

*The Magazine of the School of Business Administration • University of Michigan • Winter 1990*

# Dividend



**MBA PLUS**  
**The Michigan Joint**  
**Degree Program**

Dear Alumni and Friends,

The School has become highly internationalized as we move into the '90s. Here are some examples of recent events that illustrate the variety of activities taking place here:

We have two Polish managers here this semester who are among the first recipients of the new Alexander Hamilton Fellowships in Management, one of several initiatives announced by President Bush during his recent visit to Eastern Europe.

One of the managers is the founder of a food processing plant in Poland; the other is the director of the Warsaw office of an agricultural consortium that represents several West German companies in Poland. They are taking courses in Executive Education focused on management, strategy, and marketing.

The International Business Club here at the School ran a Japan Day Forum in mid-February which included three Japanese executives, three American executives working for Japanese firms, and three faculty members participating in a panel discussion on "Corporate Japan: Its Growing Presence and Its Future."

The McNally lecture in mid-March was given by the Honorable Rozanne L. Ridgway, president of the Atlantic Council of the United States and former assistant secretary of state for European and Canadian Affairs. Her topic was "The United States and Europe: A Guide to the New Decade."

A new Center for International Business Education is being established at the School under a three-year \$480,000 grant from the U.S. Department of Education, and will promote campus-based education and research to help the U.S. become competitive in international trade.

The Michigan Business School was one of only five schools awarded funding out of more than 60 competitors. We are looking forward to this new, interdisciplinary teaching and research unit.

Another new program is a "joint venture" between our School and Citicorp/Citibank which is initiating summer internships for faculty members. Bernard Yeung, assistant professor of international business, held the first internship in the summer of 1989 at Citibank Hong Kong.

The internships are seen as a way to contribute to a faculty member's professional development while at the same time contributing to the business needs of the overseas office of a major globally oriented corporation.

The venture proved so successful last summer that Citicorp plans to repeat it this summer and possibly expand it to two or three other leading business schools.

Sincerely,

Gilbert R. Whitaker, Jr.

# Dividend

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#### About the Cover

Six joint degree students gather on the steps of the Kresge Library. They are all MBA students; their other degree is listed in parenthesis. Reading clockwise from top left, they are: Marvin Anderson (Public Policy); Joan Jaeger (Russian and East European Studies); Susan Land (Architecture); Cristina Vasconez (Music); Paul Martin (Japanese Studies) and Basil Kiwan (Near Eastern and North African Studies). For interviews with all of these students and six more, see page 8. Photo by Gregory Fox

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# How 21 Men Got Global in 35 Days

*Executives from five nations were the first to try an intensive new program for learning about worldwide management. Did it work? The participants think so.*

By Jeremy Main

**W**hy can't Japanese executives learn to speak English better? Why can't American executives learn even a few words of Japanese? Why don't the Japanese speak up more? Why don't Americans shut up and listen once in a while? Why do the Japanese avoid confrontation while Americans go looking for it?

If the world is to get the global managers it needs, these and a lot of other quotidian questions will have to be hammered out — and the process won't be easy. Trying to help it along is professor Noel Tichy of the University of Michigan's Business School, who recently gathered an international group of 21 senior executives from major corporations for an unusual five-week exercise. The executives attended lectures and seminars at Ann Arbor, built rafts and climbed cliffs on a blustery Atlantic island, got briefed in Washington, survived a simulated press ambush, traveled in fact-finding teams to Brazil, India, and China, gave one another nicknames like "Country Boy Iron Belly," and generally gained a sense that this global managing stuff may be more complicated than they thought. The group included ten from Japan, eight from the U.S., and one each from Brazil, Britain, and India. All were men, mostly in their 40s.

Problem No. 1: Communication. Stiff and ill at ease at



*Hiroyoshi Takanaka, general manager of Honda Motors China Division (left) and Wayne P. Yetter, vice president, Far East-Pacific, Merck Sharp & Dohme International, try international charades at a farewell dinner.*

first, the Japanese said little, and some of what they did say was hard to understand. The Americans talked too much and wondered when the Japanese would make a contribution. On the second day a member of the program's faculty, professor Hiroataka Takeuchi from Hitotsubashi University — who is not reticent about speaking his mind in perfect English — intervened to clear the air.

First he suggested the Japanese might be more comfortable if they made it clear how they preferred to be addressed. In an attempt to be jolly good fellows, some had adopted American nicknames on arriving at Ann Arbor. For instance, Toshiyoshi Endo, a deputy general manager at Hitachi, had said, "Call me Eddie." But with Takeuchi's prompting, it turned out, he really preferred the more respectful Endo-san. The most senior of the Japanese, Hiroyoshi Takanaka, 51, general manager of Honda Motor's China division, became Takanaka-san, but the youngest, 34-year-old Masahiko Otsuka of the Otsuka pharmaceuticals family, kept his American nickname, "Mark." Social order was restored.

Then Takeuchi explained to the others why the Japanese spoke so little. Unfamiliarity with English was only the least subtle reason. Unlike Americans, who like to jump in and grab control of a meeting, said Takeuchi, the Japanese prefer to wait and listen, and the higher

their rank the more they listen. This group of Japanese are the elite, he explained, and therefore listen a lot. He added that the Japanese have a subtle saying: "He who speaks first at a meeting is a dumb ass." Sobered by his implication, the Americans decided to give the Japanese more chance to talk by adopting the two-second rule: When someone else finishes talking, wait two seconds before speaking to give others a chance. The Japanese adopted the athlete's time-out signal, a T formed by both hands extended, to call a break for explanations when the language became confusing.

*"If you are with a Japanese who speaks fluent English, you may be dealing with the wrong person," advises Hirotaka Takeuchi.*

After that the Japanese spoke up more and the Americans quieted down, but communication remained a problem to the end of the five weeks. The lesson: Global leaders will always have to spend time and patience overcoming language and cultural barriers. "If you are with a Japanese who speaks fluent English, you may be dealing with the wrong person," advises Takeuchi. "You are probably dealing with an *eigo-ya*, an English specialist, who doesn't know much else." The Japanese will probably never become gabby. "We are a homogeneous people, and we don't have to speak as much as you do here," said Takanaka-san. "When we say one word, we understand ten, but here you have to say ten to understand one."

What really broke the ice among the aspiring globalists was a weekend on Hurricane Island off the Maine coast, with the Outward Bound School. Outward Bound is devoted to encouraging personal growth through physical tests that sane middle-aged men normally avoid. Tichy intended to rapidly forge these 21 strangers into close-knit teams through shared stress and adventure.

He set an example by leaping into the 59-degree Maine water at dawn every morning. Deb Chatterji, the India-born technology vice president for the BOC Group, a British chemical company, fears heights and can't swim. Nevertheless, on Hurricane Island he rappelled down an almost vertical granite cliff and sailed a small open boat (buckled into two life vests). Joel Beck, vice president of U.S. manufacturing for Bull Worldwide Information Systems, suppressed his claustrophobia and squeezed through a fiendish challenge called the Crack. It consists of a passage, narrower than a normal human body, between two enormous boulders. Outward Bounders are sent to attack it blindfolded at night, without being told what it is. They can get through only with great effort and by squeezing upward to where the rocks separate slightly more. Beck pronounced the Crack "one

of my biggest personal challenges in five years." Listening to the groans and curses in the dark, Tichy murmured approvingly when his students helped one another — a sign of emerging teamwork.

The raft race made teamwork essential. The 21 globalists divided into the four teams that would later travel abroad — six men on the Brazil team and five each on the China team and two India teams. Each group received a collection of beams, barrels, rope, and paddles and an assignment to design and build a raft, paddle it around a buoy a couple hundred feet offshore, and dismantle it.

The India A team, skippered by Englishman John de Trafford, a vice president of American Express Europe in London and a yachtsman, built a sturdy craft that got its members around the course safe and dry. China opted for speed and rushed to the water with a rickety craft that soon lost two of its barrels, tumbling Endo-san into the icy sea. Somehow he got back aboard, the team captured two errant barrels with help from a rescue boat, and China finished first. Takanaka-san, a China raft survivor, surveyed the chaotic scene and observed serenely, "Harmony in the middle of confusion." More practically, IBM vice president Allan Scherr, another China team member, said, "You see, sometimes it pays to be first in the market, even though the quality may not be perfect."

After a detour for a day of briefings in Washington, the globalists returned to Michigan to be confronted by the press. Meeting them at the airport were five real newsmen, reporters from the Detroit *Free Press* and the Detroit *Neius* and a local TV anchorman, hired by Tichy to simulate planeside interviews. Instead of the bland questions they had expected, the 21 got the sort of knife-twist zingers journalists like: about the *Exxon Valdez* and Japanese sex scandals, for example. The 21 proved their global caliber by replying with soothing evasiveness.

*Says a GE manager: "Sometime in the middle of the India trip I was able to take off my American blinders, put on neutral glasses, and see India as it is."*

The press attack was typical of the events Tichy organized to create a sense of what global leaders must face. He worked his charges hard. The days started at 7 or 8 a.m. and usually didn't end until long after dinner. The globalists were constantly tested, analyzed, videotaped, and asked to reflect on their actions. All this attention didn't come cheap. The 29 American, European, and Japanese corporate sponsors of Tichy's Global Leadership Program pay a \$20,000 fee just to be eligible to

enroll executives in the course, which Tichy plans to repeat annually. The 21 companies that sent executives this year paid an additional \$25,000 each.

The two-week missions to Brazil, India, and China were the program's heart — and underlined some of the trials of doing business globally. The Brazil team discovered on arrival that the elaborate schedule of visits with important Brazilians arranged by a local think tank had evaporated; in some cases they had to settle for what they called "high school tours." The China team followed a hastily revised schedule because of confusion after the June crackdown. In the end the team made only a short visit to Guangdong province but also got to Taiwan, Hong Kong, and Japan. By contrast, the two India teams were overwhelmed to the point of rebellion by the number of appointments with senior government and business leaders, as many as nine a day, arranged by the Indian Confederation of Engineering Industry. Takao Taguchi, the jolly deputy manager of Seiko Instruments, returned from India with the nickname "Country Boy Iron Belly," a tribute to his ability to eat and drink anything India had to offer without suffering the Delhi belly that attacked others.

*Two Japanese said they intend to be more assertive — but asked not to be identified because they would be marked men in their offices.*

The most vivid perceptions the 21 brought back to Ann Arbor often came from their own teammates' reactions. Says William Westendorf, a GE vice president who manages plastics manufacturing in the Americas: "Sometime in the middle of the India trip I was able to take off my American blinders, put on neutral glasses, and see India as it is." He explained that he had been so shocked by the amount of government control and bureaucracy in India that he decided there was no way to work there. But then he heard a teammate, Fernando de Moura, head of personal banking for Chase Manhattan in Brazil, explain how Brazilian businessmen made money while coping with a heavy-handed government and extreme inflation. The Japanese talked about how they used MITI and other government agencies to their advantage. Says Westendorf: "I saw there's more than one way a business can be successful."

Back in Michigan for each team's final written, oral, and video reports, Westendorf and other Americans were astounded when Takanaka-san produced a study of the China motorcycle market projecting volumes and market shares through the year 2040. "The Americans could barely see to 1995," said Westendorf. Since

Takanaka-san in real life sells motorcycles to China, his words carried weight.

Yet Takanaka-san said he profited by seeing China through an American lens. He found the American attitude direct, analytical, statistical, impersonal, and somewhat theoretical compared with the Japanese tendency to be guided more by personal observations and relations. Like other Japanese, he said he enjoyed the Americans' questioning mind-set. Takeuchi said the Japanese had never encountered someone like IBM's Allan Scherr, who kept challenging basic assumptions with intelligence and imagination.

During the five weeks, the Japanese edged tentatively toward more assertiveness. On the India B team, for example, the youngest globalist, Mark Otsuka, started off feeling he had to defer to his older teammate Masa Murakami, a human resources vice president at Sony. But with the encouragement of the Americans and Murakami himself, Otsuka strengthened his ability to disagree with his elder. At a final group meeting Murakami said that Indians have a positive attitude toward Japan, while Otsuka argued that they did not — a polite differing that Americans would scarcely notice but that took an effort of will by the younger Japanese.

Only years will tell how effective the program was, but several participants foresaw immediate benefits. John de Trafford, American Express's Englishman, said that as a boss and a yachting skipper he will be more patient and take more time to explain. Chase Manhattan's de Moura resolved to listen more, especially to his subordinates. Two Japanese said they intended to be more assertive in a nonheroic way — but asked not to be identified because they would be marked men in their offices if their new attitude were known. The Japanese and American executives discovered that they are alike in one way: They may work too hard and take life and their jobs too seriously. Takashi Tsutsui of Nomura Securities was impressed that "my teammates kindly suggested I learn more how to relax." David Corson, an executive at Exxon Chemical, said he got the message that he should "lighten up a bit and have a little fun."

They did lighten up at the end. The 21 had become close enough friends to enjoy a hilarious evening of skits, charades, and other nonsense, and at their graduation they performed a rousing Japanese hand-clapping ceremony that marks endings.

Is this the way to create global managers? All that Tichy's sponsoring companies know for sure — or will know for quite some time — is that his program seemed like a worthwhile first try at training a new type of executive that few companies have and many badly want. They can't claim that they've found the secret — only that you've got to start somewhere.

EH

# Tensions in the Transition to a Market Economy

*An interview with C. K. Prahalad, Professor of Corporate Strategy, about his ongoing research on non-traditional, bureaucratically controlled markets*

**Editor's Note:** Professor Prahalad led a team that gave a workshop last May in the Soviet Union for senior Soviet managers on the multinational corporation and the tensions to be expected when markets are liberalized. In this interview, he talks about the workshop and about his research on non-traditional, bureaucratically controlled markets such as those in China, India, the Soviet Union, and Eastern Europe.

*V^, Recent events in Eastern Europe, the loosening of constraints in the Soviet Union, and the moves in China toward a freer economy, have raised questions about the transition to a market economy. What does your research tell us about this?*

**A** If you think of world markets as being on a continuum, with free markets on one end and command economies on the other, you find that the USSR is the most centralized, the Chinese economy somewhat less centralized, and India the least centralized. If you look at all three at the same time, you get a chance to see the problems of releasing constraints and moving towards a market economy. For example, when the USSR releases constraints, does it look like China? or India? or can you go to a free economy overnight? I think not, but studying those three countries together provides insights that studying any one alone does NOT provide.

*V^ How long have you been working on this particular question?*

**A** For the past four or five years, I have been studying three factors that leverage resources in the multinational corporation. They are: innovation and the problems of innovation in a large corporation; collaborative arrangements such as outsourcing and licensing as a means of leveraging; and competing in non-traditional, bureaucratically determined markets — such as China, India, and the Soviet bloc. I've spent about 12 weeks traveling in China over the past two years, trying to understand the patterns of competition there among Japanese, American, and European firms. I've also spent some time in India trying to understand the same problem.

*\J What parameters do you use to study this problem?*

**A** You look at an economy in terms of four different but interlinked markets. They are: 1) the market for products and services, 2) the capital market, 3) the labor market, and 4) the market for technology and information. Most countries changing over from a command economy assume that you can free up one of the four markets — typically for products — but keep the others controlled. But it's not so simple. For instance, China is

trying to open up markets for products, but mobility of labor is non-existent and they don't have free capital markets. In India, the labor market is free; markets for products, services, and capital are partially controlled.

V^/ *So what can we learn from looking at these four markets'?*

pie dimensions — political and economic reforms in capital markets, in labor markets and in commodity markets all have lags, and lags produce enormous tensions. For example, suppose you are reforming the price structure in the USSR — changing from controlled prices to market prices. In a country with enormous shortages, the first thing that will happen when you switch to market pricing is that prices will shoot up. So consumers are upset, and want controlled prices back. So the very people who would be helped by an open market *in the long run* tend to revolt and seek controlled prices because of what happens in the short run — even though opening up the market will eventually create more consumer products and choices.

