expressed the desire to support the advancement of teaching and research in the field of auditing at the U-M. They wish to accomplish this goal by establishing the professorship at the School of Business Administration. The foundation has awarded the School a five-year grant to support the professorship."

In recommending Prof. Kinney to the professorship, Dean Whitaker said: "Dr. Kinney has gained both professional and academic experience through appointments at Arthur Young & Company, Oklahoma State University, and the University of Iowa. Most recently, he held the positions of John F. Murray Professor of Accounting and director of the Institute of Accounting Research at the University of Iowa.

"Bill Kinney is widely recognized as one of auditing's most productive researchers and brightest men. He is noted for excellence in his participation in conferences, workshops, and in the classroom setting. His service to the academic world and accounting profession is nothing less than outstanding." Professor Kinney has also just been honored for the excellence of his research in auditing by being given the 1983 Wildman Medal Award by the American Accounting Association. This award, which consists of a 14-karat gold medal and a cash award of \$2,500, was founded to encourage excellence in research devoted to solving some of the problems that beset public accounting at the present time.

Prof. Kinney joined the Business School faculty last May. He received the B.S. and M.S. degrees from Oklahoma State University. His Ph.D. was granted from Michigan State University, and he is a CPA in the State of Oklahoma.

## TRW Chairman Receives 26th Annual Business Leadership Award

A broadly-based national commitment to being competitive in both domestic and international markets is crucial to restoring America's economic vitality, Ruben F. Mettler, chairman of TRW, Inc., told students and faculty members at the Business School after receiving the 1983 Business Leadership Award.

Dr. Mettler said that such a commitment will require a complete "package" of business initiatives, not just narrowly focused efforts limited to only one or two competitive factors such as employment costs or tariffs, important as those may be. Only through effective competition, he said, will we achieve sustained, economic growth.

In some industries, the will to compete has eroded, and both the public and private sectors must share the blame, he said. "Too many leaders in those industries began to doubt that it was *necessary* to be competitive in the world economy," he declared. The result: product costs soared, product innovation was neglected, product quality declined, and management incentives often focused too much on short-term profits at the expense of longer-range values.

Too often, said Dr. Mettler, American business, labor, and government leaders have called for simplistic fixes. The ultimate wrong answer has been the increasing pressure for a national "industrial policy," focused on government picking "winners" and "losers," directly financing selected companies, and creating high level boards to review and approve company actions. "It is difficult for me to think of a plan that would be less likely to succeed," he stated. "This intended solution starts from the wrong diagnosis of our disease — like prescribing a cast for your leg when you have a sore throat."

America, he said, would best serve its interest by curbing government spending and sharply reducing federal budget deficits, to further reduce interest rates, creating an environment that

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*Ruben F. Mettler, chairman of the board and chief executive officer of TRW, Inc., receives the 26th annual Business Leadership Award from J ayne M. Levenson, student council president and Peter T. Hock, student council vice president.*

encourages saving and investment over current consumption; and reducing nonproductive business regulation without sacrificing essential social or environmental values.

"There is deep strength in the diversity and flexibility of American business and government, employees and managers, our educational institutions, and most of all our young people," said Dr. Mettler. "With the stakes so high, and the alternatives so dismal, the choice to compete effectively seems clear — we must accept this challenge to all Americans."

Since 1977 Dr. Mettler has been chairman of TRW, a diversified Cleveland-based company that provides more than \$5 billion of high-technology goods and services to car and truck, electronics and space systems, and industrial and energy markets worldwide. He is regarded as one of America's foremost managers of technological change and reshapers of corporate culture.

Dr. Mettler earned three degrees at California Institute of Technology. After five years with Hughes Aircraft Co., he joined Ramo-Wooldridge Corp. and became a leading participant in the nation's ballistic missile and early space programs.

Following Ramo-Wooldridge's merger with Thompson Products, Mettler became executive vice president and then president of TRW Space Technology Laboratories. He became a TRW director in 1965 and moved up to assistant president in 1968, president and chief operating officer in 1969, and chairman in 1977.

Since taking charge of the \$5.7 billion conglomerate, Dr. Mettler has revolutionized his firm's policies and operations, emphasizing teamwork, line-management innovation, and new methods of identifying future markets and measuring success.

He is chairman of the Business Roundtable and a trustee of the Conference Board and the Committee for Economic Development. He has chaired the National Alliance of Business, the National Campaign for the United Negro College Fund, and the President's Task Force on Science Policy, and is a trustee of his alma mater and the Cleveland Clinic Foundation. He was awarded the National Conference of Christians and Jews' National Human Relations Award in 1979 and an honorary doctorate at Baldwin-Wallace College in 1980.

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## Events from Coast to Coast and Europe As Well Mark Alumni Office's Fall Season

Alumni receptions from coast to coast and in Europe as well; faculty discussions with alumni at Saturday morning brunches; alumni returning to talk about careers with students; and phonathons, phonathons, phonathons . . .

These are a few of the activities that the alumni office has been sponsoring this fall. Alumni programs included:

### **An Insider's View of the Corporate Board Room**

— Patricia Shontz Longe, professor of business administration, discussed this topic with alumni in New York. She is a director on seven company boards, including American Motors Corporation; Detroit Edison Company; Jacobson Stores, Inc.; The Kroger Company; Manufacturers National Company; Manufacturers National Bank of Detroit, and Warner-Lambert Company. She also participates on 16 board committees and is a member of The Board of Advisors of the National Association of Corporate Directors. She is an economist, and since 1973 has been a member of our faculty.

### **Where Do You Draw the Line?**

#### **A Look at Ethics in Business**

This program was presented to alumni in Chicago by La Rue Tone Hosmer, professor of policy and control. The seminar examined the balance between the economic performance of an organization and the social performance of the organization stated in terms of obligations to other persons both within the organization and within the society. Dr. Hosmer has his AB, MBA, and DBA from Harvard University. He is currently doing research on the development of a series of dimensions to measure the ethical content of managerial decisions as well as on the design of organizational structure and planning/control systems for the implementation of corporate strategy in service industries and non-profit institutions. He has held

visiting professorships at Stanford University and Yale University.

### **Management Control of Litigation**

— George J. Siedel, associate professor of business law, presented this program for a Saturday Morning at the Business School in Ann Arbor. Professor Siedel's research focus is on the use of the computer and decision analysis in legal decision making as well as government regulation and corporate governance. In 1981, Siedel received The University of Michigan Faculty Recognition award for teaching and research. He also was elected a visiting fellow at Wolfson College, Cambridge University. He holds a BA degree from the College of Wooster, a JD degree from The University of Michigan, and a diploma in comparative legal studies from Cambridge University. At the 1982 Midwest Business Law Association's annual meeting, he was honored with the Award of Excellence for the best paper presented.

### **Corporate Strategy and the Creation of Shareholder Wealth**

was the topic of another Saturday Morning at the Business School. In this program Professors Aneel Karnani, Cynthia Montgomery, and Birger Wernerfelt, all of the business policy faculty, presented the findings from their on-going research linking strategy to value creation. Competitive strategies have been widely discussed in the business literature, and the need for proactive strategic thinking has been made repeatedly. However, the impressions of "winners" and "losers" and "good movers" and "bad movers" have never been explicitly evaluated in terms of creation of shareholder wealth. This research was earlier presented at the 1983 Annual Meeting of the Strategic Management Society, an association of academics, business practitioners, and consultants from around the world.

### **The Microcomputer — Its Long Term Effect on the Workplace and the Home**

was discussed in San Francisco by a panel of three, including G. W. (Bill) Dauphinais,

MBA '75; Fred M. Gibbons, M.S., computer engineering from the University of Michigan and MBA, Harvard University; and Marilyn Mantei, assistant professor of computers and information systems at the Business School.