V^ *Do you have any advice for companies that are thinking about entering one of these non-traditional markets?*

**A If I were an American multinational corporation,** I would start with the assumption that the transition between a command economy and a free economy involves two steps forward, one step back. You cannot make the assumption that if things are going well now, they're going to be OK from now on. The only way to deal with these countries is from a very long perspective. Privileged people under any existing system, in this case a command economy, are going to fight reforms. These are often the bureaucrats who control the economy.

>^ *Do you think a country can have political freedom without economic freedom, or vice versa?*

**A China is making very clear that you can't have economic freedom without political freedom —** China moved the economic side without moving the political side. In Russia they are doing the opposite — moving the political side without moving the economic side. I believe that in the long term political freedom supports economic freedom rather than the other way around.

V^, *Can you tell me about the program you ran for Soviet managers?*

**A When Gorbachev was in India, he expressed interest** in finding ways to understand the problems that come with liberalization. India has a long and often rocky relationship with multinational corporations, and with a quasi liberal market. The recent round of liberalization during the '80s resulted in an unprecedented growth in consumer oriented businesses. It also has a long tradition

in management education. So India offered to bring together people of Indian origin who have knowledge of how the world works from a multinational perspective to do a training program for top Soviet managers and bureaucrats. I was asked to conceptualize the program and pull a team together.

V^ *Wlw attended the program and where was it held?*

of the Soviet Academy of Sciences, members of the state planning organization (called GOSPLAN), and managers from Soviet industry — all very senior and highly educated people. There were 11 people on the Indian team. The program lasted two and a half days, and was held in Riga, on the Baltic Coast.

\gJ *I'd be interested to hear your impressions.*

**A One thing that interested me very much was how** little these managers in the USSR understood the multinational corporation in a managerial sense. They started with the idea that all multinational corporations are alike. This is not too different from the Chinese view, which is that multinational corporations are large and monolithic. There isn't a concept of the scope, the size, the diversity, the internal pressures that managers in MNCs face. They do not understand that managers at different levels within an MNC have very different agendas and motivations. They also have no idea of the complexity of managing an operation in 70 countries and 40 different languages.

>^ *Do Soviet managers really understand how a market economy works?*

**A Not really. They see the free market as removal** of control by the state, but don't see the reinstatement of checks and balances which a capitalist system has^ For example, the role of the SEC, or a system for credit rating, may be studied in a theoretical way, but they don't have a deep understanding of it.

V^ *What about the role of decentralization in an economy in transition from a command economy to a market economy?*

**A The concept of decentralization is that each unit is** responsible for its own technology, foreign exchange, marketing, and manufacturing. But many of the Soviet managers did not have a clear idea of how this would work. China tried to decentralize its economy and learned very soon that you don't decentralize overnight, and that you don't decentralize everything. For example, there are some things over which you need to maintain central control — such as foreign exchange, your policies toward telecommunication, and other elements that are important to your infrastructure. Other problems are caused by companies trying to do their own thing with-



out regard to the whole economy. That can lead to opportunistic deals that are not necessarily good for the overall economy.

V<sup>^</sup> *How do you assess the Soviet ability to meet the demand for consumer goods if they are able to open their markets'?*

**A** **There is a tendency to overestimate Soviet technology.** In pure science, the USSR is second to none — but pure science is quite different from the competence to make products. The Soviets tend to think of progress in pure science as the equivalent of competence to develop, manufacture, and market products, and I don't think they clearly understand the steps necessary to convert pure science into products. You need a creative combination of technology and social organization to make products. And you also need a good infrastructure.

V<sup>^</sup> *Let's talk about infrastructure and its role in economies in transition.*

**A** **If people want to make an investment in the USSR or in China,** they have to come to terms with the poor infrastructure and the difficulties of developing local vendors, local management, and local markets. In Moscow, there is not even a telephone directory that is easily accessible to outsiders; telephone numbers are a competitive advantage!

V<sup>^</sup> *So what do companies do if they want to invest in the USSR or China'?*

**A** **I would be very hesitant to make a big investment** which requires a lot of infrastructure support in either the USSR or in China. I'd have to have assurances from the government that I could build my own infrastructure. In China it costs \$250,000 to maintain an office with one person. Housing is allocated by the state; they tell you where you can live and they set the price. Your secretary comes from the official agency and you have to **pay** a certain price. There is no natural market for labor — it is controlled by the state, so there is no demand and supply situation.

V<sup>^</sup> *Do you have any other impressions that particularly stand out from the workliop in the USSR?*

**A** **We are dealing here with an extremely hierarchical** structure that is very centralized, both in its decision making and its resource allocation. On the positive side, there is now a fairly open criticism of the system by academics. They are raising questions. Some academics are making the assertion that a state monopoly is no better for the consumer than a private monopoly.

## Receives Awards! j^jSJ

### Teaching and M|

**T**wo awards — one from the McKinsey Foundation for Management Research, Inc. for the best article to be published in the *Harvard Business Review* in 1989; and the other from Michigan Business School students for teaching excellence; were given this year to C. K. Prahalad, professor of corporate strategy.

The purpose of the McKinsey Award is to recognize outstanding and readable articles that contribute significantly to top managers of businesses and are likely to have major influence on their actions. For 1989, a panel of distinguished leaders selected "Strategic Intent" by Gary Hamel and C. K. Prahalad, as their first choice. The article appeared in the May-June, 1989 issue of the *Harvard Business Review*. The magazine announced the McKinsey Award winners in the January-February, 1990 issue.

The eighth annual Student Award for Teaching Excellence was presented to Professor Prahalad in May at the Business School Recognition ceremonies. Selection of the winner was based on student nominations, students' comments, and course evaluation scores. Six years ago, Professor Prahalad also won the teaching Excellence Award.

Commenting on how proud he was to receive the honor, Prahalad told the students, "It is a privilege to be part of a community of students from all parts of the world — from Argentina to Norway, from Japan to Mexico. You enrich the School by your presence here, and you enrich those who want to learn from you. I want to thank the students for allowing me the privilege of continually enriching and renewing myself — my skills and my optimism. I enjoy teaching, I learn when I teach. I feel young at heart and alive when I teach. My optimism about this country's future is renewed when I teach. I feel the possibility of an interdependent global village when I teach. This teaching award is of special significance to me. I do not see the award as a recognition of my skills in teaching. I see it as an affirmation of the reasons why I want to be a teacher."

Professor Prahalad received his Doctor of Business Administration from Harvard University in 1975 before coming to The University of Michigan in 1977. He has published numerous articles in major business journals, and is co-author, with Yves Doz, of the book, "The Multinational Mission — Balancing Local Demands and Global Vision," published by The Free Press, a division of Macmillan, Inc., in 1987. The book is based on six years of research using internal company documents and interviews with over 500 top executives in more than twenty global firms. Prahalad continues to do research on the strategic management of large diversified corporations and the role of top management as an emerging source of global competitive advantage.

# MBA PLUS

## The Michigan Joint Degree Program



*Interviews with dual degree students show how they have  
combined the MBA with other major interests  
to hone their skills in two areas.*

Photos by D. C. Goings



## Joan Jaeger

*BS, Russian and International Relations,  
The University of Wisconsin  
MBA and Masters in Russian and  
East European Studies, May, 1990*

fall right in the middle of pure research and the JL real world," says Joan Jaeger, who is currently doing a project on labor relations in the Soviet Union for an American company. "I respect both worlds, and see the value of both. At the Center for Russian and East European Studies, I'm in touch with theoretical and academic fields. The Business School cares about what the theoretical people are finding out, but they want to USE it — to know what it's going to mean for an American business person to operate in the Soviet Union."

After three years of studying Russian, Joan spent the summer of her junior year on a Phi Beta Kappa Scholarship at Leningrad State University. "That was when I knew I wanted to keep on with Soviet studies," she says, "but the language wasn't the main learning experience. It was BEING there — walking down the street and talking to people. Passersby would come right up to me and ask questions. They knew I was a westerner by my shoes, and they guessed I was American by the rest of my clothes. They wanted to know what it's like in America — they're checking out what they read in their press. I used to go and talk to the old ladies in the park who were watching the kids. Some of the people I met in the park would invite me home. Sitting in a small apartment with a half dozen Soviets huddled around me, all of a sudden I was Miss Authority on everything in America. It was a °Teat experience to act as an informal ambassador. I really enjoyed that."

After graduation, Joan worked for two years as a market researcher and thought about ways to combine her

interest in Russian studies with something highly marketable. She considered law school and finance, but settled on marketing because that's where expertise and knowledge of a culture is important.

*"The Business School cares about what the theoretical people are finding out, but they want to USE it — to know what its going to mean for an American business person to operate in the Soviet Union."*

Coming to Michigan was an easy choice because of the quality of the University and the Business School, and because of the joint degree program. She began her studies in 1987, and at the same time worked as a research assistant, reading and abstracting articles for a professor of Soviet economics who specializes in Soviet price structures. "It was a great way to keep my reading knowledge of Russian fluent," she says.

Joan is now working on a paper about how joint venture laws are changing in a era *oiperestroika*, preparation for her "ideal job" — to be a member of a team working from the ground up on a joint venture in the Soviet Union. In the meantime, she meets with language tutors to keep up her language skills. "I'd like to live in the Soviet Union for a three- to five-year stretch to consolidate my background," she says. "It's hard to be a specialist from afar."

Last summer, Joan had an internship in marketing research at S. C. Johnson Wax, but when the company discovered her background in Soviet studies, she was soon put on a project team looking into business opportunities with the Soviets. "That summer's experience cemented in my mind what a need there is for Soviet specialists," says Joan, adding that she is very much a niche player in the career search. She assesses the Soviet business markets as "a field with a lot of opportunity if you can get your resume on the right desk. People don't know where to turn for that kind of expertise and experience."



## Basil Kiwan

*BA, Economics, The University of Maryland  
MBA and Masters in Near Eastern and  
North African Studies, April, 1990*

When Basil Kiwan was studying the tourist industry in Oman as part of his work as a foreign service intern at the U.S. embassy there, he interviewed hoteliers, government officials, travel agents, and tour guides using his knowledge of Arabic; then did the research using market research tools; and called on his background in finance as he was actually writing up his findings.

"One of my life goals is to have a job that's interesting," he says, "and I think the joint degree is going to help me achieve that. I like to see connections between diverse elements, and that's what the joint degree is all about."

Basil, whose parents are from Syria, had some familiarity with spoken Arabic at home, and started to study written Arabic while a student at the University of Maryland. During his first semester in the joint degree program, he took six credits of Arabic at the Center for Near Eastern Studies, a class in anthropology, and two classes in business administration. "Michigan is THE school to do Arabic," he says. "One of my professors here wrote the Arabic textbook that's used all over the world, and the professors who did the work on teaching Arabic as a second language are also here at Michigan." This year Basil is taking business courses primarily, but has two roommates from Lebanon, which helps him keep up his language skills.

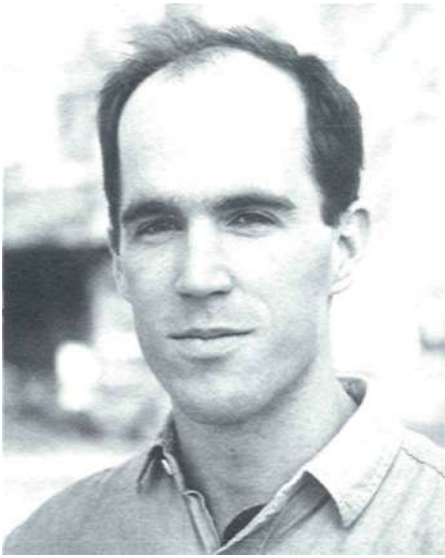
"The joint degree puts me in touch with two different cultures," he says. "It gives you the best of both worlds — and you also get to make fun of both worlds. At the Near Eastern Studies Center they are into interesting aca-

ademic corners, like the semantics of the Arabic verb, or medieval Islamic military history, etc. Then you come over here and people are very focused on their classes, their job opportunities, the practical applications of everything. I'm glad I'm in the Business School environment, and I'm also glad to be able to get out of the environment."

*"One of my life goals is to have a job that's interesting, and I think the joint degree is going to help me achieve that. I like to see connections between diverse elements, and that's what the joint degree is all about."*

Basil learned to marshal resources across different divisions and bureaucracies when he had an internship at the Maryland State Legislature during his undergraduate years. "Among other things I did constituency work," he says. "People would come into the office at their wits end, and I learned how to call up four different people in four different agencies to solve the problem. That taught me quite a bit about how large bureaucracies work."

Last summer Basil worked at IBM, where he participated in the development of new artificially intelligent software products that have applications in linguistics. "IBM valued my degree in Near Eastern Studies as well as my business background," he says, adding that he found the job through the Michigan alumni network. In the future, he wants to get into joint ventures or direct exports, preferably in marketing with a multinational corporation. He hopes that will also involve spending some time in the Persian Gulf areas, particularly the United Arab Emirates.



## Michael Dunne

*BA, Public Administration and French,  
The University of Michigan  
MBA and Masters in Asian Studies, May, 1990*

After a year and a summer of intensive study of the JL Chinese language, Michael Dunne went to China to teach English at an architecture college in Sichuan province. "I went into China with very high expectations of uncovering all the glories of history and tradition that I had read about," he says. "But China is a poor country. It suffers from tremendous pollution, and is backward in many ways. The city where I lived had no heat. A tough, tough environment to live in, but I was so high on China I didn't even notice in the beginning. One day it all came tumbling down and I saw the repression, the pollution, the problems. But by the end of my time there I realized it was unfair to place all these expectations on China. I liked the people very much and have fond memories of my time there."

After that year, Michael entered the joint degree program. "Business School was difficult," he says, "because I was waiting for people to get around to analyzing the underlying implications of what they were saying. But the Business School is extremely goal oriented — set your priorities, get this down, hand it in, handle the next problem."

"At the same time, I was taking courses at the Center for Chinese Studies which is incredibly challenging, with wonderful teachers and very high standards. I love studying Chinese. If I could only do one thing in my life I'd say give me a room with Chinese classical poetry, a table, a desk lamp, and a pot of tea, and I would be satisfied. Chinese poetry is an experience apart. Each character is so rich in tradition and meaning."

After his first year in the joint degree program, Michael landed a summer internship with Kamsky Associates, a consulting firm that has handled over \$1 billion in transactions in China. "This was fantastic," he says. "There I was, back in China in Beijing in my own apartment working for the most renowned consulting firm in China. It just happened that a series of events took place which left only me and the country manager in China that summer. The very first assignment I had was to do a rough draft of a speech Virginia Kamsky was supposed to give at the Great Hall of the People!"

When he returned from China, Michael started studying the Thai language along with his business school courses. Nearly all the business in Thailand is controlled by the Chinese, he explains. Taiwanese firms are fleeing to Thailand for cheaper labor and better currency terms, and Taiwan has one of the highest currency reserves in the world. The following summer he got a grant to interview Taiwanese firms in Bangkok (where his knowledge of both Chinese and the Thai language came in handy) and write a comprehensive report. "Business School has given me a spark," he says. "It's taught me you don't have to get bogged down by too much analysis. Even if your information is incomplete, you sometimes need to go ahead with confidence."

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Michael is aiming for a job that facilitates trade with China or Thailand. Ideally, he says, he'd like to go to Bangkok with his computer, get a phone hooked up, and start working as a liaison person for U.S. companies interested in starting up in Thailand. He adds that he would like to live in Asia while he is young, but, "nothing can take the place of living here — with its wide open spaces, its clean air, its freedom, its opportunity. Mainland Chinese people come over here and want to kiss the ground. I feel so fortunate to be an American."



## Kathie Zieve

BA, Computer Studies, Northwestern University  
MBA and JD, May, 1990

couldn't make up my mind whether I wanted to do law or business," says Kathie Zieve, "so I decided to do both. Actually I was always leaning toward law, but everyone I knew who was a lawyer kept talking about how much lawyers need to know about business, so I decided on the joint degree."

Kathie went right from college into the first year of law school and followed that by the first year of business school. She says it was hard to switch from one to the other, because they require two totally different ways of thinking. "Law school isn't to teach you what THE law is because it changes constantly," she explains. "So what they are teaching you is how to think like a lawyer — how to make legal judgments. Then you go to the first year of business school and study functional areas — discrete areas of practice like finance, accounting, statistics, where the answers are clearer. In law school, every class is like a business school class in corporate strategy. There are a million different alternatives, and in law school the different alternatives are often very confusing and complicated. But legal thinking really grabs me."

"I'm learning so much in my business classes that can apply to law," Kathie continues. "If there's one thing that every lawyer told me over and over again, it was that it's crucial to be able to read and understand a financial statement."

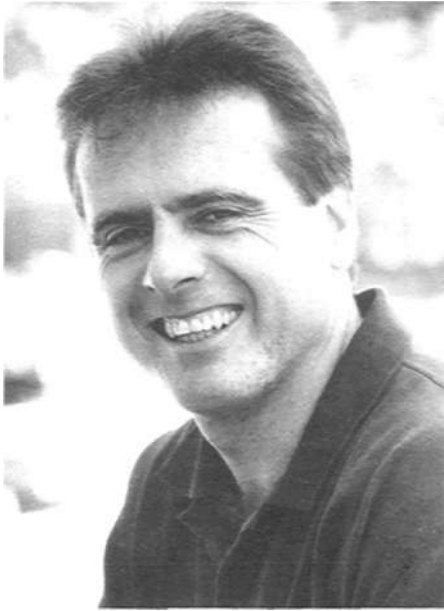
Kathie worked as a law clerk in a small firm in the summer after her first year of law school, and in the second summer combined business and law by working in the legal department of a large corporation. "My summer jobs have been wonderful because they've given me a

chance to observe lawyers at work, and to become familiar with some of the tradeoffs in different kinds of law environments," she says. "In a corporate setting you are not billing your time, so you work more regular hours. On the other hand, the work isn't as varied and exciting and you don't have a chance to make partner-type money."

*"In law school, every class is like a Business School class in corporate strategy. There are a million different alternatives, and in law school the different alternatives are often very confusing and complicated. But legal thinking really grabs me."*

Last summer, Kathie worked for Jaffe Snider Raitt & Heuer, a Detroit firm of about 85 attorneys that does general corporate law. "That firm was the right one for me," she says. "So when they offered me a permanent job at the end of the summer, I took it. That's where I'll be working after graduation. I'm thinking of specializing in environmental law, which is a very interesting field now because of the variety it offers — you deal with all different kinds of law — real estate, property, bankruptcy, lending law, and so forth."

"My biggest worry is can I really have it all?" says Kathie. "And women haven't been out there in the work world long enough to know the answer to that. Can you make partner and still have kids? If you have kids can you still make partner? It's not fair yet to judge a firm by the number of women partners, because it's only been about 10 or 15 years that women have been in law school in full force. But Jaffe Snider has a large percentage of women in the firm — about 40%, and they have been trying to put together a day care facility for attorneys with children, so I am happy to be working for a firm that seems to have such an enlightened attitude toward women."



## Paul Martin

*BA, German Language and Literature,  
The University of Massachusetts  
MBA and Masters in Japanese Studies, May, 1990*

A breakfast of rice, salmon, pickles, and green tea took some getting used to, says Paul Martin of his summer internship at the Long Term Credit Bank of Japan in Tokyo. He lived in a dormitory with 50 other single men, all of whom had tiny single rooms. In the evening, dinner was set out on trays and could be microwaved whenever you came home from work, often around 9 or 10 or even 11 at night.

While at the bank, Paul did research on Japanese financial institutions and the European community 1992. He interviewed government officials, bankers, and life insurance people — mostly in English unless they preferred Japanese, and then, he says, "I'd wish I'd brought a tape recorder so I could listen to the Japanese later to make sure I'd understood everything."

By this time, Paul was fairly fluent in Japanese, having started his studies in the language by taking night classes while working as an education marketing representative for IBM in San Francisco. "After my undergraduate years," he says, "I knew I wanted to keep working with languages, and so started taking Japanese at night. They break you in slowly, because if they showed you the complexities of the language right away you might never come back, but you're given more responsibility as you go along and the challenges increase incrementally." One challenge, Paul explains, is just the process of looking up characters in a dictionary. You count the strokes in a character first, then locate it in the back of the dictionary where all the characters are listed by the number of strokes they contain. Beside your character will be

The summer before he entered the joint degree program, Paul took first year Japanese intensively (five days a week for three to four hours a day plus lab work). He followed that with his first year at the Center for Japanese Studies, another summer of intensive Japanese, and then started his MBA work. He originally wanted to specialize in finance, but after a careful skills assessment, realized that he had a strong bent towards real estate and started taking real estate courses at the Business School. He now plans that his first post-MBA job will be one that allows him to learn as much as possible about the real estate business, and combine that with his knowledge of Japan. "I don't want to live in Japan full-time," he says, "but I'd like to go there often."

*"They break you in slowly, because if they showed you the complexities of the language right away you might never come back, but you're given more responsibility as you go along and the challenges increase incrementally."*

printed a character number. You refer to the corresponding page, and look your character up again to find the meaning. "It's very time consuming," he says. "There are no handy shortcuts such as alphabetical order."

Paul is not taking courses in Japanese this year, and so contacted the Michigan Language Institute to locate a conversation partner interested in exchanging practice in English for practice in Japanese. "We meet two times a week," he says. "The first meeting is in English and the second in Japanese. That's a bare minimum to keep up your skills. We talk about whatever interests us. If we find there's too much silence in our conversations, we assign ourselves a topic — like presidential politics, or we go to the art museum and talk about the pictures."



## Kimberley A. Barrett

*BA, Public Policy, The University of North Carolina at Chapel Hill*

*MBA and Masters in Health Services Administration, 1990*

Now that Kim Barrett is in her second year of Business School, she's taking entrepreneurial management, which focuses on how to develop ideas through business plans. "That's the type of skill I'd like to hone," she says. "Ideas need to be introduced into our health care system."

Last summer, when Kim worked as an administrative intern in an Arizona hospital, her primary task was to develop a business plan for an outpatient surgery center. "When I started doing a market analysis, I found that the organization had an enormous amount of information stored in an excellent computer system," says Kim enthusiastically. "They just needed someone to get the information out. I was able to sort by zip code to see where patients were coming from and with what particular health problems. I also found out that Arizona has more health information available through their health and human services administration database than any other state. I was able to develop market share data and do a competitor analysis based on information about what hospitals in the area were being used by which physicians. I had to follow through on all the business plan tasks. It was very exciting for me. Business planning is an incredibly important skill. I learned SO much that summer."

"The problem with many health care organizations," says Kim, "is that there is a particular answer they want to hear and they tend to develop the questions in such a way that they get that answer."

After getting her BA, Kim worked for a year at a small

HMO in Arizona, then entered the first year of the joint degree program, taking classes at the School of Public Health. The two schools have quite different orientations, she explains. Health administration students need to learn about an extremely complex system. For example: how do HMOs work; the nature of health insurance problems; the history of health care and changes that the system has gone through; incentives in the health care system, and how they are built into current reimbursement formulas. The Business School, on the other hand, is highly management oriented — what is your role in the organization, and what are the financial and analytical skills you need?

*The thing I can't stress enough is how glad I am I did this joint degree. The dual degree is my competitive advantage"*

Kim's term project this year is looking at the problem of rationing health care. What can we pay for as a nation? "We spend more on our terminally ill patients as a nation than the United Kingdom spends on their entire national health service in one year," she says thoughtfully. "That raises very difficult questions."

Now that Kim is evaluating where she would like to work, she says she is faced with a lot of interesting options. "I really like the problem solving approach," she says. "I like the mission of an HMO in bringing down health care costs for an entire area, but another very interesting area is employee benefits reviewing, and another one is consulting. The thing I can't stress enough is how glad I am I did this joint degree. The dual degree is my competitive advantage."





## Susan Land

*BS, Architecture and Urban Planning,  
The University of Michigan  
MBA and Masters in Architecture, May, 1990*

It was when Susan Land worked as an intern architect at three different firms that she realized what she enjoyed most was being in charge of projects rather than doing the actual design. So she became convinced that the joint degree was right for her because it would strengthen her management skills. "From there it was easy to choose Michigan," she says, "because Michigan has a top program in both fields."

"In all my B School classes I kept thinking how much I wished my bosses could have taken these courses because they contain a lot of material that an architecture firm could use," says Susan, who has wanted to be an architect since the fourth grade, when she used to draw house plans for fun in her spare time. "For instance, when I was in my organizational behavior course they kept talking about motivation, making the most of your employees, etc. I had never thought about that, or even knew there WAS such a thing as a human resources department before I came to the Business School."

Because of her previous work experience, Susan said she didn't find the difference between architecture and business school too shocking, but she comments that she feels schizophrenic some of the time because the two styles of functioning are so different.

"The architecture school is very unstructured and the business school is just the opposite," she explains. "At the architecture school I have a four hour design studio three times a week. Sometimes I get frustrated because I want to go in there for four hours and come out with a design that's finished, but you can't DO design that way.

You can't organize creativity. And sometimes it's hard to jump from being analytical, and doing a lot of reading and writing, which you do at the business school, to being creative. Another big difference is that at the business school there's an emphasis on fitting in, whereas at the architecture school the emphasis is on just the opposite — being original — being different. So this year I'm an architect on Monday and Wednesday and a business person on Tuesday and Thursday."

*"Corporations are beginning to realize that their real estate has a big effect on the bottom line. As I go through the joint degree program I am finding that I really like the business aspects of all this."*

Susan worked last summer as a real estate operations intern with Xerox Corporation which gave her a chance to see all facets of real estate operations, including site selection, facilities management, lease administration, and disposition of surplus properties.

"Corporations are beginning to realize that their real estate has a big effect on the bottom line," she says. "They are giving thought to whether it's best to own, rent, or sell and lease back; ways to make their buildings more energy efficient; how work spaces should be designed. All of this is creating growth in corporate real estate divisions. Xerox, for example, manages its own facilities, so it looks for people with architecture degrees or engineering degrees who understand space, lighting, energy costs, etc. As I go through the joint degree program I am finding that I really like the business aspects of all this," she says, adding that she now wants to go into a corporate architecture department because it will give her a chance to use the full range of her skills.



## Michael J. Lamprecht

*BS, Biological Science, SUNY—Binghamton  
MBA and Master's in Forestry, May, 1990*

•HorestlT is very business oriented," says Michael JL Lamprecht. "You need to ask how do I maximize the return on my forest? What year will my return be at its highest? When do I cut? How will I replant? Should I seed or let it regrow naturally? These are all management questions."

"The MBA makes me a better planner," says Michael. "It's helped me see the underpinnings of business. It's very important to understand how companies work in order to implement a feasible natural resource strategy. What can a company do to make something profitable without destroying it?"

Michael came straight to Michigan after graduation, and during his first year here took all his courses at the School of Natural Resources. That summer, he went to the field station of the SNR, and worked with undergraduate students on natural resource management. "We worked in teams," he said, "developing management plans for anywhere from 40 to 100 acres. The plans had to take into account the area's water resources, its timber resources, its recreational potential, the type of soil, the history of the area, the residents who surrounded the area — how they used it and who owned what, its wildlife. We had to look ahead and see our due dates and manage ourselves as we went along. That project was eye opening to me — it taught me a lot about working with different kinds of people on a team project."

After that summer, Michael started taking courses at the Business School, which he found very different from the School of Natural Resources, but not as different as he expected. "I knew people at both schools who would

have fit in very well at the other," he says. "The Business School is more financially oriented, and the School of Natural Resources more environmentally oriented, but getting the joint degree gives me a good balance between the two worlds."

*"The Business School is more financially oriented, and the School of Natural Resources more environmentally oriented, but getting the joint degree gives me a good balance between the two worlds"*

After graduation, Michael, who did a portfolio analysis on multi-regional timber investments, wants to get more experience with the forestry industry business. He says diversification is important, adding that wherever you go, you have to look at multiple use forestry, and manage for species diversity.

Eventually Michael wants to combine his business background and his forestry background to help find sustainable uses for the rain forest. "It's very important that what you cut is regenerated," he says. "You cut so as to let in little openings — that way, the sun doesn't bake and harden the land and new seeds will germinate. You can harvest some of the valuable wood, but do it on a sustainable yield basis, so you still have the forest. It's all in how you manage the forest, and the MBA is about management."



## Steven Dean

BA, English Literature,  
Wheaton College, Wheaton, Illinois  
MBA and Masters in Southeast Asian Studies,  
December, 1987

In 1986, Steve Dean, now a market development manager with Gerber, had to decide between studying the Indonesian language intensively for the summer, or working in the back room of the Chicago Board Options Exchange, a prime job for someone interested in finance. "It was a tough choice," he says, "but I eventually decided on the Indonesian studies because I knew that 10 years from now I wanted to be in international work rather than in finance."

After that summer, Steven returned to the joint degree program, where he split his time between Business School and Asian studies. He was able to self-tailor his studies to focus on economics — all the way from the economics of the village to the international economics of an entire region. "The courses that I took emphasized seeing the big picture, both in the Business School and in Asian studies," he says. "I see myself as a generalist, and feel that I have one foot planted firmly in each world."

Steve's interest in Southeast Asia began when he tutored Cambodian refugee children for three of his undergraduate years at Wheaton. There he combined his English major with 15 credits of business, and soon after graduation, he decided on a joint MBA degree with a specialty in Southeast Asia. Indonesia attracted him because he had two American friends who had grown up there, and (he says with a grin), the Indonesian language uses our alphabet.

In the summer of 1987, after two years of Indonesian and only one semester short of getting the MBA, Steve

worked as a financial consultant for Business Advisory Indonesia in Jakarta. In the course of doing financial feasibility studies he learned the difficulty of doing a first rate job in a third world country. "The problem was getting good information," he explains. "Intellectually I was ready for the difficulty, but practically I wasn't prepared for it. You can hear in class that statistics are not as good there, but until you find out that local bureaucrats believe statistics are part of their private store of information, you haven't really got a handle on how tough it is. Managers are very proprietary about sharing facts and figures with outside consultants. Plus, when you do surveys, respondents tend to tell you what they believe you want to hear instead of what they actually think, so you can't really trust your market research."

*"The courses that I took emphasized seeing the big picture, both in the Business School and in Asian studies. I see myself as a generalist, and feel that I have one foot planted firmly in each world"*

After graduation, Steve went to work for the National Bank of Detroit, a choice he made because NBD is an international bank, but he was soon recruited for Gerber by William Longhurst, MBA '66, manager of Gerber products in Hong Kong. He currently is working with Gerber distributors in the Middle East and will be transferring to Singapore to work with regional distributors in the Far East. "I decided to go with Gerber," he says, "because it is aggressively moving into the international area. The new CEO is a strong internationalist and has managed companies in both Hong Kong and Japan. It's an exciting company to work for if you have the kind of background I do."



## Cristina Vasconez

BA, Music and Spanish, Duke University,  
Durham, North Carolina  
MBA and Master's in Music, May, 1990

After summer internships with the Boston Symphony Orchestra, where she worked in public relations; and with the Michigan Theater, where she wrote corporate funding proposals and helped develop material for a membership sales campaign, Cristina Vasconez says her ideas have changed. "I was convinced last year that I was never going to use anything they taught me at Business School, but since my internships I have learned that yes, I am going to use *all* of it," she says.

"Actually, it was just that I didn't know how to relate what I was learning at the Business School to the arts world. My internships changed all that. Even courses like operations management come in handy when you are trying to schedule rehearsals. I needed all my marketing skills too, as well as my finance skills, to write a grant. And, how about when you are in the management of an arts organization and have to do a five-year forecast of sales, as well as what budget you're going to need? Or, when you have to do contract negotiations with unionized orchestra players?"

Cristina, who is an accomplished pianist, says she always wanted to do something in the music field but didn't want to be a performer. She chose Michigan for her joint degree because it was one of the few schools where you can get both a degree in music and an MBA, rather than just an MA in arts administration. "I want to try jobs in the arts field," she says, "but if that's not challenging enough I can go somewhere else. That's the best thing about the two degrees at Michigan. They give me a chance to go in two directions."

During college years, Cristina was the personnel manager of the Duke University Chorale, a job she liked so much that it started her thinking about programs in arts administration and eventually led her to the Michigan joint degree program.