*G. W. Dauphinais* is the partner-in-charge of the management advisory services staff of the Sacramento office of Price Waterhouse. He directs a staff of 22 consultants in a variety of financial planning and data processing related engagements. He has over 13 years of data processing experience. As a CPA and one of the firm's financial planning and control specialists, he spends much of his time advising clients on how to improve their financial and management reporting capabilities.

*Fred M. Gibbons* is president of Software Publishing Corporation, Mountain View, Calif. Founded in 1979, Software Publishing Corporation develops and publishes information management software. They are among the first to develop software for the "smallest of computers" and presently, ranked as one of the top ten desktop software vendors in the United States. The PFS software allows the individual to use their personal computer as a problem solving tool in information management and analysis. He has ten years' experience in mini- and micro-computer systems, including two as general manager of a new venture in micro-computer business systems.

*Marilyn Mantei* holds a Ph.D. in communications from the University of Southern California where she participated in an interdisciplinary program entitled, "Human Interaction with Computers." Prior to entering graduate school, Dr. Mantei worked for ten years in the computing industry both as a consultant and a designer and builder of major software packages. Her last employ in this area was as database systems project manager in the Computer



*Everybody is reading it! Reading what? The 1983 Alumni Directory of the Business School. It contains such fascinating information as alphabetical listings of all our graduates; listings by class year; listings by geographical location — and more!*

Science and Mathematics Research Group at Lawrence Berkeley Laboratory.

Her current research interests are exploring how to improve the individual interface for computer users and what form of organizational changes will and can take place with the advent of new information technology.

In addition to these programs, alumni receptions were held in London and Paris, with Dean Gilbert R. Whitaker, Jr. and Alan Merten, professor of computer and information systems, there to talk about executive education and the MBA programs. In addition, alumni

receptions were held in Cincinnati, Pittsburgh, and Boston.

The fourth annual Student-Alumni Forum was also held this fall. Recent graduates of the Business School shared their experiences and offered advice to business students on the job search, on-the-job situations and adjustments, and curriculum evaluation. Among the topics discussed was the decision to "specialize" vs. the decision to "generalize" in one's choice of classes. Wendell Anderson, BBA '79, MBA '81, a staff accountant with Ernst and Whinney, advised students to select a broad range of

courses. Joseph Haviv, MBA '82, an associate with the consulting firm McKinsey and Company, Inc., pointed out that most jobs offered through the placement office call for specific, rather than general knowledge. The dilemma was not definitively solved, and it was decided that the ultimate decision must be made on an individual basis.

All in all, the fall season at the Alumni Office was very busy, but also very rewarding. Stay tuned.

F t r n F f T A l t H T

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We would like to include more news about alumni in *Dwhleiu*, and hope you will help by providing us with information about yourself. We'd like to know where you are working, and other news about you, such as promotions, new business ventures, any business or academic honors, authorship of books or articles, or other information that would be of interest to alumni. If you would take the time to flit out the form below and send it to "Pringle Smith, Editor, Dividend Magazine, Graduate School of Business Administration, University of Michigan, Ann Arbor, Michigan 48109," we would very much appreciate it,

Name: I)€ree{s) and Class Years: ,,

Business Position:

Business Address:

Home Address: \_\_

Please write below some personal or business news about, yourself that we can share with other alumni,

## American Accounting Association Gives Its Outstanding Educator Award to William A. Paton

"He may be the most important accounting educator of the twentieth century," said the citation given to Professor Emeritus William A. Paton at the annual meeting of the American Accounting Association where he was honored with the Outstanding Educator Award. "By his prolific scholarship, his strong and well-reasoned views articulately expressed, his tireless energy, and the work of his student-disciples, he has had a lasting significant effect upon accounting thought and practice."

The citation continues: "In reviewing Professor Paton's record, one is struck by how consistently productive he was as a scholar and a writer during the entire span of his long career. His first accounting article was "Theory of the Double-Entry System" in the *Journal of Accountancy* in 1917; his first book, *Principles of Accounting* with his colleague and friend, the late Professor Russell A. Stevenson, in 1918. Subsequently, there is hardly a year when the name William A. Paton does not appear in print as either a new book or an article in one of the leading journals of the day. Altogether, he is the author or co-author of more than 20 books and 160 articles and monographs. His record is a monument to the fact that the teacher's scholarship and writing need not wane as time passes; and that a consistent commitment to serious scholarship is the greatest assurance that the teacher will remain intellectually vital throughout his or her career. Professor Paton is a role model for everyone of us in this regard.

"Among all of Professor Paton's writings, the best known is *An Introduction to Corporate Accounting Standards* (1940), co-authored with the late Professor A. C. Littleton. This monograph was commissioned by the Executive Committee of the American Accounting Association in 1938 in response to a widely felt need among academicians and

practitioners for a comprehensive and coherent statement of accounting principles. Reviewing this work forty years later, Professor Yuji Ijiri terms it a 'classic,' because, 'Not only has the monograph had significant influence on accounting instructors, students, and practitioners on a number of issues dealing with accounting principles and standards, but also it seems to have set a pattern of reasoning in accounting and of research approaches that start with a set of basic assumptions.' Indeed, many of the insights in this monograph can still be applied to current accounting issues.

"Prolific and influential as a writer, Professor Paton also made a tremendous contribution to accounting education as a teacher. The late Professor Herbert F. Taggart observed about his long-time colleague, 'The thousands of students who have come under Paton's influence remember him as a stimulating teacher and prolific writer of textbooks. No student who encountered him has forgotten his incisive mind, his impatience with sloppy reasoning, his endless stock of homely anecdotes and Biblical references, his interest in his students' careers, and his amazing ability to remember names and faces.'

"Yet perhaps the greatest tribute to Professor Paton as a teacher is the number of his doctoral students and long-time faculty colleagues who themselves have contributed to accounting education. Three — Sidney Davidson, Carl Devine, and Herbert Miller — have received this award. Eleven — Lee Brummet, Sidney Davidson, Robert Dixon, Thomas Dyckman, George Husband, Walter Kell, Perry Mason, Herbert Miller, Frank Smith, Russell Stevenson, Herbert Taggart — have presided over our Association. Many others have made their marks as scholars, teachers, and accounting administrators. These doctoral students and colleagues have been touched profoundly by Professor Paton, and their substantial cumulative professional record extends his

## Two Arthur Andersen Professorships Established

The Arthur Andersen Professorship in Accounting and the Arthur Andersen Professorship in Computer and Information Systems will be established at the Business School.

"These professorships are being established by the gifts of alumni and friends of the School who are employed by Arthur Andersen & Co. and by matching grants from the Arthur Andersen Foundation," Gilbert R. Whitaker, Jr., dean of the School, said. "Gifts and pledges are in hand which will total a minimum of \$500,000."

Holders of the professorships will be distinguished scholars who have made important research contributions to the field of accounting and computer and information systems. The named professors will also teach graduate and undergraduate courses in accounting and computer and information systems.

Income from the gift will be used to provide stipends over base salary to the named professors and will also provide limited funds to support research efforts. Holders of the professorships will be selected for three to five year terms which may be renewed.

Arthur Andersen & Co. is an international public accounting firm with offices worldwide. This effort to establish the professorships was led by Richard Measelle, managing partner, and William Adams, BBA '57, MBA '58, partner, of the Detroit office of the firm."

influence just that much further.

"William Andrew Paton — creative scholar, prolific writer, inspiring teacher, tireless worker, dedicated colleague, wise leader. You have brought honor to your profession through your enormous and lasting contributions to accounting education. Now your peers are proud and deeply pleased to honor you with their highest award, the Outstanding Accounting Educator Award of the American Accounting Association."



*Frank T. Westover*

## Frank T. Westover Takes Over as B School Fund Chairman

Frank T. Westover, BBA '61, MBA '62, senior vice president and controller for I.C. Industries in Chicago, has taken over as the new chairman for the Business School's annual fund. "Our sights are set for over \$550,000 in gifts during the 1983-84 campaign," he said.