Last year, nearly all Cristina's courses were at the Business School, although she also took piano both semesters. This year, she is taking three business courses and two music courses, plus piano. "It was hard last year to change my thought process to numbers and things that are so directly to the point," she says of her Business School classes. "Since I've been here, my thinking has become more organized and my writing is more succinct. On the other hand, it's wonderful to be in a class where the homework is to listen to an opera."

*"Since I've been here, my thinking has become more organized and my writing is more succinct. On the other hand, it's wonderful to be in a class where the homework is to listen to an opera."*

Eventually Cristina would like to manage a symphony orchestra. She is applying for fellowships in orchestra management, and at the same time planning a job search for positions in the arts administration field. "A lot of arts organizations are operating at a deficit right now," she says, "and I think the combination of my music and business background will give me an edge."



## Marvin Anderson

*BSBA, Finance I Economics,  
Rockhurst College, Kansas City, Mo.  
MBA and Master's of Public Policy, May, 1990*

he Institute of Public Policy Studies is helping JL me understand what needs to be done, and the Business School is teaching me how to go about doing it within the constraints of whatever organization I'm working with," says Marvin Anderson of his joint degree.

Marvin, who comes from the inner city in St. Louis, Mo., is interested in public policy issues with emphasis on the development of inner city neighborhoods.

During undergraduate years, Marvin participated in a two-part summer institute designed to encourage minority students to go into public policy. The first summer he spent at the University of Michigan's Institute of Public Policy Studies, and the second summer at the Kennedy School at Harvard.

He entered the joint degree program after graduation, where he took classes at the Institute for Public Policy Studies, then worked as a summer intern for the Small Business Administration. There he wrote a handbook for inventors that explained ways to facilitate getting their inventions to market. "We also did a fair amount of counseling of inventors," he adds. "They would come into the office and we would match them up with services around the state of Michigan."

The next year he entered Business School and got his first experience with the case method, which turned out to be a surprise. "I thought the cases would be more clear cut — that you could work toward one logical answer that was THE answer," he explains. "But it doesn't work that way. You think you've got a pretty good handle on all the issues that are important and then someone over in the

corner comes up with an angle you hadn't thought of. It's much more interesting than just learning analytical techniques."

*'How many loans can you make if people can't pay them back because they don't have jobs? Also, what about problems like a deteriorating housing stock and bad schools?'*

Eventually, Marvin wants to work in an organization that lends money in the inner city, but also addresses some of the other problems faced by people in the inner city. He had an internship at such an institution last summer — the South Shore Bank in Chicago, which works to revitalize a Southside neighborhood without gentrification. "How many loans can you make if people can't pay them back because they don't have jobs? Also, what about problems like a deteriorating housing stock and bad schools?" asks Marvin, adding that as a child he was bused to a school outside of his neighborhood. "When you only address the economic needs of people, you may be setting yourself up for failure because you don't recognize the total conditions that they live in. If you only want to increase people's access to credit you can do that, or if you want to extend some type of transfer payment you can do that as well, but you're not necessarily improving their lives. I'm very glad I decided on the joint degree, because it has given me skills that will allow me to approach some of these problems from several directions."



## William F. Brinkerhoff

*BS, Industrial and Operations Engineering,  
The University of Michigan  
MBA and Masters in Industrial Engineering, August, 1989*

great engineering idea is not necessarily a great business idea," says Bill Brinkerhoff, who worked for GM as an engineering undergraduate. "You need to know when to use technology and when not to — what some of the tradeoffs are."

"I chose the joint degree because I wanted both the technical understanding and the business perspective," continues Bill. "So many of the changes that are happening in business today have to do with using new technology, and to do that well you need to understand both the technology and the business environment. Studying both fields provided a balance as well as a change of pace. In the Engineering School you tend to take a more focused look at finding the best solution to a problem, while in the Business School you take a broader approach with more emphasis on implementation. I would spend mornings studying marketing and finance, and in the afternoons go over to Engineering School and learn the latest in operations research."

Last summer Bill had an internship at a plant in Maine which manufactures laminated plastics. Their major problem was excessive inventory. "I worked on a team with chemical engineers," says Bill. "They looked at the problem from the chemical point of view and I looked at it from the point of view of the materials flow. I learned a lot that summer. We streamlined some of the processes and got rid of a lot of the inventory. For instance, instead of stocking different sized sheets of material, we suggested that the material should be stored in rolls and cut

to size when it was needed. That change reduced inventory levels by 50%."

During that summer Bill worked for both the director of engineering and the business manager. "What I'd learned in the joint degree really fit," he says enthusiastically. "In the morning I'd work on the design of the storage system for the rolls of material and talk to vendors, and then in the afternoon I'd work on quantity discounts for materials."

*You need to know when to use technology  
and when not to — what some of the  
tradeoffs are."*

Bill, who eventually wants to go into general management, is particularly happy about the automotive club which he helped to form last year. "We saw a need for a club which involved business, engineering, and liberal arts students — and the automotive industry provided a focal point for the idea to work," he says. "It is that kind of collaboration which will help get lead times down, and get better products out the first time."

Bill, who is now working for American Cyanamid in pharmaceutical manufacturing, says that finding diversity is a theme in his life, and the joint degree program was one way to do that. Another way is working in the community. While a student, he did volunteer work for Neighborhood Senior Services. "In the long term I want to have a balance between a number of activities," he says. "That's why I intend to keep on doing volunteer work — or some type of community service."

## II

Citicorp/Citibank and Michigan  
Start "Joint Venture"  
with a Faculty

# Summer Internship in Hong Kong



Photo by D. C. Goings

*Bernard Yeung, assistant professor of international business, who held a summer, 1989 internship with Citibank Hong Kong, is pictured, left, with Steve Baker, center, Division Executive and Country Corporate Officer, Citibank Hong Kong; and David Wong, Country Corporate Officer, Citibank China.*

**A**n innovative new program, initiating summer internships for faculty members, has been developed by Citicorp/Citibank and the Michigan Business School. The internships are seen as a way to contribute to a faculty member's professional development, while at the same time contributing to the business needs of the overseas office of a major globally oriented corporation.

Bernard Yeung, assistant professor of international business, held the first internship in the summer of 1989 at Citibank Hong Kong. "Work I did at Citibank Hong Kong allowed me to gain insight into the internationalization theory of direct foreign investment, a topic important to my current research," says Yeung. "To get a good exposure to international banking, one goes to a superb bank, just like choosing a top business school for your MBA."

During his internship, Yeung prepared a report on factors contributing to the past success of Hong Kong manufacturing, on its future development, and on the related business opportunities for Citibank Hong Kong. He also did an assessment of a strategic analysis of Citibank Hong Kong's asset/revenue position; and conducted a preliminary investigation of the debt-equity structure of firms listed on the Hong Kong Stock Exchange.

"I was exposed to the management practice of an outstanding branch of a successful multinational bank and was given the chance to apply my knowledge in a 'real world' setting," says Yeung. "For instance, the study of Hong Kong manufacturing I did called for interaction between practical issues and my current research on why investors value multinationality."

This "joint venture" between Citibank and the Michigan Business School is one aspect of a multidimensional plan for incorporating a further global dimension into the Business School curriculum. Goals of the plan are to 1) influence the way faculty members identify and treat global issues within the context of a course in their discipline; 2) encourage faculty members to develop international examples and a global orientation that can be used to help students understand the nature of global competition and its impact on the social, economic, legal, and political fabric of the United States; and 3) provide the context for interpreting global events and the consequences of global competition.

"We are very pleased with this joint venture," said Peter Thorp of Citicorp University Relations. "We want not only to do it again with Michigan this summer but also to possibly expand the program to two or three other leading business schools."

"This faculty internship program is a first for both Citicorp and the Business School," said Anneke de Bruyn Overseth, associate dean for external relations. "It is the latest of Citicorp's many involvements with us. The relationship that our School enjoys with Citicorp seems to me to be a model Business School/corporate partnership. Not only are they supporting this faculty internship, they also recruit many of our MBAs for summer internships as well as for permanent positions. We are grateful to them for their support of the J. Ira Harris Center for the Study of Corporate Finance, our Corporate Associates program, and our Office of Tax Policy Research, as well as support of research by our finance faculty."

Members of Citibank Hong Kong who worked with Professor Yeung were Steve Baker, Division Executive and Country Corporate Officer, Citibank Hong Kong, and Carol Tucker, Vice President, Country Risk Management, Citibank Hong Kong. Peter Thorp, Vice President, Citicorp New York, worked with the Business School in inaugurating the internship.

# THIS PLACE IS SCREAMING BUSINESS!"

*Says Rick Smith, who got his MBA and Southeast Asian Studies joint degree two years ago, and is now an entrepreneur in Thailand*

**By William J. Mitchell**

Reprinted from *The Detroit Free Press*

While a student at the Michigan Business School, Rick Smith, who got a joint MBA-Asian Studies degree here in 1988, helped cook up a company that peddled power suits from Hong Kong to students hoping to look the part.

Two years later, he's working the other end of an Asian-American pipeline he hopes to fill with lucrative deals flowing in both directions.

"This place is screaming business," the 28-year-old Smith said in his office in the heart of Bangkok, a couple of doors down from a McDonald's restaurant where the crowd of customers seemed to confirm his comment.

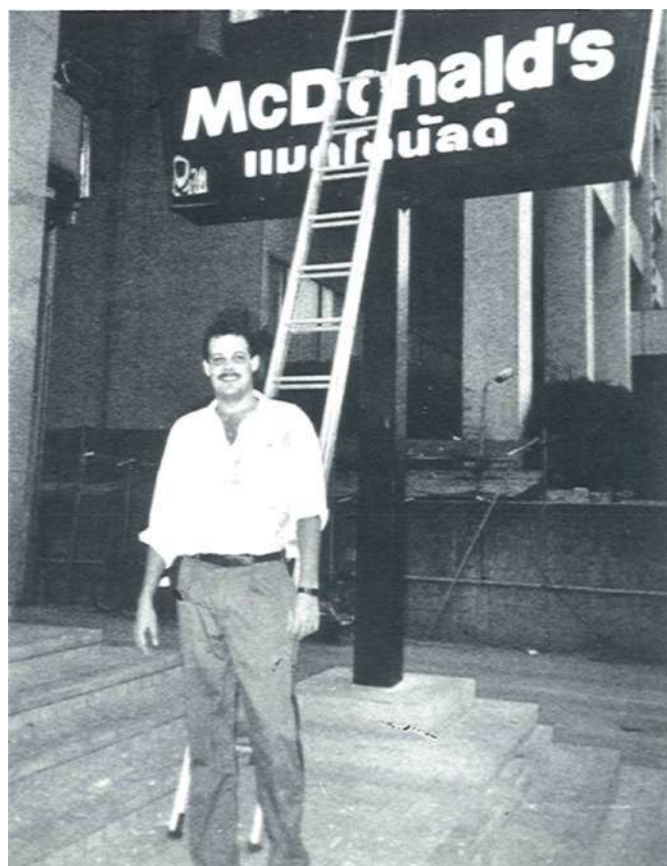
But American fast food is old stuff in Asia. Kentucky Fried Chicken says its Tiananmen Square restaurant in Beijing, China, enjoyed better sales during its first year of operation — about 300,000 chickens — than did any of the firm's 7,760 outlets around the world.

Smith is talking about more than Big Macs and crispy chicken anyway. Along with a lot of economists, he believes Southeast Asia, especially Thailand, could provide the next boom in a steadily developing Pacific Rim economy.

Especially after the recent events in China.

"People are trying not to sound too opportunistic taking advantage of a tragedy," Smith said, "but the reality is that companies who were seeking a low-cost labor base in China are looking elsewhere. Companies already operating in China will probably stay there, but a lot of new investment and expansion could end up in Thailand."

Tooling around the Thai capital in rickety, three-wheeled tuk-tuk taxis, he is a stark contrast to the wood-



*Rick Smith, who received his MBA and masters in South and Southeast Asian Studies in 1988, poses in front of a McDonald's restaurant in Bangkok, Thailand, which is just a couple of doors from his office. He believes Southeast Asia, and especially Thailand, could provide the next boom in a steadily developing Pacific Rim economy.*



paneled, establishment pose he struck in the advertising brochure for his Ann Arbor company, Suit Yourself.

Unlike such Westernized centers of Asian commerce as Hong Kong or Tokyo to the north — or Singapore to the south — Bangkok has very much the feel of a tropical frontier. The traffic is loud, smelly, and out of control. The phones don't always work. Thais living in the raised huts along the city's *klongs*, or canals, watch big color TVs but still stun the tourists by soaping up for baths in the *klong*.

But business in the rough seems to appeal to Smith, who advises newcomers to the Asian business scene while a novice himself.

In June he became one of the relatively few Americans to visit Laos in recent years as he flew into Vientiane on a Soviet-made prop plane. His mission: Guiding a group of American and Yugoslav investors interested in a joint venture with Lao Air through meetings with government officials.

Not all his assignments carry the panache of flights across the Mekong River. But the more routine studies and projects he does for the Thai Board of Investment or the Japanese External Trade Organization (JETRO) provide a level of contacts that could pave the way for clients — or himself — on deals down the road.

Two years of studying Thai at U-M provided him with enough language facility to barter with street vendors and to impress government and business leaders unaccustomed to Americans making a stab at their language.

Al Eberhardt, an American who started his own company in Thailand during the Vietnam War, said Smith is an unusual guy. "He's taken the time to learn the language. He's got personality. He listens to older guys, but he's independent. Rick is much more sophisticated than I was coming in here."

Smith's youth, in fact, may be one of his biggest problems in a culture that holds age and experience in esteem.

"As a 28-year-old business consultant, I have to develop some credibility," Smith said. "It's difficult for a 50-year-old businessman to get comfortable talking with a 28-year-old kid about what type of strategy he should use."

Megan Kruse, the Seattle-based editor of *Pacific Rim Entrepreneur*, a newsletter focusing on business opportunities in the region, said Smith is part of a new generation of expatriate Americans who offer their clients expertise in a region if not experience in business.

"My impression is that he's got the right attitude," she said. "He's interested in giving as well as taking from the country. He has a long-term interest there."

Apparently with good reason.

Kruse discounts speculation that Thailand will inherit whatever investment China forfeited with the Beijing massacre. But she argues that Thailand, a nation about the size of Texas with a population of 55 million, was headed for big things anyway.

"It's situated well, the people are hard-working and it's an entry port for Indochina," she said. "As Laos opens up, and hopefully Vietnam and Burma, Bangkok is going to be a business center for those countries. It will be real significant in coming years."

The American Chamber of Commerce in Bangkok agrees.

"Thailand has political stability, a sound and diversified economic base, abundant cheap labor, low production costs and favorable investment incentives," the chamber concluded this year. "Thailand clearly has the strongest economy in Southeast Asia."

Despite such promising reviews, Americans are not beating down the doors.

Japan remains Thailand's No. 1 foreign investor, followed by Korea, Taiwan and Hong Kong. The United States is fifth.

Smith and others believe American firms have needlessly conceded too much ground to the Japanese in Thailand.

"Americans are intimidated about doing business there," said Kruse, "and they don't have to be."

Because English is the language of foreign commerce in the country, Americans enjoy an unexpected language advantage.

"Since most Japanese engineers and managers don't speak English well," Smith said, "their remarks come out too strong."

Akira Hara, a Japanese attorney working for Michigan's largest law firm, Dykema Gossett, notes that Japanese companies tend not to send their most fluent speakers of English to countries such as Thailand.

"Speaking English is a major challenge for Japanese people . . . and there is a finite number of English speakers among Japanese managers," he said, "and they are the people most often sent to major markets such as the United States, Canada and Europe."

Smith is just beginning to put together some deals of his own. He hopes to launch a small family export business, and is also working on a line of food products that he hopes to introduce in the United States.

"For people who have eaten at Thai restaurants but have no idea how to prepare it, we'd like to produce some ready-made mixes," said Smith, who declined to provide many details of the project.

"It's an idea that wouldn't be difficult to copy," he said. "It's just that nobody's done it yet."

Words to live by for an entrepreneur on the edge of the Pacific Rim.