Westover replaces Dohn L. Kalmbach, BBA '60, MBA '62, general partner in the New York firm of Berman & Kalmbach. The Fund prospered under Kalmbach's leadership. Last year, the Fund neared the half million dollar mark, with \$460,000 in gifts. Since 1980, alumni participation is up by 148% and total annual gifts have increased by 89%.

The Student Pledge Campaign of 1983 was also highly successful. Three hundred and six students have pledged \$92,370 over the next five years.

## **1983 Employment Survey Shows Sidaries Up 4%**

The mean salary for Business School graduates receiving the MBA in 1982-83 was \$30,132, an increase of 4% over the previous year, according to a 1983 employment survey just released by the Business School's placement office. The mean salary for new BBA degree holders was \$18,878, which also represents a 4% increase over the year before.

Among MBA graduates, the most popular manufacturing fields in which they found job placements were in the aerospace and electronics industries (where the median salary was \$30,000) and in the automotive and transportation industry (median salary of \$33,000), according to the report prepared by Margaret W. Carroll, the School's placement director.

Most popular non-manufacturing fields in which MBA graduates took jobs were management advisory services within public accounting firms (median salary of \$27,000) and commercial banking (\$29,000), said the report.

At the BBA level, popular manufacturing fields were with aerospace and electronics companies (\$20,250), food and beverage processing firms (\$17,400) and chemical and pharmaceutical firms (\$18,000).

Among non-manufacturing fields for BBA graduates, public accounting (\$18,600) was the area with by far the most job placements, followed by commercial banking (\$19,350).

Carroll reported that job recruitment was heavy at the Business School. During the past year 290 firms recruited MBAs and BBAs through the Placement Office, conducting 11,141 interviews. The mean number of on-campus interviews per student was 15.

Sixty-eight percent of the MBAs reported more than one offer of employment; 14 percent reported four or more offers. Thirty-nine percent of the class did not accept the highest salary offer. Job content

and opportunity for advancement were given as the most important factors for the selection of a position, followed closely by industry of the employer and level of responsibility.

At the MBA level the salaries of jobs accepted by graduates ranged from \$13,200 to \$44,700. At the BBA level the range was from \$12,000 to \$28,500.

## **Ernst & Whinney Professorship in Accounting Is Announced**

The Ernst & Whinney Professorship in Accounting has been established at the Business School by the gifts of alumni and friends of the School who are employed by Ernst & Whinney and by matching grants from the Ernst & Whinney Foundation. Gifts and pledges are in hand which will total a minimum of \$250,000.

"Holders of the professorship will be distinguished scholars who have made important research contributions to the field of accounting. The named professor will also teach graduate and undergraduate courses in accounting." said Gilbert R. Whitaker, Jr., Dean of the School.

Income from the gift will be used to provide stipends over base salary to the named professor and will also provide limited funds to support research efforts. Holders of the professorship will be selected for three to five year terms which may be renewed.

Ernst & Whinney is an international public accounting firm. This effort to establish the professorship was led by Arthur P. Bartholomew, MBA '40, retired, formerly regional managing partner of the northeast region, Robert D. Neary, BBA '55, vice chairman-professional standards, and Philip C. Berry, MBA '53, a partner in Ernst & Whinney's national office.

## **Two New Management Education Programs Are Announced**

Two new management education courses — one entitled "Making Strategy Work" and the other entitled "Basic Project Management" are planned to begin this spring.

"Making Strategy Work" is scheduled to begin in June, and is an intensive three day seminar on the process of achieving the competitive position envisaged in the strategic plans of a firm. The seminar will discuss identifying the critical tasks imposed by the strategy of the firm; the relationships between planning, control, and motivation and the problems of design of the individual systems; and the political, cultural and individual aspects of strategy implementation. Seminar participants will be given various cases to generate discussion on the important issues.

For more information on this seminar, call Pamela Barnhart, program director, at 763-4229.

The other new program is a three day seminar that teaches the fundamentals of project management: planning, scheduling, and control. Through case studies, lectures, and hands-on use of micro computer project management software, the seminar participant will gain exposure to the range of issues, tools and techniques found in today's project environments. The human and organizational dimensions of project management will be examined through discussions of effective teamwork and communication, time-use management, proper delegation and control, and the use of matrix organizations.

More information about this seminar, which is scheduled for May, 1984, may be obtained by calling Louis Wilson at 763-4439.



# *Tfs a Shame You Are So Able Bodied..."*

*By Leslie B. Southwick*

**I**t's a shame you are so able-bodied. I don't know if there's a job for someone in your condition," remarked Harold Russell, a double amputee. The man he spoke to, Duncan Ballantyne, MBA '69, was in perfect health and fitness and happened to be Russell's executive vice president. The mock interview was taking place in "Get Well Hospital," a figment of Russell's and Ballantyne's imagination. The selection committee — a double amputee, a blind woman, and a man in a wheelchair — only hired handicapped individuals. Able-bodied Ballantyne was out of luck.

Role playing is not normally a part of Ballantyne's day-to-day responsibilities. But in trying to educate those in charge of personnel, creative angles must be found, especially when convincing employers that hiring handicapped persons is good business. This time, the audience of hospital personnel administrators got the point. "Harold and I wanted to get their attention while not making them feel that we were indicting them for the sins of others against handicapped people," explains Ballantyne.

The role reversal represented one way to meet the challenge involved

in Ballantyne's job at Harold Russell Associates, Inc. (HRA): convincing industry and business that handicapped individuals are able to work and make excellent employees.

Since beginning his job as a management consultant at HRA in 1977, Ballantyne often refers to himself as "temporarily able-bodied." He comments, "It helps to remind me and (others) that there, but for injury or disease, go you and I. The general public has become aware of the need for accessible facilities and the wisdom of providing training and education to handicapped individuals so that they can become less dependent on social programs and be productive citizens."

Harold Russell Associates offers consulting services to governmental agencies, private organizations and corporations on issues relating to disabled people. It also helps in the formulation and execution of employment and service programs for handicapped persons. Ballantyne elaborates, "The cutback in federal spending plus the downturn in the economy has caused HRA to shift its emphasis from implementation of regulations to programs which encourage cooperation between government agencies and the private sector." He continues, "Back in January of

1982, President Reagan was talking about private sector volunteerism. We beat the President to the punch. We've been doing volunteerism and coordination between the private and public sectors for five years. What we offer is a way for industry to act on affirmative action obligations or volunteerism that is in their own self-interest."

Ballantyne has played a major role in HRA's growth and diversity of services. His expertise reaches into several areas, including vocational rehabilitation, job accommodation and industry-based training. He came to HRA with two Master's degrees: his MBA and a Master's of Education in Rehabilitation Administration from Northeastern. He also had working experience in the mental health and special education fields. "Along the way, many people noted that my MBA and M.Ed, were a great combination. In prior jobs, however, it seemed that the top jobs in human services were still being filled by individuals who were physicians, psychologists and social workers," notes Ballantyne. "Moreover, there was a prevailing view that industry is solely profit oriented and not concerned with the individual. The medical-based training and the psychological language also seemed to reinforce



*Duncan Ballantyne, MBA '69 (left) is pictured here with Harold Russell, founder of Harold Russell Associates, Inc., which offers consulting services to governmental agencies, private organizations and corporations on issues relating to disabled people.*

the idea that services to people in need was the important thing, and administration was something to be tolerated."

With his two Master's degrees, Ballantyne assimilates two perspectives that are traditionally considered contradictory. But when he joined HRA, he was able to "speak two languages" as he puts it, adding, "This job offers me the rare opportunity to dispel the myth that industry folks are mercenaries and human service folks are all heart."

"My job is a realization of what started at the University of Michigan, with courses that I took in hiring the hard-core unemployed, black capitalism and corporate involvement in the community. I now have an excellent opportunity to apply what I learned at Michigan."

HRA's founder, Harold Russell, provides strong leadership for the company. Ballantyne says, "When I met Harold, I knew little about his leadership role in the employment of handicapped individuals. Harold is a double amputee who lost both his hands in an explosion during World War II. He has served on the President's Committee on Employment of the

Handicapped since 1964. We hit it off right from the start."

Ballantyne's work keeps him in touch with the latest issues and trends. He is especially proud of the progress made on a program called Massachusetts Project with Industry (MPWI), an industry-oriented training and placement program HRA created in conjunction with the Electronic Industries Foundation in Washington. Ballantyne explains, "Recognizing the concentration of high technology companies in the area, the Foundation came to us and said they would like to help us become a local partner, to develop a local office as part of a national network. We were the third program, but they now have expanded to seven programs."

This "ideal partnership," as Russell refers to it, began in 1978. Ballantyne says, "I am excited that 131 companies and 135 Rehabilitation agencies have learned to work together to recruit and hire handicapped individuals. The main value of this program is the centralized communication between the companies and the community organizations. Without the centralization that MPWI provides,

the possible permutations and combinations of linking 131 companies with 135 agencies would be incredibly confusing. By sending us their job announcements, the companies ensure that the jobs are made known to the agencies. The agencies, in turn, refer qualified applicants to MPWI. The company is then supplied with a list of possible candidates. We offer them known commodities of handicapped people along with some support systems."

Honeywell Electro Optics alone hired 24 disabled workers over a two year span. According to a managerial survey, the retention rate of handicapped employees was higher than that of regular employees. Arthur Calderero, Director of Manufacturing at Honeywell Electro Optics Operations, encourages hiring these people for selfish reasons. "You're hiring people who want to work, and are going to be unusually dedicated and loyal," he explains. Ballantyne adds, "Raytheon has been very active from the start. The company has hired 48 handicapped individuals since 1979 and has been instrumental in the development of

*Continued on page 36*

\*A ^7 LOWELL E. TOMPKINS, MBA '47, has moved to Green Valley, Arizona, after retiring from Dundee Cement Company in Dundee, Michigan. He served the company as senior vice president, treasurer and secretary, and in retirement remains with the company as a financial consultant. He writes, "Since moving to Green Valley, I have become a registered representative for Waddell and Reed, Inc., one of the major companies in the field of financial planning, headquartered in Kansas City, Missouri."

Louis J. WILLIE, MBA '47, vice president-secretary of Citizen's Federal Savings and Loan Association, recently completed a successful conversion from a mutual to a stock association. In addition to his position there, he is also executive vice president of Booker T. Washington Insurance Company in Birmingham, Alabama. He is also a recent appointee to the trustee board of the University of Alabama System, and serves on the boards of the Birmingham branch of the Federal Reserve Bank of Atlanta, the branch advisory of AmSouth Bank and the Episcopal Church Pension Fund.

KENNETH J. FLEISCHHAUER, BBA '48, married

Kathleen Rose, on August 20, 1983. He and his new wife live in Southern California, where Ken serves as the Michigan director of The Big Ten Club. He has been retired since 1979 as an insurance administrator, the West Coast Area, for the Flintkote Company.

9 K £% WALTER L. VOEKS,

3U BBA '50, writes from Woodland Hills, California, "After devoting four years toward establishing dealer financial assistance programs in the United Kingdom, Germany, France and

Ireland, I have returned to California as regional manager for Motors Holding Division, General Motors Corporation."

J K | JOHN ULF, MBA '51, £1 JL returned to San Diego, California as director, corporate communications for ISSCO, a rapidly growing computer software company that is a leading supplier of software that generates business graphics. For the past few years, John has been in Denver with Reserve Oil and Gas Company, Getty Oil and Ensource Inc., also in corporate communications.

ISSCO was founded in 1970 and went public in March, 1983, adding financial relations to the communications functions. The communications effort for ISSCO is heavily weighted toward marketing support.

) K O WILLIAM D. BELL, BBA %3 £m '52, is now serving as the director of investor relations for IBM Corp. in New York. He has spent 26 years with IBM, and recently concluded a three year term as mayor for the City of Bronxville, NY. He is married and has six children, five of whom are college graduates. His son John graduated from the UM with a BA in Economics in 1980.

DAVID FREEMAN, BBA '52, has joined the California State Bar Association's Committee of Bar examiners serving Southern California as the associate director for educational standards. As associate director, David acts as a liaison between Southern California law schools and the Committee of Bar examiners which is responsible for law school regulations and

## *Er-Yiug Lon, MBA 79, Ehrial Y'ne Prresident of fhr Accounting Society in China*

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## William Seidman, MBA '49, is the New Business School Dean at Arizona State

"I agree it's a high pressure job, but I meet a managing partner of an international accounting firm; I have worked in the White House right next to the Oval Office (as an economic advisor to President Gerald Ford); I've been vice chairman of a Fortune 200 company (the Phelps Dodge Corporation)\*. These are all high pressure jobs. I wouldn't rate the deanship as worse than any of the ones I mentioned," declares William Seidman, MBA '49, talking about his new position as Dean of Arizona State University's College of Business Administration. He was one of four new deans featured in an article in *Newsline*, a publication of the American Assembly of Collegiate Schools of Business.

The article highlights each dean's expectations of difficulties

associated with their jobs. Seidman sees the major difficulties coming from bureaucracy\* "To move a bureaucracy/' he says, "you have to build a constituency and a platform and, hopefully, make sense to enough people to get things done. I get as frustrated with bureaucracy in my university as I ever did with the federal government."

In the *Newsline* article, Seidman also comments thoughtfully on the ability of deans to bring on significant change rapidly, "I obviously have ideas about things we need to change," he says, "and when you are an agent for change, you tend to accumulate people who oppose it along the way until finally they overwhelm you. In the meantime, it ought to be a very rewarding and enlightening experience."

accreditation. His responsibilities include monitoring and reporting to the Committee on the administrative and academic performance of state bar-accredited law schools.

Freeman practices law in Sacramento, California, active as a neutral arbitrator and mediator in the resolution of labor and employee relations disputes. He is also presently writing a casebook on advanced labor law relating to federal employee-management relations.

Freeman completed a law degree from Stanford shortly after graduating from Michigan, and served as assistant dean of Stanford Law School until 1964. He then worked in Washington, D.C. as deputy associate director for university relations and training for the Peace Corps from 1964-66 and as senior administrative advisor and chief hearing examiner for employee appeals at the federal ACTION agency from 1971-74. He also has worked extensively as a management consultant on labor law

JACK C. PINNEY, BBA '54, TL director of sales for the Dowell Division of Dow U.S.A., has been named general sales manager of the Houston Sales Office of Dow Chemical, U.S.A. This move follows realignment of Dow U.S.A. commercial operations announced earlier this fall. Jack joined Dow in Midland, Michigan in 1957 and has held various marketing posts. He was named marketing manager for chemicals and metals in Dow Latin America in 1970 and a product operations manager in Midland in 1974. He moved to Dow Canada in 1976 as general sales manager of the Ontario district office and in 1977 became director of Sales for Dow Canada. He was named director of marketing for the Crude Oil Products Department in Houston in 1979 and director of sales for Dowell early in 1982.

LEON H. TURNER, MBA '54, CPA, president of the public accounting firm, Turner, Stauffer & Co., P.A., in Wildwood, N.J., has been re-elected to the governing Council

of the 200,000-member American Institute of Certified Public Accountants (AICPA). He served on the governing Council in 1981-82. He is also a member of the New Jersey Society of Certified Public Accountants and will be its president in 1984.