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# RUGBY AS METAPHOR

*Ford Motor Company and the Business School have collaborated to produce a powerful new training program for middle managers.*



*Wearing Rugby shirts to celebrate the completion of the first year of the LEAD program are (left to right), Dean Gilbert R. Whitaker Jr.; Robert Quinn, chair of the organizational behavior and human resource management department and faculty director of the LEAD program; Allan D. Gilmour, MBA '59, executive vice president, corporate staffs, Ford Motor Company; and Paul Banas, manager of the Employee Development Strategy and Planning Department at Ford.*

**T**he game of Rugby has served as a meaningful metaphor in the new LEAD program developed by the Business School and the Ford Motor Company to develop the leadership skills of Ford's global population of 3,000 middle managers.

Rugby is a game where continuous change and innovation is needed. Players do not stay in rigid roles, but shift positions depending on what is happening on the field.

In the same way, middle managers need to look for ways to change and improve the jobs they do, and to have open minds towards shifts in the global marketplace. The LEAD program, which stands for Leadership Education and Development, is designed to help them do that.

The LEAD program is a collaborative effort between Ford and the Business School. In the beginning, both Ford and the School were wary about the prospects of working together. Ford wanted to avoid an ivory tower approach with too much theory. The Business School faculty wanted to stay challenged throughout the three-year program.

"We worked together for eight months to make sure LEAD would benefit both organizations," said Robert Quinn, chair of the organizational behavior and human resource management department. "We developed a common research agenda and asked Ford executives to direct sessions on current Ford issues. It is truly a synergistic relationship."

"This is not a skills course — we are looking to change people's perspectives," added Quinn, whose theory of "competing values" serves as the foundation for the LEAD program.

The competing values theory says that the best managers are those who can balance the contradictory aspects of their jobs and are comfortable with the paradoxes of managing. For example, managers must simultaneously promote stability and change, and be concerned with both people and productivity. "Master" managers avoid the single-minded pursuit of any one value and are able to work effectively in a constantly changing situation.

The theory of competing values is fully explained in Quinn's book, *Beyond Rational Management: Mastering the Paradoxes and Competing Demands of High Performance* (Jossey-Bass, 1988).

LEAD is more than just theory, however. During the first week of the program, Ford's managers analyze current issues facing different divisions within Ford and hold frank discussions with senior executives about corporate strategy.

In addition, they formulate an action plan and declare a commitment to it on videotape before returning to the workplace. Finally, after six months, the managers return to the Business School to evaluate any accomplishments and set new goals. The purpose of the course is to help the managers see the organization, themselves, and their

subordinates in a new light, and be able to directly apply such new perspectives on the job.

"Middle managers are the people who implement the company policies. We don't want a frozen middle management," said Neil Sendelbach, a member of the Employee Development Strategy and Planning Department at Ford, and one of the key developers of the LEAD program. "The Ford managers who have completed the LEAD program feel empowered to make significant decisions on their own."

For example, after completing the program, a manager decided that a loan approval process in Ford's credit company, which took two days to complete, was too long. The manager was able to reduce the process to eight hours, and then cut it even further to just four hours.

Because of the residential nature of the program, faculty members work closely with a revolving pool of Ford managers who take active and participatory roles in research studies.

In addition to the research projects, faculty members participate in sessions in which Ford managers discuss the day-to-day challenges they face. The insight from these sessions and the results of the research are being incorporated directly into the Business School curriculum.

"This probably has been the best thing that has happened to me in the last five years in terms of my research and generating new ideas," said Kim Cameron, associate professor of organizational behavior and human resource management. "After teaching one of the components of the LEAD program, I can better prepare my MBA students to hit the ground running as opposed to slowly working their way into an organization."

The LEAD program celebrated its first year of operation in December, 1989.

# Business School Sets Up Aggressive New Growth Fund

**I**n an effort to earn a greater return on its investments, the Business School has established a new growth fund, supervised by alumni, that will target more risk-oriented ventures.

The idea for the Fund grew out of suggestions by alumni who wanted to contribute to the Business School, but sought a fund that was more aggressive in its investment dealings, according to Frank Wilhelme, director of development at the Business School. The growth fund will be launched with \$235,000 in seed money and pledges from alumni.

The regular Business School endowment of \$20 million is part of the general U-M endowment, which is widely diversified in its investments. Each endowment is given a share value in the overall portfolio of the University and each school portion increases accordingly.

The new growth fund will be more focused, hoping to gain superior returns by concentrating on admittedly riskier options. Wilhelme said that since the new vehicle is oriented toward long-term growth, substantial returns will not be seen for a number of years. Revenue gained from the first three to five years will be placed directly back into the fund.

The initial goal is to build the fund to approximately \$2 million — or 10 percent — of the School's endowment through gifts and investment performance. Donors will be required to sign a form stating they understand that their money will go into the special growth fund.

The plan is based on a similar program at Stanford University Business School that has been in operation since 1966. The Stanford program has seen its funds grow to nearly \$12 million, from an initial investment of about \$75,000.

The University's governing body, the Board of Regents, approved the special fund in February, 1988, with the proviso that its managers follow the University's policies prohibiting investment in companies operating in South Africa.

A 12-member board of trustees will set overall policies and guidelines, and recommend day-to-day fund managers. The trustees are chosen from the school's Development Advisory Board and from alumni who are interested in the concept and have successful investment

backgrounds. The University's investment officer and the dean of the Business School are ex-officio members of the board and will monitor its activities.

The Fund's managers, who are all volunteers, are:

**Dixon R. Doll**, chairman of the DMW Group, a telecommunications consulting group. Doll is also a general partner of a private venture capital firm which invests in entrepreneurial companies. The firm, Accel Partners, has \$210 million under management, and is organizing its fourth limited partnership. Doll earned a master's degree in 1965 and a Ph.D. in 1969 from U-M, both in electrical engineering.

Lawrence J. Goldstein, MBA '58, a retired corporate officer of Drexel Burnham Lambert. He founded Santa Monica Partners in 1982 to invest in neglected sectors of the market. The firm manages about \$18 million, specializing in "pink sheet" stocks which are too thinly traded for the major stock exchanges.

Harold R. Kellman, MBA '68, who has managed investments for private individuals for 21 years. Today he manages investments of about \$25 million, specializing in stocks of emerging growth companies.

"We are committed to an approach where the money will be allocated in three equal amounts to three asset classes — venture capital, growth stocks, and unvalued special situations," said Doll, chairman of the fund managers.

"The three fund managers also are autonomous and have complete decision-making authority on investments in their categories. In the venture capital area, which I will oversee, my goal is to be in the top 10 to 20 percent of our peers' performance.

"This is an opportunity to help the Business School gain more through its endowment, and to show what vastly superior returns can be produced by an aggressively growth-oriented approach."

For further information on the growth fund, contact Frank Wilhelme, director of development, at the Michigan Business School, The University of Michigan, Ann Arbor, MI 48109-1234, or telephone 313-763-5775.

# DOLLARS FOR SCHOLARS

## Ernst & Young Sets Up New Scholarship-Internship Program



Presenting the new Ernst & Young Scholarship-Internship Program to the Business School are (left to right), Robert C. Emde, partner, and Robert D. Neary, co-chairman, Ernst & Young; Paul Danos, professor of accounting and chairman of the accounting department; Anneke de Bruyn Overseeth, associate dean for external relations at the Business School; and Gary J. Baumann, partner in Ernst & Young. (Photo by Gregory Fox)

A new scholarship-internship program for Business School students who want to pursue a professional career in public accounting or taxation, has been established by Ernst & Young.

The firm plans to award three scholarship-internships per year — one each to a BBA, MBA, and MAcc student. Additional awards in future years will be provided based on the availability of funds and the success of the program.

Successful applicants to the new program will obtain hands-on experience with Ernst & Young through a compensated internship. This internship, coupled with additional substantial cash scholarships from Ernst & Young, is intended to provide these students with fully funded tuition (based on the rates in effect for in-state students) during their final year of study at the University.

Interested students will complete a written application and participate in interviews with representatives of the Business School and Ernst & Young. Selection of recipients will be made by a committee of Business School faculty and firm partners.

Funding for this exciting new program has been made available by contributions from Ernst & Young partners, staff, and consultants, many of whom have studied at the University, supplemented by a matching contribution from the Ernst & Young Foundation.

## Horace Sanders Wins Arthur Andersen Scholarship

Horace Sanders, a freshman at The University of Michigan this year, is the winner of a four-year Arthur Andersen Scholarship to The University of Michigan. The scholarship covers tuition, room and board, and books. Sanders has preferred admission to the Business School in his junior year. The preferred admissions program guarantees entry to specific professional programs for a limited number of highly qualified entering freshman.

Sanders is the second recipient of the Andersen Scholarship, which was first awarded in 1988. The scholarship is part of a \$1 million "Arthur Andersen Fund," which is a seven-year commitment to The University of Michigan, intended to provide a series of contributions to areas of special need within the University.

Sanders is a graduate of Cass Tech High, where he was a member of the student council and the National Honor Society. He was also vice president of the Pre-law Mock Trial Club, and took part in varsity track, cross country, and tennis. Between his junior and senior years, in high

Arthur Andersen has a tradition of major support to the U-M, according to Douglas C. McClintock, managing partner of the firm's Detroit office. "In past years, contributions by the firm's U-M alumni and friends, and matching funds from the Arthur Andersen Foundation, have established two professorships at the Business School," he said.

## Ford Motor Company Awards Minority Scholarships



Two MBA students are the winners of the 1989-90 Ford Motor Company Minority Tuition Scholarship. Pictured are (left to right), Stuart Frey, vice president of technical affairs, Ford automotive group; first year MBA student Anthony Pinado; William Pittman, second year MBA student; and Darryl Washington, College Recruiting and Central Placement Manager at Ford. (Photo by D. C. Goings)

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# Focus on the Alumni Society BOARD OF GOVERNORS

**T**he Alumni Society Board of Governors was organized in 1983 to provide a two-way street between the School and its graduates. The Board meets twice a year at the School, and at the Fall meeting, *Dividend* was there to take pictures of the members who had become a part of the Board since Fall, 1986, when we introduced all the members. (Members who are pictured are identified with an asterisk in the list below.)

Not every one of the Board's 27 members is able to attend every meeting, but a large proportion of the Board is present at every meeting. Some members travel from as far away as California to attend. Members serve for a three-year term.

Listed below are members of the Board, including those whose terms expired after the Fall, 1989 meeting, and those who will be new as of the Spring, 1990 meeting. Pictured are those members who were present at the Fall meeting who have not previously been introduced in *Dividend*.

Keith Alessi, MBA '79\*  
Executive Vice President  
Farm Fresh Supermarkets,  
Inc.

Fred Brodsky, MBA '67\*  
President  
International Investment  
Advisors

Martin Edwards, BBA '53,  
MBA '54  
President  
Edwards Brothers

E. Ann Finlayson, MBA '75\*  
Partner  
Deloitte Haskins & Sells

John Harris, MBA '60  
Associate Broker  
Barnes, Morris & Pardoe, Inc.

E. Jan Hartmann,  
MBA '58\*  
Chairman of the Board  
President  
Ziebart International

Paul S. Hoge, BBA '81\*  
Associate Broker  
Byron M. Trelice Co.

David Kilbury, MBA '72\*  
Managing Partner  
Delta Consulting Group

Bruce E. Kropschot,  
BBA '62, MBA '63\*  
President  
Kropschot Financial  
Services

Barbara J. Mahone,  
MBA '72

General Director of  
Personnel and Public  
Affairs  
Inland Division, GMC

John H. McCarthy,  
MBA '68\*  
Partner  
Coopers & Lybrand

Sharon Meadows,  
MBA '76  
Managing Director  
First Boston Corp.

James A. Parsons, MBA '81  
General Partner  
Regional Financial  
Enterprises

Bonnie R. Proctor,  
MBA '74  
Regional Vice President  
Bank of America

Nicholas J. Radell,  
MBA '56  
Vice President-Director  
Cresap McCormick &  
Paget

Lucy J. Reuben, MBA '74,  
PhD '81\*  
Vice President  
Financial Research  
Associates

Drucilla Ann Richards,  
MBA '82\*  
Partner  
Trammell Crow Company  
Commercial

C. Wendell Tewell,  
MBA '70  
Managing Director  
Matrix Leasing Int.

Keith Waldrop, MBA '71  
Caine Gressel Midgley  
Slater, Inc.

Warren P. Williamson III,  
MBA '54  
President  
WKBN Broadcasting-  
Corporation

Michael Wilson, BBA '84\*  
Controller  
Detroit Tigers-  
John E. Fetzer

Robert L. Wilson,  
MBA '64  
Partner  
Arthur Andersen &  
Company

Members whose terms  
expired after the Fall, 1989  
meeting are:

Stephen E. Frank,  
MBA '72  
Executive Vice President  
and CFO  
TRW Inc.

Charles H. Ihling,  
MBA '79  
General Manager and  
Administrator  
Bosley Medical Group

Diana S. Langley, BBA '75  
President  
Dioptics Medical Products

Stephen A. Perry,  
Executive Program  
Assistant to Vice  
President, Finance  
Timken Company

Robert G. Segel, MBA '69  
Managing Director  
Tucker Anthony &  
R. L. Day

Members who will join the  
Board in Spring, 1990

David M. Cassard,  
BBA '75  
President  
Waters Corporation

Russell L. Epker, BBA '64  
General Partner  
Berkshire Partners

May Kay Haben, MBA '79  
Vice President-Marketing  
Kraft, Inc.

Lisa Herrick, BBA '87  
Consultant  
CBIS

Patricia L. Johnson,  
BBA '77  
Vice President,  
Government Programs  
Blue Cross of California

Ana Ramirez, MBA '85  
Assistant Vice President  
National Bank of Detroit  
Grand Rapids, N.A.

Marion Roberts Sillah,  
MBA '69  
Associate Professor  
Morehouse College



**i T ^**  
Keith Alessi, MBA '79  
Executive Vice President  
Farm Fresh Supermarkets, Inc.



Paul S. Hoge, BBA '81  
Associate Broker  
Byron M. Trelice Co.