MARVIN R. STEMPIEN, BBA '55, of Livonia, Michigan has been appointed by Governor James Blanchard to the 3rd Judicial Circuit Court in Wayne County for a two-year term. With a law degree from the University of Detroit, Stempien has been in the general practice of law since 1961. He is a former city attorney for Northville, MI, and served three terms in the Michigan House of Representatives (1965-1966; 1968-1972) where he was majority floor leader for two years.

WILLIAM J. BARTON, BBA '54, MBA '58, reports that he, his wife, Lee; son, Stuart, 14, and daughter, Beth, 13, "are all very happy with the move from Birmingham, Michigan to Kailua, Oahu, Hawaii." Bill joined Hawaiian Trust Company in 1981 as vice president and chief investment officer after 24 years at Detroit Bank and Trust Company where he was vice president for pensions and investments. Bill was recently on a three member American arbitration panel with, by pure coincidence, two other University of Michigan alumni. He says, "There are a lot of University of Michigan alumni in Hawaii. Several of Stuart's Lolani High School teachers are UM graduates." About his new home, Bill writes, "Kailua is on the windward side of the island of Oahu and each day I make a 25-minute car commute over the Koolau mountain range to downtown Honolulu."

JACK GRAY, BBA '53, MBA '58, a professor of accounting at the University of Minnesota, spent the month of June lecturing at the Shanghai Institute of Finance and Economics in the People's Republic of China. He discussed current developments in management accounting. He writes, "On arriving in China, I discovered that the head of the accounting faculty, Professor

Er-Ying Lou, earned his MBA degree at the School of Business in 1939." He continues, "While on a train traveling from Hangchou to Shanghai, Mrs. Gray discovered that there were four Michigan alumni in the same car; Professor Lou, myself and two doctoral graduates in Engineering." Jack was invited to China to lecture because his book, *Accounting and Management Action* is well respected in China.

9 1? €% JEFFREY JARRETT,  
D ^ i BBA '62, was named chairperson of the department of management science at the University of Rhode Island. He is a co-author of *Basic Applied Statistics for Business Decisions*, to be published by Dryden Press, Hinsdale, Illinois, and author of *Modern Forecasting Methods*, to be published by McGraw-Hill.

9€^C1 STUART N. LAUD, JR.,  
03 BBA '63, has moved from Sylvania, Ohio to Solana Beach, California. He presently serves as vice president for subcontract programs at Teledyne Ryan Aeronautical. He directs and coordinates program managers for business they do on components for military aircraft, missiles and satellites, as well as marketing for new government contracts. He also directs a team of all-company officers for improvements in quality, productivity and performance. "We love it here," he writes, "but regret having to give up our Michigan season football tickets in Ann Arbor. In January, 1983 we attended our first Rose Bowl and loved everything about it except the outcome. However, our daughter, Heather, didn't mind since she is studying communications and possibly preparing for Dentistry at UCLA! Gordon is at USC in architecture. We've lost half of our Michigan fans. Sue and I enjoy the Michigan Club of San Diego, and look forward to more Rose Bowls and hearing/seeing THE BAND!!!"

LARRY MAWHINNEY, MBA '64, is the partner in charge of accounting and auditing for the Spanish affiliate of Arthur Young & Company. Prior to moving to Spain in the summer of 1982, Larry was the firm's director of accounting and auditing education in Reston, Virginia. Although he says he hasn't had much of an opportunity so far to enjoy the outside possibilities of living in Europe, he and his family do plan to spend some time traveling throughout Europe in the summer.

EDWIN T. FUNK, BBA '59, MBA '64, was elected a vice president of Merrill Lynch Pierce Fenner and Smith, Inc. Edwin began his career with Merrill Lynch in 1964 as an account executive in the company's downtown Detroit office. He moved to senior account executive in 1974 and to assistant vice president in 1978. His other activities include director of the Detroit Jaycees, member of the Detroit Economic Club, member of the Detroit Yacht Club, University Club, Nomads, and part-time faculty member at Wayne State University teaching investment courses.

TADD C. SEITZ, BBA '63, MBA '64, has been elected president and chief executive officer of O. M. Scott & Sons Company. He is responsible for all operations of O. M. Scott & Sons Company and the W. Atlee Burpee Company, based in Warminster, Pennsylvania.

Seitz joined Scott, a producer of lawn and turf products, in 1972 as marketing administration manager and held a series of marketing positions including director of corporate marketing. In 1979 he was named general operations manager of Burpee, a direct mail company and producer of vegetable and flower seeds and, later, general manager of Burpee. In 1982 he was appointed executive vice president and chief operating Officer of Scott, with the additional responsibility of Burpee. Both companies are subsidiaries of ITT Corporation.

DONALD L. KRIEGER, BBA '65, started his own CPA firm, Donald L. Krieger, CPA, in January of 1983 after working for eleven years with a Gaylord CPA firm. He is a specialist in computer consultation and accounting. His wife, Judith, BA, LS&A '64, is currently teaching at St. Mary's Cathedral High School.

9££® THOMAS J. HINDELANG,  
O O MBA '66, and a CPA, was recently awarded the Christian R. and Mary F. Lindback Teaching Excellence Award at Drexel University in Philadelphia, where he is professor of finance and acting chairman of the newly formed Department of Finance. He was nominated for the award by graduate and undergraduate students, fellow faculty members, and members of the administration. Also, two books by Dr. Hindelang are being published this year. They are: *Capital Budgeting: Planning and Control of Capital Expenditures* (second edition), Prentice-Hall, Inc. and *Making the Lease/Buy Decision: A Comprehensive Guide to Leasing Under ERTA and TEFRA Tax Acts*, American Management Association.

9£?^T PAUL SHELDON FOOTE,  
O / BBA '67, has joined the faculty of New York University as an assistant professor of accounting.

JOHN E. DAVIS, MBA '67, has been named a partner in the international accounting firm of Arthur Andersen & Company. He joined the Arthur Andersen management information consulting division in New York City in 1967 and was promoted successively to manager and principal before becoming a partner.

9|?£| MICHAEL MASON, BBA  
O ^ f '69, has been recently promoted to regional director, Southeast Region for Home Box Office, Inc. and is now responsible for the direction of all affiliate-supported marketing and sales activities for Georgia, South Carolina, North Carolina, Alabama, Tennessee, Mississippi, Virginia, and Northern Florida. Mason joined

HBO as a regional manager for the South Carolina and Southern Georgia regions and shortly thereafter was given the additional responsibility of the North Carolina and Virginia regions.

After graduating from Michigan, Mason held several positions in development, including director of development for Spelman College in Atlanta, director of development for Emory University in Atlanta and development officer for Clark College, also in Atlanta. Between 1971 and 1974, he was chairman of the Department of Business and Economics at Siena Heights College in Adrian, Mich. He then served as an independent management consultant to non-profit organizations in Georgia from 1974 until he became associated with HBO.

JH f DAVID E. PFEFFER, MBA / vF '70, has been promoted to the post of vice president of Comerica Bank in Detroit. The position entails the responsibilities of loan administration officer for the Oakland and Macomb County Loan Groups of the Metropolitan Corporate Banking Department at Comerica. David has been with the bank since 1971 when he joined as a credit analyst.

j H g RONALD H. HOFFMAN, / A MBA '72, of Lake Forest, Illinois has been named Hospital Company vice president controller for the American Hospital Supply Corporation. He began his career with American in 1977 as manager of corporate reporting at the executive offices and was subsequently promoted to field controller with the American Hospital Supply Division. In 1979 he was promoted to assistant controller and then controller at Pacific International. His most recent position was vice president controller for the corporate marketing group at the executive office in Evanston.

Jpsj GREGORY TALMADGE, BBA '73, is vice president and group manager of a group of loan officers at First City National Bank of Houston. The group he leads

is responsible for accounts and business development in East Texas, Louisiana, Arkansas, Mississippi, and Alabama. Greg worked seven years in banking in Detroit before moving to Houston. "Houston is a vibrant community," he says. "Attitudes are positive and the people are very friendly."