John H. McCarthy, MBA  
Partner  
Coopers & Lybrand



Fred Brodsky, MBA '67  
President  
International Investment  
Advisors



Lucy J. Reuben, MBA '74,  
PhD '81  
Vice President  
Financial Research Associates



David Kilbury, MBA '72  
Managing Partner  
Delta Consulting Group



Drucilla Ann Richards, MBA '82  
Partner  
Trammell Crow Company  
Commercial



E. Ann Finlayson, MBA '75  
Partner  
Deloitte Haskins & Sells



Bruce E. Kropschot, BBA '62,  
MBA '63  
President  
Kropschot Financial Services



Michael Wilson, BBA '84  
Controller  
Detroit Tigers—John E. Fetzer



E. Jan Hartmann, MBA '58  
Chairman of the Board  
President  
Ziebart International

Photos by Dean Russell

# The Case of the Missing Galley

## GIFT RANGE \$1,000-1,499

Frederick M. Alger III  
 Robert L. Anthony IV  
 The Michael Bill Avner  
 Memorial Foundation  
 David S. Barera  
 William J. Barkell  
 B. A. Bates, Jr.  
 Robert A. Baumgartner  
 BDO Seidman  
 Frederick W. Beck  
 Robert H. Becker  
 Gerald J. Beiser  
 Philip C. & Sara D. Berry  
 Thomas J. Berry  
 Douglas A. Bloom  
 Mr. & Mrs. Robert P.  
 Boardman, Jr.  
 Sherwood M. Boudeman  
 John R. Boyd  
 Mark H. Breedlove  
 Mary Ann Brown  
 James R. Browne  
 George R. Bruha  
 Leslie M. Burrige  
 James A. Carty  
 Chemical Bank  
 Cigna Foundation  
 Joseph F. Clark  
 Comau Productivity  
 Systems, Inc.  
 Contel Corporation  
 Howard J. Cooper, Jr.  
 Coopers & Lybrand  
 Corcap, Inc.  
 Cray Research, Inc.  
 Arun Daga  
 Jack Steven Darville  
 Edward N. David  
 Dorn K. Dean  
 Richard A. Dobbins  
 Le-Ellen S. & George E.  
 Doty  
 Dow Corning Corporation  
 Joseph S. Dresner  
 Lawrence S. Dunham  
 Terry L. Eikenbery  
 John Francis Elert  
 Scott M. Elrod  
 William J. Elser  
 Stephen H. Epstein  
 Ronald M. Feinberg  
 Brian E. Fingerle  
 E. Ann Finlayson & Hugo  
 P. Verdegaal

Gerald B. Fischer  
 Frank J. Folz III  
 Stanley Frankel  
 Larry Michael Frederick  
 Steven M. Freeman  
 Charles R. French  
 Arthur M. Friedman  
 Ronald J. Friedsam  
 Mr. & Mrs. Harvey C.  
 Fruehauf, Jr.  
 K. William Gedris  
 General Mills Foundation  
 Gary R. Glotzhober  
 Michael P. Goldsmith  
 The Goodyear Tire &  
 Rubber Co.  
 Wallace D. Grant  
 Howard G. Haas  
 Norman P. Hahn  
 John A. Harris  
 E. Jan Hartmann  
 Richard T. Hartzell  
 James A. Hatton  
 Mr. & Mrs. T. Stephen  
 Hauser  
 John J. Hogan  
 Paul S. Hoge  
 William E. Hoglund  
 John A. Hooper  
 LaRue Tone Hosmer  
 Cass S. Hough, Jr.  
 Thomas Howard  
 Lewis Taylor Hubbs  
 Hudson-Webber  
 Foundation  
 International Consulting  
 Management, Ltd.  
 Gretchen N. & John E.  
 Jackson  
 Michael Joseph Jandernoa  
 R. Paul Jasperse  
 Patricia L. & Thomas H.  
 Jeffs II  
 Johnson & Higgins  
 Frank N. Johnston  
 Francis G. Jonas  
 Harry H. Jones  
 Thomas C. Jones  
 Dohn L. Kalmbach  
 Kellogg Company  
 Kelly Services, Inc.  
 Michael J. Kryston  
 Leonard J. Kujawa  
 Kenneth Joseph Kuna  
 Raymond E. & Dolores A.  
 Kurtz  
 Louis A. Kwiker

The 1989 issue of the Business School's annual report contained a major omission. The names of donors with cumulative gifts of \$1,000 to \$1,499 did not appear. You can imagine our consternation when this mistake was discovered. Several people had proofread the list of names intensively, but in this case, no one noticed, or proofread, names that were not there.

The problem? We'll never know. It has to do with a missing galley which never got into the pasteup. How it disappeared is a mystery. These oversights are often blamed on the computer. In this case, we suspect human error.

Here then, is the list of names, retrieved by our dependable computer. We print them with our sincere apologies. Once again, this gives us the chance to thank our contributors for their generosity.

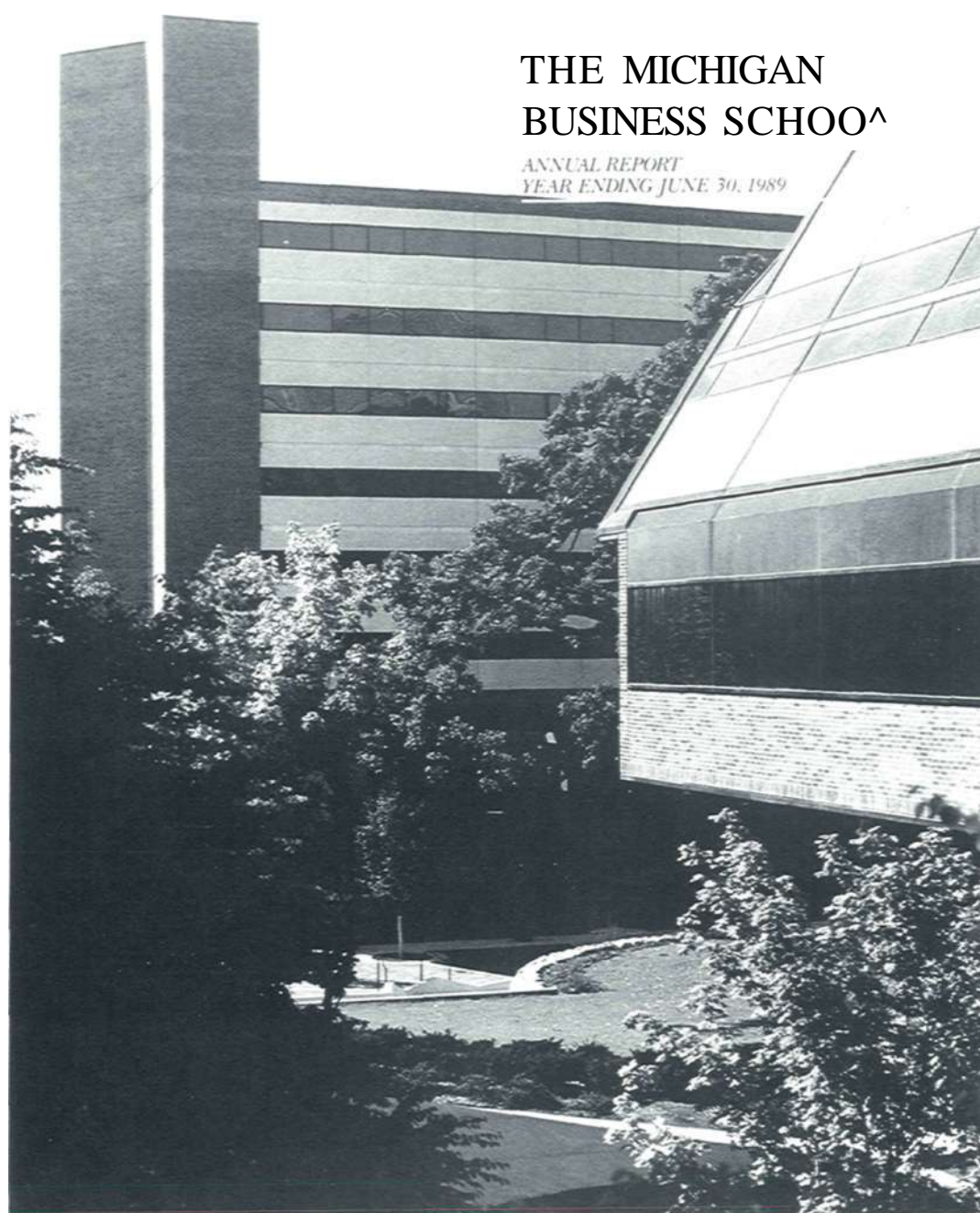


Colen LaFave  
 James R. Lannen  
 Michael J. Lashendock  
 Gilbert L. Lavey  
 Mark R. Lezotte  
 Warren C. Lindeman  
 Lintas: Campbell-Ewald  
 Charles A. MacDonell  
 Mr. & Mrs. John W.  
 Madigan  
 William C. Mair  
 Donald R. Mandich  
 Manufacturers Hanover  
 Foundation  
 Ann Butler Martin  
 Daniel P. McCaigue  
 John H. McCarthy  
 Herbert H. McDade III  
 Richard O. & Martha E.  
 McGee  
 McMaster-Carr Supply  
 Company  
 Molmec, Inc.  
 Kenneth H. Mortenson  
 Kenneth E. Myers  
 Mr. & Mrs. George J.  
 Nichols, Jr.  
 Karl W Nuechterlein  
 Thomas E Pecott  
 Robert E. Pell  
 Pepsico Foundation, Inc.  
 George C. Peterson III  
 R. Douglas Petrie  
 D. Maynard Phelps  
 Plante & Moran  
 Susan Polk  
 Millard H. Pryor, Jr.  
 Nicholas J. Radell  
 Gary & Amy Raffel  
 James S. Reece  
 Stuart M. Reed  
 Theodore C. Reissing, Jr.  
 R. J. Reynolds Tobacco  
 Company  
 D. W. Russler  
 The Salomon Foundation,  
 Inc.  
 David Richard Sarns  
 Larry N. Savage  
 Vernon Bruce Savoie  
 Craig P. Schepeler  
 Neill R. Schmeichel  
 Morton L. Scholnick  
 Prof. & Mrs. Thomas J.  
 Schriber  
 Donald R. Sherman

B. P. & Marilyn W  
 Sherwood  
 Adolph T Silverstein  
 James D. Simms  
 George A. Skestos  
 Richard C. Slay ton  
 Cece Smith  
 Donald E Smith  
 Donald L. Souter  
 W Allen Spivey  
 Sheridan W Springer  
 Morgan Stanley & Co., Inc.  
 Edward Ralph Strong  
 Stephen L. Surdu

Lionel J. Tachna Memorial  
 Fund  
 Robert D. Taylor  
 Robert T. Torkelson  
 TRINOVA Corporation  
 Donald E Tucker  
 Kevin Robin Tucker  
 Warren H. Watkins  
 Roger D. Wellington  
 Vernon E. Williams  
 Pamela Carter Williamson  
 Morley A. Winograd  
 Richard A. Wolf  
 John J. Yeager

*This list includes all gifts, pledge payments  
 and corporate matching funds received by  
 the Business School from July 1, 1988  
 through June 30, 1989*



## THE MICHIGAN BUSINESS SCHOOL

ANNUAL REPORT  
 YEAR ENDING JUNE 30, 1989

# 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.*

## R. J. Agley, BBA '64, MBA '65, Offers Challenge to Alumni

A challenge grant to Business School alumni and friends has been initiated by Randolph J. Agley, BBA '64, MBA '65. Under the terms of the Agley challenge, all new and increased gifts totaling \$1,000 or more will be matched by Agley on a 1:1 basis. The challenge grant represents up to \$150,000 new dollars to the School over the next three years.

Agley is chairman of the board and CEO of Talon, Inc., a privately owned holding company with interests in retailing, manufacturing, and real estate, which he co-founded in 1973.

"My Business School education at The University of Michigan," commented Agley, "has clearly been a valuable and instrumental part of the success I have been fortunate to achieve in the business world. Today, in light of increasing costs and demands faced by the Business School, some of the responsibility for preserving the quality and value of that education falls on us. I am confident the alumni and friends of the Business School will generously respond to this challenge and by so doing take a leadership role in providing the much needed resources for scholarships, faculty support, and student programs."

Dean Gilbert R. Whitaker, Jr., said, "This grant encourages our alumni and friends to provide a high level of support to the Business School at



*Randolph J. Agley, BBA '64, MBA '65*

a crucial time in its evolution. Typically, schools like Wharton, Stanford, and Northwestern receive four or five times more annual gifts of \$1,000 and up than Michigan. More than ever, we need the undesignated dollars of the Annual Fund to build the kind of faculty support, scholarship awards, and other resources that will enable us to keep pace with our competitors."

It is Agley's goal, through this challenge, to encourage alumni and friends to make leadership gifts to the Business School Annual Fund. At the end of the three-year challenge period, his contribution will be used to establish a scholarship fund in his name.

## School Wins Funding for New Center for International Business Education

The U.S. Department of Education has awarded the Business School a three-year, \$480,000 grant to establish a new, interdisciplinary teaching and research unit — the Center for International Business Education.

The Center's purpose is two-fold, according to Edwin L. Miller, associate dean for research and internationalization at the School and chairman of the Center's Advisory Council. It will promote campus-based education and research to help the United States become competitive in international trade, and work to distribute that knowledge widely, he said.

The Michigan Business School was one of five schools awarded funding out of more than 60 competitors. The grant will provide \$160,000 a year for the next three years. Miller said he hopes the Center will be permanently established at that time.

The Center will coordinate existing U-M research and teaching activities in the area of international business education, and develop efforts to reach a larger segment of the University community.

By fall, 1990, a new interdisciplinary course will be offered on an elective basis to liberal arts and science majors and to professional school graduate and undergraduate stu-

dents. The course will focus on global interdependence, international economics, business, culture, and U.S. business relations with foreign countries.

The Center also will initiate business language courses, an interdisciplinary academic training program, a research competition, and funding grants for teaching and research in international studies. Plans also include increasing the number of overseas internship and exchange programs and hosting visiting foreign scholars and faculty for joint academic and research positions.

In order to disseminate knowledge about international business developments, the Center will develop curricular materials for other educational institutions; develop curricular materials for businesses, professional and educational associations and corporations; sponsor seminars on international topics; establish a speakers' bureau; produce and distribute a newsletter on international studies and business issues; and establish a Michigan Trade Services coordinator who also will publish the state trade journal, *Michigan Trader*.

Linda Yeun-Ching Lim, adjunct assistant professor of international business, and research director of the Southeast Asian Business Program of the Center for South and Southeast Asian Studies at U-M, is serving as interim director.

### Citicorp CEO Receives Business Leadership Award

**J**ohn S. Reed, chairman and CEO of Citicorp, received the 1989-90 Business Leadership Award October 11 in Hale Auditorium. The award was presented to him by student council president Cynthia Hewitt, and Eli Saulson, student council vice president.

Reed, who was cited in the award as one of America's "most visionary and globally oriented" business leaders, joined Citicorp in 1965 as an analyst and strategic planner. He became a member of senior management in 1970, and conceptualized and implemented the development



D.C. Goings

*John S. Reed, chairman and CEO of Citicorp, receives the 31st annual Business Leadership Award from Cindy Hewitt and Eli Saulson, president and vice president, respectively, of the Business School's student council.*

of a worldwide consumer banking business. He was elected vice chairman and director of Citicorp in 1982, and was named chairman and CEO in 1984. Citicorp employs 9,000 people in 90 countries.

Before receiving the award, Reed spoke informally about Citicorp's competitive strategy in the increasingly hard-fought global banking business, and then answered questions from the audience. He laced his comments about the banking industry with a wide array of financial details drawn from memory — market share, divisional performance, number of employees — for Citicorp as well as its competitors.

Despite Citicorp's exposure to Third World loan problems, Reed has positioned the bank as a leader among the giant corporations offering complete global financial services. He said that Citicorp's global reach is one of its most important competitive advantages. "It's not unusual that I will call on a customer in West Germany, ask what we can do, and we will end up helping with their business in the Middle East," he said as an example.

In 1987, Reed added \$3 billion to Citibank's loan loss reserves to cover bad loans in the bank's huge international loan portfolio. The action surprised Wall Street and the banking industry, and several major

American banks with large loans to Third World countries followed suit.

Americans don't have to look overseas for evidence of the complications that arise for a bank when customers begin defaulting on loans, Reed suggested, as he blamed the epidemic of bank failures in Texas on the sudden decline of Texas' oil-based economy.

"Banks share their customers' problems," said Reed. "Most of the banks in Texas were not poorly managed or under-capitalized. But they defined their marketplace within Texas, and once their customer base began having problems, the banks started having problems."

### The Commonwealth Fund Gives Start-Up Money for Joint MBA-Nursing Degree

**T**he Michigan Business School is one of ten top-rated graduate schools of business to join ranks with their graduate schools of nursing to provide future nursing leaders with the same caliber of management, financial and analytic training usually reserved for the business world.

Announcement of the alliances that will support development of joint nursing-MBA programs was made in September by The Corn-

monwealth Fund, a national philanthropy with a "commitment to improving the quality of American health care." Each of the universities will receive \$100,000 in start-up support from the Fund.

"We couldn't be more pleased with the support the Commonwealth Fund will provide," said B. Joseph White, associate dean of the Business School. "The funding will enhance the education of nursing graduates and at the same time they will bring a great deal to our program."

Nursing comprises the largest work force in the health care industry — and health care in turn is the nation's third largest industry, with expenses approaching \$2 billion per day.

"Our alliance with the School of Business Administration is a solid example of the kinds of interdisciplinary programs being encouraged here at the University and will benefit both nursing students and traditional MBA candidates," said Rhetaugh G. Dumas, dean of the School of Nursing.

"There is a critical need for nurses trained in administration to manage human and financial nursing resources, which represent a substantial share of overall health care resources," Dumas noted.

She added that the trend toward joint programs signals what she called a "landmark shift" in the perception of nursing that emphasizes nursing as a business. "We already have succeeded in communicating that nursing is a valuable service to people," she commented, "but it's also a big business. The joint degree recognizes this."

Almost 300 nurses with MBA degrees recently were surveyed for The Commonwealth Fund by Louis Harris and Associates. "Perhaps the most interesting finding," said Harris President Humphrey Taylor, "is that most nurse-MBAs get far more managerial responsibilities as a result of their MBA degree, and their MBA skills are highly useful in exercising those responsibilities." The most valued skills, according to the nurse-MBAs surveyed, were in finance and marketing. Eighty-eight percent of the respondents advised other nurses to get an MBA degree.

The nine other universities besides the U-M that will develop joint degree programs are the University of California, Los Angeles; Case Western Reserve University; Columbia University; Iowa University; the University of Rochester; Rush University/Northwestern University; the University of Texas, Austin; Vanderbilt University; and the University of Virginia.

To further encourage this type of education, the Fund also will provide \$15,000 fellowships to 25 nurses per year. The Commonwealth Fund Executive Nurse Fellowship Program is co-sponsored by the American Nurses' Association and the Council of Teaching Hospitals of the Association of American Medical Colleges.

### What About Manufacturing Strategies in the 1990s?

Maintaining the correct balance between the level of product to manufacture and market, and the amount of resources to invest in technology to support these market commitments, is an increasingly complex and risky task. Thus, a firm's manufacturing strategy is a critical link between market considerations and technological opportunities.

The latest research into this area was examined during a two-day conference at the Michigan Business School in January. The conference, "The Research Agenda for the Next Decade," is sponsored by the Office of Manufacturing Management Research at the Business School. The keynote speaker was Wickham Skinner, the James E. Robinson Professor of Business Administration, Emeritus, at the Harvard Business School.

Sessions included "The Japanese Threat to the Luxury Car Market," discussed by Larry Michelini, marketing manager at Ford Motor Company; case studies of a U.S. automobile tire company, the U.S. space transportation industry, and International Paper; and the relationship between manufacturing, strategic management, and new technology.

### Business School Inaugurates Program for Partners in Excellence



*A brochure explaining the new Leadership Annual Giving Program for the Michigan Business School has just been published, and is available by contacting the External Relations Office at the Business School.*

A new program, entitled "Partners in Excellence" has been introduced by the Michigan Business School to recognize supporters who want to make a substantial investment in the Michigan Business School.

These Partners are leadership contributors to the Annual Fund, which is the indispensable resource the School relies on to support special projects as well as day-to-day student and faculty activities. It is Annual Fund donations which ensure that the School will have the discretionary funds it needs to take advantage of opportunities as they arise.

"I am very enthusiastic about the Partners Program," said Frank Westover, BBA '61, MBA '62, vice president and controller of Whitman Corporation and former chairman of the Business School Fund. "It is essential if we are to be fully competitive with our peers in the area of private support." Forty-eight volun-

teers in Detroit, Chicago, and New York City are actively promoting the Partners in Excellence program by contacting alumni in their areas.

As a leadership donor to the Annual Fund, Partners will automatically qualify for inclusion in one of the Business School recognition levels. The levels include:

*The Deans Cabinet* for gifts of \$5,000 and above. These members are recognized by name on a plaque. Levels within the Dean's Cabinet are named for the first three deans of the Business School. They include Edmund Ezra Day (Dean from 1923-27) - \$5,000; Clare E. Griffin (Dean from 1927-44) - \$10,000; and Russell A. Stevenson (Dean from 1944-60) - \$20,000.

*The Deans Circle* for gifts of \$1,000 to \$4,999. Levels within the Dean's Circle are named for three of the many emeritus faculty who had a major impact on growth and development during the early days of the School. They are Herbert Taggart, professor of accounting from 1927-48 - \$1,000; Margaret Elliott Tracy, professor of personnel management from 1924-55 - \$1,500; and Mervin H. Waterman, professor of finance from 1926-72 - \$2,500.

*The Deans Club* for gifts of \$500 to \$999.

## U-M Conference Evaluates Economic Impact of 1986 Tax Reform Act

Many of the dire consequences predicted when the Tax Reform Act of 1986 was passed haven't materialized, according to a panel of tax economists who spoke at a conference on tax reform held at the Business School in November.

In fact, there is no sign that tax reform has hurt the economy at all, said Joel B. Slemrod. Slemrod is professor of business economics and public policy, and director of the Office of Tax Policy Research, which sponsored the conference.

"The sky hasn't fallen," said Slemrod. "Tax reform hasn't led to the de-industrialization of America. The things that we care about —

savings and investment — are higher than expected."

Papers presented at the conference indicate that the rate of personal savings is the highest it has been since 1984, at 5.6 percent of disposable personal income for the first quarter of 1989.

The ratio of real non-residential fixed investment to real GNP is steady, and unemployment has continued its downward trend and is now at the lowest rate of the decade.

Furthermore, real investment in machinery and equipment, which lost investment tax credits because of reform, has "boomed," according to Slemrod. Real spending on equipment, relative to real GNP, has risen from 8.4 percent in 1985 to 9.0 percent in 1988.

Tax reform was predicted to have a significant impact in other areas, including states' dependence on sales tax, and the amount of charitable contributions.

"When tax reform eliminated sales tax deductibility, everyone thought it would induce the states to lower their reliance on the sales tax," said Slemrod. "However, of the 12 states where changes in the sales tax have taken place since tax reform, 10 have increased rates.

"Charitable contributions, which were hit hard because the value of the deduction fell, were predicted to decrease between 14 and 18 percent. In fact, aggregate giving has increased each year since 1986, although giving patterns have shifted away from wealthy people."

Of course, some of the predicted consequences have occurred. Not being able to fully deduct credit card interest payments encouraged taxpayers to shift a large part of their personal loans to still-deductible home mortgage loans.

Eliminating tax breaks which favored multifamily housing, resulted in a drop in the number of multifamily housing starts from 669,500 in 1985 to 406,800 in 1988.

"Multifamily housing was getting tax breaks other investments weren't, so we shouldn't be sad to see those go," said Slemrod.

The net cost of home ownership rose, but less than the cost of rental housing. The tax rates against which taxpayers can deduct interest pay-

ments on single-family housing fell, but Slemrod said it is too early to tell if there will be a pronounced change in home ownership patterns.

Conference participants differed in their recommendations to policy makers. Henry Aaron, senior fellow at the Brookings Institution, argued that further attempts at tax reform should focus on making the distribution of the tax burden fairer. Aaron said the perils of loading a larger share of taxes on the wealthy have been overly emphasized, and the tax system should become more progressive.

However, Slemrod and others said future reforms should focus on simplifying the tax system, which he called one of the "big disappointments" of the 1986 act. Measures, such as the one underway to streamline the rules covering employee benefits, should be continued, he said.

Slemrod said he believes current proposals for changing tax reform — restoring a preferential tax rate on capital gains and expanding eligibility for individual retirement accounts — violate the spirit of the act and should be discarded. Instead, the principle of lower rates assessed on a broader tax base, coupled with continued efforts at tax simplification, should be maintained, he added.

"The bad things that were predicted to happen haven't happened," he said. "The benefits of tax reform are more subtle. They are still valid, and will show up if we just wait awhile. In the meantime, we should preserve the idea of assessing taxes at a low rate on a broad base, and pursue our efforts to simplify the process."

Participants at the Tax Reform Conference included Slemrod; Aaron; Alan Auerbach of the University of Pennsylvania; Kevin Hassett of Columbia University; Jonathan Skinner of the University of Virginia; Daniel Feenberg of the National Bureau of Economic Research; James Poterba of MIT; Charles Clotfelter of Duke University; John Whalley of the University of Western Ontario; and Roger Gordon, Jeffrey MacKie-Mason, Paul Courant, and Edward Gramlich of the University of Michigan.

## Real Estate Forum Discusses Emerging Trends

44"C<sup>1</sup> merging Trends in Real Estate" was the title of the Saturday morning panel discussion which was part of the School's Real Estate Forum held in September.

The Real Estate Forum began on Friday with a networking session for about 70 participants in Hale Auditorium. Participants were introduced and asked to discuss their current positions and the problems and opportunities facing them in the real estate industry. Moderator for the session was Peter T Allen, MBA '73, adjunct lecturer of real estate at the Business School and president of Peter T Allen & Associates. This was followed by several breakout sessions on various aspects of the industry such as finance, feasibility, and investment. Friday evening participants enjoyed cocktails and dinner at the Executive Residence.

Speakers at the Saturday morning session on trends included Kenneth D. Brody, partner, Goldman, Sachs & Co.; Jon D. Hammes, regional partner in Trammell Crow Company; and Jorge M. Perez, president of The Related Companies of Florida, Inc. The session was moderated by Dennis R. Capozza, the Stephen M. Ross Professor of Real Estate and professor of finance.

Brody discussed factors affecting change in real estate in the '80s, and compared that with the '90s. Trends in the '90s that he identified included: demographic shifts and slower growth in the younger segment of the population; increased environmental concerns; and over-supply of development capacity. He said although real estate markets in general have slowed, the values have been maintained, partially because of the availability of investment capital for real estate. He added "Foreign money likes U.S. real estate because of our political stability."

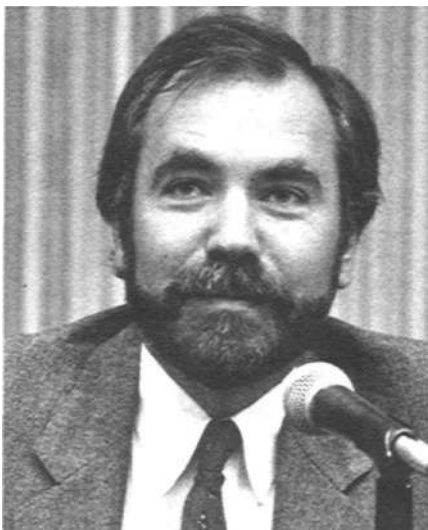
Hammes said that part of the challenge we are facing in the real estate industry today is constant and rapid change, meaning we have to "think three times faster." He said that in most cities there is an excess of office supply, and predicted that the office building business will



*Kenneth D. Brody, partner, Goldman, Sachs & Co.*



*Jon D. Hammes, regional partner, Trammell Crow Company*



*Jorge M. Perez, president of The Related Companies of Florida, Inc.*

never again be as good as it was over the past several years. He said, "Our business is singularly unforgiving. I believe that the majority of the 17,500 development companies in America won't be around in 10 years."

Perez spoke of the growing lack of affordable housing. In the late '60s and '70s, he said, there were direct Federal subsidies for affordable housing coupled with favorable tax laws that shifted investment into low income housing. However, during the Reagan years the direct subsidies were almost eliminated and the 1986 changes in the tax laws made investment in affordable housing drop. Now, he said, tax breaks are few and difficult to use. He commented that waiting lists for public housing have grown dramatically, and that the future for affordable housing is grim.

## U-M Students Win 3 of 9 Top Awards

Three of the nine \$3,000 scholarships, given by the National Black MBA Association, were awarded to Michigan Black MBA students at the October meeting of the NBMBA held in Chicago. The Michigan winners were second year MBA students Pam Frederick, Tamla Roberts, and Kevin Thorne.

The Conference set a record this year with approximately 1,400 students, business professionals, and corporate partners in attendance at the Annual Awards Banquet. Nine \$3,000 scholarships and six \$1,500 scholarships were given out at that time to Black students pursuing advanced degrees.

Keynote speakers at the conference included Jeffrey Howard, president, J. Howard & Associates; Richard Morrow, chairman, Amoco Corporation, and Andrew Young, mayor of Atlanta. Most speakers developed themes centering on the importance of using minority representation as a competitive advantage.

The conference also included workshops and panel discussions, a wide range of seminars, a student mini-conference, the Annual Job Fair and Corporate Exposition, and the Second Annual Franchise Fair.

Jack Edman, BBA '50, MBA '51,  
Receives 1st Alumni  
Service Award

The Alumni Society Board of Governors of the Michigan Business School named Jack Edman, BBA '50, MBA '51, the first recipient of the new Bert F. Wertman Alumni Service Award for his outstanding contributions to the Business School.

The Award was established at the spring meeting of the Alumni Board to honor Bert Wertman, MBA '28, the School's quintessential alumnus who has been president of his class for sixty years.

Edman is a charter member of the Business School's Development Advisory Board and also served as its second chairman. A willing and dedicated volunteer, Edman headed the first major capital fund drive which realized a total of \$15 million and resulted in three new Business School buildings — the Kresge Business Administration Library; the Executive Education Center; and the Executive Residence. He is currently chairman of the University of Michigan's National Major Gift Committee.

"Jack Edman's efforts on behalf of his alma mater reflect his longstanding belief that the goals of higher education and the business community are inextricably linked in their efforts to provide educational opportunities of outstanding merit to future business leaders," said Jack McCarthy, MBA '68, chairman of the Alumni Society Board of Governors.

The award was presented to Edman at the annual Business School reunion dinner, held Oct. 27, at the Business School.

Chairman of General Motors Acceptance Corporation (GMAC) since January, 1987, and a member of the Board of Directors of GMAC and Motors Insurance Corporation (MIC), Jack Edman has had a distinguished 39-year career with General Motors. From 1951 to 1974, he served in a variety of divisional and corporate financial positions as well as comptroller of several divisions, including Packard Electric; GM of Canada, Ltd.; and AC Spark Plug.

In September, 1974, he was ap-



Jack Edman, BBA '50, MBA '51, right, winner of the first Bert E Wertman Alumni Service Award, established this year by the Business School's Alumni Board of Governors, is pictured with Bert F. Wertman, MBA '28, for whom the award is named.

pointed comptroller of GM's financial staff before being elected treasurer of General Motors in 1975, a position he held until 1978, when he was elected vice president of the financial staff. He was appointed group executive of the finance group of GM in 1985, and was elected to his present position in 1987.

Edman also is a member and North Central Area Vice President of the Financial Executives Institute; a director and second vice president of the Detroit Athletic Club; a member of the Presidents Club of The University of Michigan; and the Chairman of the Board of Governors of Cranbrook Schools.

### Three Financial Symposia Organized by German Alumni Club Result in Published Books

Three works in German, based on financial symposia sponsored by the Michigan Alumni Club of West Germany in cooperation with the University of Saarland and Association of Saarland Credit Institutions, have now been published. They are entitled, "Securities Investment Today: Practical Knowledge

for Professional and Private Investors"; "Financial Innovations: Risk Assessment and Management"; and "Accounting, Auditing, Business Law and Taxes in the USA." They offer, respectively, a guide to financial innovation and analysis; evaluating and limiting financial risk; and relevant accounting and tax issues for businesses entering the USA.

The Michigan Alumni Club of West Germany was founded in 1985 by a group of business and economics students at the University of Saarbrücken who were University of Michigan alumni. Founding members and co-presidents of the club are Erik Sonnemann, who edited the volume on accounting, and Hartmut Leser, editor of the volume on financial innovation.

The goals of the symposia on which the books are based was to merge financial practice and theory, to encourage U.S.-German communication and cooperation, and to facilitate dialogue between practitioners and students. Important roles in conducting the symposia were played by Gunter Dufey, professor of international business and finance at the Michigan Business School, and Professor Rudolf Richter of the University of Saarland, chairman of the Michigan Alumni Club of West Germany.

## Professor Victor Bernard Named to Price Waterhouse Professorship

Victor L. Bernard, professor of accounting, also will hold the Price Waterhouse Professorship of Accounting for a five-year term. The professorship was established in 1983 with funds provided by the Price Waterhouse Foundation.

"Dr. Bernard is widely acknowledged to be one of the brightest and ablest accounting researchers in the country," said Dean Gilbert R. Whitaker, Jr. "He is in great demand by such top schools as Stanford, Wharton, and Carnegie-Mellon for accounting workshop presentations, and he has been invited to present papers at virtually every major research school in North America — truly an extraordinary testament to his reputation.

"Professor Bernard also excels as a teacher. He is thorough and innovative and cares deeply about doing quality work in the classroom."

Bernard is associate editor for the *Accounting Review* and the *Journal of Accounting and Economics*. He also serves as a referee for many other professional journals.

He received his B.S. degree from the Ohio State University in 1975, his master's degree in 1976 and Ph.D. in 1982 from the University of Illinois. He joined the U-M faculty as an assistant professor in 1982, and was promoted to associate professor in 1986 and professor in 1988.