THOMAS C. MOWRY, MBA '73, has joined the staff of Hospital Care Corporation (HCC) as senior manager of Medicare Audit and Reimbursement. HCC is a Blue Cross Plan headquartered in Cincinnati, serving 36 Ohio counties. Thomas joined HCC after serving as an audit principal for Arthur Young & Company.

GARY BAUGHMAN, MBA '73, has been named president of the Stiffel Company, an affiliate of Beatrice Foods, headquartered in Chicago, Illinois. Stiffel is the largest lamp manufacturer in the United States. At 37, Gary is the youngest general manager in the Beatrice Consumer Product Group. He joined the Stiffel Company two years ago after several years of experience with another lighting company located in New York City. He is now living in Winnetka, Illinois with his wife, Marilyn, and their four sons.

5^7 A MARTIN B. STADMILLER, / Tt MBA '74, has been appointed secretary-treasurer of Edwards Brothers, Inc., an Ann Arbor based book manufacturer. Martin has held several positions with Edwards Brothers, most recently as assistant treasurer.

J h K L. WALTER HELMREICH / 3 III, MBA '75, was promoted to audit principal at Arthur Young in Chicago. Walter joined the staff in 1975 and was most recently a manager there. He lives in Carol Stream, Illinois, with his wife Barbara, and children Crais 7, Gretchen, 6, and Paul, 1.

9^y£? FRANK J. FOLZ III, / i \3 MBA '76, has joined the municipal finance department at Salomon Brothers, Inc. in New York.

MARK R. NOYD, MBA '76, has accepted a position as controller

with American Software, Inc. The company sells materials management software for IBM and compatible mainframes. Mark lives in Atlanta with his wife, Mary, and their three-year-old son, David.

JOON S. SURH, MBA '76, writes that since graduation he has taken various jobs with IBM, Citibank, and Nam Kwang Construction Company (a Korean contractor). He has lived in Canada, the United Kingdom, and Germany, but is now back in Korea. "Last year, I finally came back home," he says, "to take up a directorship of a one-year-old trading company specializing in garment raw materials and computers." Joon became a managing director in March of this year. "If you are interested in selling our products or buying products to and from Korea," he offers, "please let me know."

W. PATRICK KRANZ, MBA '76, has been named assistant controller for B. Dalton bookseller. In his new position, Patrick will be responsible for inventory control, accounts payable and store services. He joined B. Dalton from Dayton Hudson Corporation where he had been manager of treasury planning and financing since October, 1982. Prior to that he had been manager of internal reporting and analysis.

MUKESH J. PATEL, MBA '76, of Turnersville, New Jersey, has been promoted to tax manager in the Philadelphia office of Arthur Young & Company. Mukesh joined the audit staff of Arthur Young in 1978, before transferring to the tax department, specializing in individual, expatriate and corporate taxation. He has served as an audit instructor on the adjunct faculty of Gloucester County College in New Jersey, and is a member of the Pennsylvania, New Jersey and American Institutes of Certified Public Accountants.

J h Q BRAD ADAMS, MBA '78, / f O was recently promoted to second vice president in the treasury department of the Northern Trust Company in Chicago, where he is responsible for

overseeing the trading of all money market securities.

CHRISTIAN E. SOMERS, MBA '78, of Marina del Rey, California, joined McKinsey and Company in Los Angeles as an associate. He will be concentrating on electronics based industries. Christian would like to start a local alumni association for B school graduates. Anyone in the area interested?

TODD MENENBERG, BBA '78, writes, "While living some 12,000 miles away in Sydney, Australia, *Dividend* makes Ann Arbor seem quite a bit closer. I have many fond memories of the Business School and the great profs, especially Jim Wheeler. I encourage any B-School alumni to stop in if they are visiting the most beautiful part of the world." Todd was recently promoted to audit manager at Arthur Andersen & Company.

JEFFREY C. DUCOMB, MBA '78, has transferred from Ford U.S. car product planning, to Ford of Europe car product planning. He says, "With Ford car programs becoming more global in nature, my position and responsibilities are playing a key role in fostering greater cooperation between two of Ford's major car product development centers." He expects the fruits of his efforts to be available in the mid-1980s when selected Ford of Europe's premium car lines will be introduced on the U.S. market. Jeff was married in 1981 to Dawn Dudgeon from Rockford, Ohio.

Three Business School MBAs from 1978 have been promoted at Arthur Andersen and Company in the Detroit office. DANIEL S. RANKIN, MBA '78, BBA '76, and JOHN A. HEJKA, MBA '78, were appointed managers in the management information consulting practice. Daniel lives in Rochester, Michigan and John lives in Detroit. MICHAEL MUCHORTOW, MBA '78, was appointed manager in the audit practices of the company. Michael is a Sterling Heights resident.

## *Terry Davis, MBA '62, is a Member of Britain's House of Commons*

Terry Davis, MBA '62, is a member of Britain's House of Commons, where he presently serves as an opposition spokesman, on health and human services.

Born and raised near Birmingham, England, Davis studied law at London University before winning an exchange scholarship to the University of Michigan. The scholarship allowed him to choose any area of study, and he chose business.

After receiving his MBA, Terry accepted a management job with Standard Oil of New Jersey in Great Britain. He then worked as a manager for Qarks Shoes of England and Chrysler's marketing branch. During the 15 years he worked in industry, his interest in the Labor Party increased, and he ran for his first Commons seat in 1970. He won the seat in a 1971 by-election after Birmingham's Conservative Member of Parliament died, but lost the seat in a Conservative landslide in 1974 — the beginning of what, he calls an "ups and downs" political career.

He then worked for British Leyland for five years before winning a seat in the City of Birmingham in the general election of 1979. On his return to the House of Commons in 1979, he was immediately appointed to the Public Accounts Committee, and in November, 1979, became the Labor Whip for the West Midlands, a position he held until December, 1980, when he became an opposition spokesman on health and social services.

His 12-year political career and two years in America have shown Terry one major difference in

the American and British political systems. Americans tend to vote for a person and Britons vote for a party, he said, "It's very difficult for Americans to become used to strong party affiliation."

Terry is a devoted Michigan fan, and takes time out to watch the Michigan football games — that is, the overseas televised Rose Bowl games. His family also upholds that college spirit. His son, John, 17, is called "Mitch" — a British abbreviation for Michigan which was taken from John's U-M sweatshirt which he wears all the time.

"Terry's 19-year-old daughter, Kate, is interested in studying abroad. "I had wonderful years in America," says Terry. "I'd be delighted if my children want to study there, but I insist they study at the University of Michigan."

Having experienced two educational systems, Terry notes that, both American and British students are under a great deal of pressure despite major differences in teaching. "In British universities," he says, "students take exams at the end of a year, whereas Americans are tested all the time. That gives American students a chance to know how they are doing during the course, but the British system allows one to miss several classes and still have time to catch up."

The future for Terry holds more politics. If the Labor Party sweeps the next general election, he hopes for a cabinet position,

*(This article was adapted from a story written by Kimherly Litem and first published in the Ann Arbor News.)*

^7Q H<sup>n</sup> RUSSELL SMITH, BBA  
i %J '79, recently graduated  
from Northwestern University  
where he received a Master of  
Management from the Kellogg  
Graduate School of Management  
and a Juris Doctor from the School  
of Law. In September he began  
working as an attorney for Dykema,  
Bassett, Spencer, Goodnow and  
Trigg, a Detroit law firm.

NANCY A. Fox, BBA '79, a Coopers  
& Lybrand audit senior in Detroit,  
was recently named a practice fellow  
in the Institute's auditing standards  
division, according to a notice in the  
CPA Letter of June. Nancy has  
had client experience in mortgage  
banking, general contracting and  
private schools and foundations.  
She works with the EDP auditing  
standards subcommittee and helps  
draft statements on auditing  
standards, auditing interpretations  
and audit guides.

Arthur Andersen and Company  
has promoted two '79 graduates to  
higher positions in the company's  
Detroit office. F. SCOTT FIFE, MBA  
'79, joins two '78 graduates as a  
manager in the management  
information consulting practice.  
GREGORY JONAS, MBA '79, BBA '77,  
was appointed a manager in the  
audit practices along with another  
'78 graduate. Gregory and Scott  
both live in Ann Arbor.

9Q| " | BEVERLY J. GRIFFITH,  
0 \ 1 MBA '80, was recently  
named a commercial banking  
officer at The Northern Trust  
Company, Chicago. She serves in  
the western division where she is  
responsible for corporate and  
correspondent banking relationships  
in Texas and Oklahoma. Beverly  
joined the bank in January, 1981,  
and was named an officer in May,  
1983. A resident of Chicago,  
Beverly is a member of the  
University Club there.

JOHN P. BARRETT, BBA '80, is  
presently working for Uniroyal, Inc.  
as an internal auditor. He writes,  
"The job gives me the opportunity  
to travel while gaining knowledge  
of how a large business operates. I  
enjoy it." After graduating, he took

## *Revolutionary Softball Bat Invented by Bill Merritt, MBA '78*

A Softball bat with a  
triangulated design that more  
than doubles the "sweet spot" on  
the bat without increasing its size  
or weight, has been invented by  
William Merritt, MBA '78, who  
also holds an architecture degree  
from the U-M (M.Arch, '75). Bill  
started thinking about how the  
traditional softball bat could be  
redesigned after he struck out  
three times in an amateur softball  
game. "The round bat," he says,  
"may have evolved out of  
tradition, ease of manufacture,  
or a desire to keep the bat  
simple; not, however, as the best  
shape to hit a ball with." His  
product\* called "The Broadside"  
(patent pending) is the end result  
of nearly two years of effort,

The Broadside and its  
inventor have been the subject  
of several feature stories in the  
national media, including the  
Today Show, the CBS Morning  
News, USA Today, Newsday, and  
Sportstyle Magazine,

It has been called "the most  
effectively constructed bat that  
I have used to date," by Donna  
Terry, head Softball coach,  
University of California,  
Berkeley, and "the first

innovation in the equipment used  
in the sport in the past 40-50  
years," by Lynn Fjerl, professor  
of engineering and sports  
mechanics at Case Western  
Reserve University. Already, it  
has been purchased by 25  
college teams.

Inventing the "perfect bat,"  
however, may yet turn out  
to be considerably easier than  
convincing tradition-bound  
softball players to use it, says  
Bill, noting that the bat is not  
approved by the American  
Softball Association (ASA) for  
official play. "There are so many  
vested interests in the round bat  
that I haven't even thought of  
approaching the ASA yet," he  
adds. "I'm hoping that my  
customers will do that."

Bill says that the success of his  
product depends strongly on the  
reaction of the amateur market.  
"Over 30 million Americans play  
softball every year," he says, "and  
half of them do not belong to an  
ASA-affiliated league. If I can  
attract a fraction of the market,  
I can do fine."

Bill is the president of the  
Broadside Sports Co., Inc. in  
Long Island, New York.

a position as a staff accountant at a  
Utica, Michigan CPA firm, where  
he worked for 2 and 1/2 years.  
He became a CPA in July, 1982.

TERRENCE J. NOETZEL, MBA '80,  
has joined the central management  
services (CMS) office of Arthur  
Young in Detroit as a senior  
consultant specializing in data  
processing and planning for the  
health care industry. Formerly an  
internal management consultant for  
Henry Ford Hospital in Detroit,  
he is a member of the American  
Hospital Association, the Hospital  
Management Systems Society, the  
Society for Hospital Planning, and  
the Healthcare Financial Manage-  
ment Association.

ERIC LEININGER, MBA '81,  
was promoted to  
marketing research supervisor at  
the Quaker Oats Company where  
he is currently responsible for  
marketing research on new  
ready-to-eat cereal brands.

DOMINIC D. VIOLANTE, Executive  
Program, 1981, is now with Rail  
Products Group of the Abex  
Corporation as vice president  
of finance and management  
information systems. He was  
previously with the Illinois Central  
Gulf Railroad. Dominic continues to  
live in Rolling Meadows, Illinois.

DAVE ANDERSON, MBA '81, joined  
the staff of Congressman Gary



Studds (Democrat, Massachusetts) this fall as an administrative assistant, having graduated from Harvard University with a doctorate in education. He writes, "I hope to use my business and law degrees as well as my interest in education to formulate legislation that will help our public school system." Dave worked the last two summers in Congressman Studds' office and says he is "no stranger to the nuances of Washington."

PHILIP M. COMERFORD, JR., BBA '81, is taking a leave of absence from AT&T Long Lines to attend Colgate Darden Graduate School of Business Administration. He was an account executive with AT&T in Troy, Michigan, and is now living in Charlottesville, Virginia. He writes, "The decision to return for an MBA was not easy. My leave will become effective just one week prior to receiving a promotion to second level, and is only two months after becoming certified and receiving a 24% pay increase. But to quote a line from 'Risky Business,' every once in a while you have to say 'What the h--l' and just do it!'"

MIGUEL L. VARGAS, MBA '81, informs us, "After getting my MBA, I joined Citibank in San Juan, Puerto Rico and was in their executive officer trainee program for 20 months. During this time, I was exposed to all the major bank departments in order to develop a global view of the organization. Last May I was appointed marketing director of the card products division. As such, I develop strategic plans and programs for the division. I never thought that bank marketing could be this exciting, especially when the industry is starting to be deregulated. If you are in San Juan, contact me at (809) 792-8080 and I'll show you around our beautiful Island."

GRETCHEN M. HAZEN, MBA '82, has found a challenging position in a new program with W. C. Brown Publishers as developmental editor of professional and educational software. The firm has recently

## Jeanne Fitzgerald, MBA '81, Appointed Director, Strategic Planning, for the Intermountain Health Care System

Jeanne Fitzgerald, MBA '81, has been appointed director of strategic planning for Intermountain Health Care, Inc., a non-profit parent company to five health care-related corporations. They include IHC Hospitals, Inc., a 23 member multi-hospital system; IHC Affiliated Services, Inc., a subsidiary that provides central services including group purchasing and data processing to 125 hospitals; and IHC Professional Services, Inc., a subsidiary formed to lead IHC's diversification into alternative delivery and financing systems. Intermountain Health Care, Inc. is headquartered in Salt Lake City, Utah.

As director, Jeanne is responsible for developing strategies to assure the long-range success of IHC and its subsidiary companies and business units. Specifically, she oversees planning functions for new business development, including acquisition analysis and negotiations, diversification ventures and market entry strategies. She also directs the preparation of corporate environmental assessments and strategic plans.

Prior to taking over as director, she worked as a corporate strategic planner for 11 years. From 1978 to 1980 she served as director of Michigan Citizens for High Blood Pressure Control. From 1974-78 she was assistant



director of the Institute of Gerontology at Wayne State University. She has also served as a consultant for the Visiting Nurse Association of Detroit\* and held staff and administrative positions in three major teaching hospitals and the largest home health agency in New York\*.

She holds an MBA with strategic planning, finance, marketing and international business emphasis and an MPH with emphasis in chronic disease, gerontology and planning, both from the University of Michigan. She also holds a BS in nursing from Hunter College in New York, and an RN diploma from Bellevue Hospital School of Nursing, also in New York.

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entered the software area, and opened a regional office in Madison, Wisconsin.

G. SCOTT HAISLET, MBA '82, claims to have "joined society" as a Marin County, California resident with the purchase of a BMW. His license plate: "GOBLUE 9." Scott has also joined the tax division of Price Waterhouse & Company in the San

Francisco Office. Previously, he spent a year on the audit staff of Arthur Andersen and Company, also in San Francisco.

CHRISTINA M. KLOTH, MBA '82, recently moved to Essexville, Michigan from Kalamazoo, Michigan. She works as a junior auditor for Laine Appold & Company.

# Eighty Six Percent!

## *B School May Be One of the First Facility Campaigns to Complete Its Goal as Part of the \$160 Million Campaign for Michigan*

aving begun its own campaign in 1981, the Business School continues to lead U-M's drive to obtain philanthropic support from the University's alumni and friends.

"A Heritage of Leadership: The Campaign for Michigan," is a five-year, University-wide project to raise \$160 million for enhancement of educational programs and facilities. The Campaign's October kick-off celebration drew more than 550 volunteers from throughout the country, including former President Gerald R. Ford, honorary Campaign chairman, and Michigan Governor James Blanchard.

Many of the Business School Campaign's volunteers also are involved in the University's overall fundraising effort.

"I think it makes sense to have this overlap in fundraising efforts — especially since the Business School Campaign is such an integral part of the Campaign for Michigan," says John R. Edman, BBA '50, MBA '50, chairman of the Business School Campaign steering committee and regional co-chairman for the Campaign for Michigan — in addition to being a vice president of General Motors Corporation.

Business School Campaign volunteers now total 175 alumni and friends of the School. The dedication of those individuals and generosity of donors has raised the campaign's total to \$12.6 million.

Now more than 85 per cent of the way toward its goal of \$15

million, the Business School Campaign is far from winding down.

"We definitely don't consider our task completed yet," says Dean Whitaker. "I'm very pleased with the progress of the campaign and credit its success to the hard work of our volunteers," he added. "But I don't think that we can assume, at this point, that our work is nearly over."

Special gift efforts are beginning in Saginaw, Grand Rapids, Kalamazoo, Bay City, and Detroit even as Ann Arbor wraps up its phase of the drive. Across the country, campaign volunteers such as Sandy Robertson, BBA'53, MBA'54, partner in Robertson, Colman, and Stephens, contact fellow alumni in regions remote from the University.

"I've contributed my time and money to the campaign because the School gave me the tools to deal in the real world of business," says Robertson, who leads the San Francisco bay area region of the campaign.

The campaign's primary gift phase — which includes pledges of more than \$100,000 — now totals \$10,650,000. Special gifts, those between \$5,000 and \$99,000, total \$1,170,000. The Business School Family phase (contributions from Business School faculty and staff) totals over \$680,000.

Like his fellow volunteers, Edman is excited about the success of both

the Business School Campaign and the Campaign for Michigan. (The latter already has raised \$45 million.) But he warns against early complacency.

"We still have a few prospects in the Detroit area," he said of the Business School's Detroit campaign which already has raised more than \$500,000. "And we can't call our part of the campaign successful until we hit the \$15 million mark."

Jane Kay, MBA '63, vice president of Detroit Edison Company and one of the campaign's newest steering committee members, says she enjoys her campaign work because "it puts me back in touch with my alma mater and has made me a more active alumna.

"I feel an obligation to repay the School for my education and the background that has helped me so much in my career," she says. "I've always felt strongly about the University and find it satisfying to watch it grow."

Just as fundraising progresses, so does construction of the physical plant extension, to be funded entirely through campaign donations.

The building project consists of three separate structures: a library, computing center/executive education facility, and executive residence. Two of those buildings are well underway and bids will soon be taken for construction of the executive residence.

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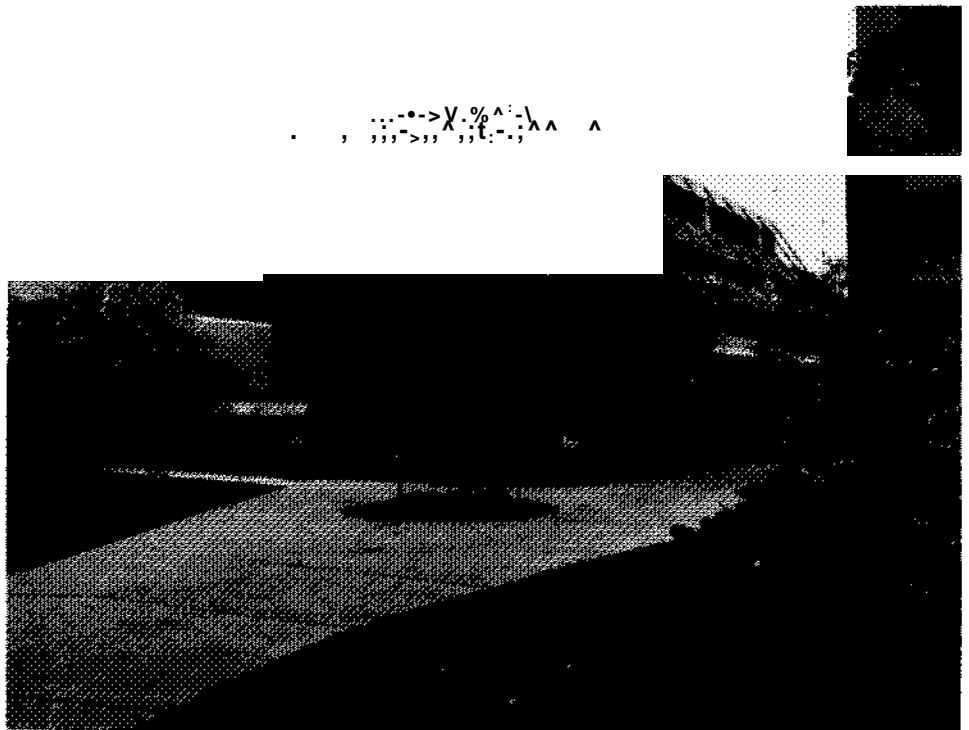
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Address Correction Requested

### *It's A Shame You Are So Able Bodied.*

*Continued from page 26*

training programs. The Internal Revenue Service in Boston has recently hired MPWI applicants. IRS is an example of how we are working with the federal government itself to aid in the placement of handicapped persons. We're not limited to electronics. We're adding organizations such as insurance companies and banks."

Successful placement of handicapped individuals pivots on successful training. MPWI refers only qualified people for jobs. It also identifies training opportunities and provides technical assistance so that existing programs can better serve handicapped individuals. "MPWI has developed a training program which prepares handicapped people to be electronic assemblers and test technicians, and graduates them into known jobs in participating companies," explains Ballantyne. "To develop the program, we asked companies to identify those jobs for which they had a predictable need in the

future. The companies helped to design the curriculum, donated equipment, helped to find an instructor and donated money to start the program." He continues, "The key to success is that participating companies feel a sense of ownership and responsibility for the program. I feel strongly that this collaborative effort should be the direction of manpower training, especially for disadvantaged individuals."

MPWI is only one aspect of services that HRA provides. The company prides itself on offering a broad spectrum of services, including training, conference management, public relations, research and policy analysis, evaluation and program development.

Because of the economy and changing governmental regulations, the company has had to redefine its consulting role. "These tough economic times have challenged the creativity and

perseverance of all those at Harold Russell Associates," says Ballantyne. Nevertheless, progress is being made. "We feel that industry will continue to need advice and support in developing effective employment programs for disabled individuals. In the midst of hiring freezes and layoffs, placements by MPWI have remained high. We met our placement goals in the difficult economic years of 1981-1982. What that tells me is that there will always be a need for a quality employee. We have also developed such loyalty among some of the companies that they call us first and tell us about their job openings. They are committed to making this program work. It is my feeling that the task of helping handicapped individuals become productive citizens will become increasingly important for both social and economic reasons." •