## Dow Chemical Vice President Speaks on Global Leadership

John A. Weymouth, vice president of manufacturing at Dow Elanco, Inc., spoke on "Global Leadership Through a Technology Focus" in Hale Auditorium, as part of the Manufacturing in Transition lecture series, sponsored by the Office of Manufacturing Management Research at the Business School.

"Since its founding in 1897, Dow Chemical has become the world's most profitable manufacturer of chemistry-related products," accord-



Victor L. Bernard, left, newly appointed Price Waterhouse professor of accounting, is pictured with (left to right) Dean Gilbert R. Whitaker Jr.; Robert G. Nichols, BBA '53, MBA '54, partner in Price Waterhouse; and Paid Danos, chairman of the accounting department.

ing to lecture sponsors. "Science and technology have been the driving forces behind the company, and are expected to be key ingredients in the firm's drive for global leadership in the chemical industry in the technology-intensive parts of the world — the United States, Western Europe, and Japan."

Weymouth's career mirrors Dow's global focus. He moved to his current position when Dow Chemical's Agricultural Specialties Production and the plant science division of Eli Lilly and Company merged. Before that, he was section manager of Dow's agricultural division in Midland, Mich.; manager of plastics production in Los Angeles; and site manager of Dow's chlor-alkali operation in South Korea.

He also has worked for Dow in Australia, Texas, Hong Kong, and Bangkok.

The Manufacturing in Transition lecture series features representatives of manufacturing companies that have gone through changes brought on by competitive challenges, new technology, new philosophies or strategies, or downsizing in the last decade. It aims to capture this watershed period of history in manufacturing by presenting speakers who have first-hand experience of the process or are knowledgeable observers.

## Food Left Over at the Executive Residence Now Goes to Area Needy

The cynical view of business schools as the headquarters for greedy, overly ambitious people who care about nothing but money, is being challenged at the Michigan Business School.

For the past six months, the Executive Residence has donated its excess food to a local organization which helps feed the hungry in the Ann Arbor-Ypsilanti area.

"It's been a great effort so far," said Lisa DeYoung, coordinator of Food Gatherers, a non-profit organization which collects unsalable food from retailers, wholesalers, restaurants, and farms, and distributes it to the needy. "I am getting food I never would have gotten before. The Business School is a great source of nutritious food."

The Executive Residence dining room serves about 400 meals daily to persons who have come to the Business School for one of the 50 executive programs or management seminars. Food is sometimes left over, said Darla Dean, dining room supervisor, simply because it is very hard to predict how much people will eat.



"Before getting involved with Food Gatherers, our leftovers were dumped down the garbage disposal," Dean said. "The kitchen has certain standards, and we do not reserve most items."

The food that was getting dumped and is now collected by Food Gatherers, amounts to approximately 75 meals a week, or about 100-150 pounds, said DeYoung. The range of food that leaves the Executive Residence dining room is enormous — including pastry, milk, yogurt, sandwiches, fish, chicken entrees, lamb Wellington, standing rib roasts, potatoes, rice, pasta, soups, salad items, and sometimes even desserts.

"It's amazing food, and it's so nice to bring to our agencies," said DeYoung. "For example, the day shelter gets all kinds of bad stuff, like pastries and other sweets.

"Some days I bring two dozen roast beef sandwiches from the Business School to the shelter — you know, stuff with real protein in it. People forget that it's hard to pick yourself up by the boot straps when your stomach is empty."

Dean said the food is very high quality, on a par with that served in a first-class restaurant. "To have something like that thrown away was just terrible," she said. "We don't throw a lot away any more. It's a great feeling, and certainly worth the effort."

The effort turns out to be quite easy. The leftovers are put in plastic bags, labeled, and set in a special part of the refrigerator. "It hasn't been a strain on our operation," said Dean. "Everybody in the kitchen takes a small part. The entire operation takes me and my staff about an hour each pick-up day."

With three pick-up days a week and a staff of 12, that amounts to about 15 extra minutes per person, said Dean. Food Gatherers initially came to the Executive Residence twice a week, but Monday was added to the schedule to get food left over from weekend events. Also, the pick-up time was pushed back so the food could properly chill.

The initiative to get involved with the program came from within the Business School, and Food Gatherers signed a waiver releasing the

school from any liability once the food is in Food Gatherers' hands. Certain items, such as leftovers from buffets that have been sitting out for lengthy periods, or items with less than five portions, still end up in the garbage disposal.

But a lot of food also ends up in free meal programs, women's and children's shelters, low income and elders' housing developments, and drug detoxification centers.

"I've looked out the dining room windows and seen street people searching through our garbage cans," said Dean. "I want to go out and tell them, 'I know where you should go. They'll be serving our lamb chops tonight.'"

"As far as I know, we will continue donating our leftover food indefinitely. We see no major problems that would make us stop."

### Judith A. Goodman Promoted to Assistant Dean



*Judith A. Goodman, director of admissions and student services for the Business School, has been promoted to assistant dean for admissions and student services. Before joining our staff as assistant director of admissions in 1979, she was senior academic adviser at Eastern Michigan University, a position she held until 1975 when she became coordinator of academic support services. She holds bachelors and masters degrees from Eastern Michigan University.*

## Michigan B School Ranks Sixth in Business Week's Guide to Top Schools

13 *Business Week's Guide to the Best MJ Business Schools*, published by McGraw-Hill, contains profiles of the top 20 Business Schools. Michigan is ranked number six, based on surveys done with the class of 1988 and corporate recruiters.

*Business Week* says that their two surveys measure how well the schools are serving their two markets: students and their ultimate employers. The graduate poll was randomly mailed to about 3,000 MBAs from 23 schools that regularly top traditional rankings. MBA grads were asked to assess such characteristics as the quality of the teaching, curriculum, environment, and placement offices. Twelve hundred and forty-five replies were received to the 35-question survey, a response rate of about 42%. The poll of corporate recruiters was mailed to 265 companies that have recently recruited at a third or more of the 23 most prominent schools. Again, the response rate was 42%.

The top ten Business Schools, according to this book, are (in order) Northwestern (Kellogg), Harvard, Dartmouth (Amos Tuck), Pennsylvania (Wharton), Cornell (Johnson), Michigan, Virginia (Darden), North Carolina, Stanford, and Duke (Fuqua).

# FACULTY NEWS NOTES

## New Faculty

This year, the Business School welcomed 16 newcomers to our faculty. Among the senior faculty appointments, two are joint appointments, reflecting the School's strength in building interdisciplinary connections. The new senior faculty members include:

**John E. Jackson**, professor of business administration and professor of political science at LSA. He is presently also a research scientist at the Center for Political Studies at the U-M's Institute for Social Research. His particular research interest is in the intersection of the public and private sectors at the policy level, and he has published extensively on that topic. Professor Jackson has the B.S. and M.S. degrees in Industrial Administration from Carnegie-Mellon University; and the M.P.A. and Ph.D. from Harvard University.

Mayer N. Zald, professor of business administration and professor of sociology at LSA and of social work at the School of Social Work. Professor Zald's current research involves the relationship of history or historical change to organizational theory. He also works on the sociology of accounting and budget rules, and political sociology. He received his B.A. from The University of Michigan, the M.A. from the University of Hawaii, and the Ph.D. from The University of Michigan.

**William T. Robinson**, associate professor of marketing, received his B.A. and M.S. from the University of Illinois at Champaign-Urbana, and his Ph.D. from The University of Michigan. His research interests include the influence of the order of market entry on business strategies and performance, and factors that help explain initial market and financial performance in start-up ventures.

**Jane E. Dutton**, associate professor of organizational behavior and hu-



D. C. Goings

*Jane E. Dutton, associate professor of organizational behavior and human resource management*



*Mayer N. Zald, professor of business administration and professor of sociology at LSA and of social work at the School of Social Work*



D. C. Goings

*William T. Robinson, associate professor of marketing*



*John E. Jackson, professor of business administration and professor of political science at LSA*

man resource management, received her B.A. in sociology from Colby College, and her M.A. and Ph.D. in organizational behavior from Northwestern University. Her research focuses on understanding strategic agenda building in organizations and its implications for managing change.

## Other Faculty News

A group of faculty associated with the Cognitive Science and Machine Intelligence Laboratory (CSMIL) has received a three-year research grant from the Information Technology & Organizations Program of the National Science Foundation to support a project entitled "Technology Support for Collaborative Work Groups." The project is funded for \$275,000 per year for each of the next three years.

Youjue Yi's papers, "An investigation of the Structure of Expectancy-Value Attitude and Its Implications," and "Direct and Indirect Approaches to Advertising Persuasion: Which is More Effective?" have been accepted for publication in the *International Journal of Research in Marketing* and *Journal of Business Research*, respectively. Youjue and Richard Bagozzi also report that their paper, "On the Use of Structural Equation Models in Experimental Designs," was published in the August, 1989 issue of the *Journal of Marketing Research*.

The American Marketing Association has named Tom Kinnear to the editorship of the *Journal of Marketing* for a three-year term beginning July 1, 1990.

Cindy Schipani presented her paper entitled "Relaxed Director Liability Standards and Shareholder Wealth: An Empirical Study" (coauthored with Michael Bradley) at the American Business Law Association National Conference in Los Angeles. She also presented a paper entitled "The Relevance of the Duty of Care Standard in Corporate Governance" (coauthored with Michael Bradley) at the Faculty Workshop Series at George Mason University Law School. This paper has been accepted by the *Iowa Law Review* for publication.

Pris Rogers and John Swales (U-M, Linguistics) presented findings from their linguistic analysis of 80 corporate ethical codes in a paper titled "We the People? A Discourse Analysis on a Corporation's Policy Document" at the Michigan Linguistics Association Meeting in October.

Bill Moller presented a paper entitled "The U.S.-Canada Free Trade Agreement and the State of Michigan" at a two-day conference (Facing North/Facing South: A Colloquium on Canadian-American Relations) held at Western Michigan University in September.

Jim Wheeler has been reappointed to the Executive Committee of the Tax Division of the American Institute of CPAs. He has also been

named chairman of the 25-member Corporate Tax Policy Subcommittee of the American Taxation Association.

Kathy Stecke was the plenary speaker at the Second Intelligent Factory Automation Symposium in July in Osaka, where she also spoke on her recent FMS research at TIMS XXIX. While in Japan, she gave seminars at the University of Osaka Prefecture, Reiseumikan University in Kyoto, and Waseda University in Tokyo.

Praveen Rattan Nayyar, who received his Ph.D. in corporate strategy from Michigan, has won the A. T. Kearney Award for outstanding research in general management for his dissertation, "Related Diversification in Service Businesses: Type of Relatedness, Potential Economies, and Organizational Costs." The award is given by the Academy of Management.

Claude Martin has been elected to serve on the National Advertising Review Board. He was nominated to the Board by the Council of Better Business Bureaus and will serve as one of the 10 public members. The Board reviews appeals of advertising disputes as the final step in the industry's self-regulation process, created in 1971 by the American Advertising Federation, American Association of Advertising Agencies, Association of National Advertisers, and the Council of Better Business Bureaus.

Taylor Cox is coauthor of an article titled "Gender Differences in the Upward Mobility of Black Managers: Double Whammy or Double Advantage?" accepted for publication in *Sex Roles During 1990*. He also has been appointed Co-Chairman of the National Academy of Management's newly formed Task Force on the Status of Minorities, for a three-year term beginning Fall, 1989.

An article by David Ulrich in the Summer, 1989 issue of *Sloan Management Review* was discussed at length in Tom Peters' column "On Excellence" published in the *Chicago*

*Tribune*. Ulrich's article is entitled "Tie the Corporate Knot: Gaining Complete Customer Commitment." It discusses six areas that can be recast to induce lasting customer engagement with the firm, and to change merely satisfied customers into customers who become interdependent with the firm through shared resources and values.

Vic Bernard addressed the Financial Accounting Standards Board in October on the implications for accounting policy of capital markets research of the 1980s. The springboard for the talk was his paper, "Capital Markets Research in Accounting: A Critical Review," which will be published later this year as part of a collection of reviews of accounting research.

David Brophy has contributed a chapter entitled "Financing Women-Owned Entrepreneurial Firms," to the book entitled "Women-Owned Businesses," edited by Oliver Hagan, Carol Rivchun, and Donald Sexton, and published by Praeger.

David Wright presented a paper entitled "Accounting Pedagogy Based on Extant Authoritative Rules versus Decision-Oriented Analysis: The Case of Other Postemployment Benefits" November 10 at the Michigan/Ontario Finance and Accounting Conference.

John Ettlie spoke on "Flexible Manufacturing Systems — Where and How" at the U.S./Finnish Meeting in Science and Technology held in Helsinki, Finland, in October. Also, a paper he did was used as the basis for a report on manufacturing coordination broadcast over the Financial News Network.

Leon H. Turner, MBA '54, has been named to the board of directors of Chemical Bank New Jersey, N.A., a bank formed by the merger of Horizon Bancorp and Chemical Banking Corp. He is president of Turner, Stauffer & Co., a certified public, accounting firm in Wild wood, New Jersey.

Chandler W. Matthews, MBA '56, has been named associate vice president for finance and controller at The University of Michigan. He is responsible for all financial management, control and reporting functions for the University, and has supervisory responsibility for the Endowment Fund, which has a current market value of more than \$430 million, and for the financial controls of a budget that now exceeds \$1.6 billion a year.

Jay Vawter, BBA '56, MBA '57, has been selected to receive the 1989 C. Stewart Sheppard Award given by the Institute of Chartered Financial Analysts. The award is given each year to one of the financial industry's leaders. Vawter is senior vice president of Stein Roe & Farnham, Inc. investment counselors in New-York City.

Jeffrey Jarrett, BBA '62, just finished the revised version of *Business Forecasting Methods* to be published by Basil Blackwell. Oxford, England and Cambridge, Mass. in 1990. The book is designed for students, forecasters and managers responsible for planning and control and includes numerous case studies and examples emphasizing the methodology of forecasting at the level of the firm, industry, and

government rather than aggregate economic forecasting. Included also is a review of qualitative methods of forecasting business and economic conditions, and the implications for the forecasting of business and inflation cycles. Jarrett has his MBA and Ph.D. from New York University, and is a professor of management science at the University of Rhode Island.

Edwin T Funk, BBA '59, MBA '64, has been admitted to the Quarter Century Club of Merrill Lynch, Pierce, Fenner and Smith Inc. He is a vice president and senior financial consultant in the Merrill Lynch office in downtown Detroit. He began his career with Merrill Lynch in 1964 as an account executive, was promoted to senior account executive in 1974, assistant vice president four years later and vice president in 1983.

## Southwood Morcott, MBA '65, Is Voted CEO of Dana Corp.

Southwood J. Morcott, MBA '65, president and chief operating officer of Dana Corporation, has been elected Chief Executive Officer as well.

Morcott joined Dana as a sales engineer after receiving his MBA. He served as manager of Dana's piston ring manufacturing plant in Tipton, Indiana, and was later named president of Dana World Trade Corporation. In 1975 he moved to Canada as vice president-operations, and later, president of Hayes-Dana Inc., Dana's Canadian subsidiary.

Morcott returned to the United States in 1980 as a group vice president of Dana Corporation, responsible for service parts and distribution in North America, and in 1984, became president of Dana's North American operations. In 1986, he became president and COO of Dana.

Commenting on the new appointment, Gerald B. Mitchell, Dana's retiring CEO, said, "Woody Morcott and his career are typical of the Dana style in action. He is a career Dana person with wide experience in all facets of the company's operations. He has worked on both sides of the U.S.-Canadian border and headed our world trade operations. As a former plant manager he knows manufacturing and, on top of that, he has had experience in the marketing distribution side of the business, which is an area of strategic emphasis. He is very well qualified to lead Dana."

William B. Krumm, DME '84, BBA '66,

has been named associate vice president for business operations at The University of Michigan, where he was formerly director of business operations. He is responsible for the University's plant operations, plant extension, purchasing and stores, public safety, and occupational safety and environmental health units. More than 1,500 staff members work in these units.

Hervey P. Levin, BBA '64, MBA '68, has been appointed chairperson of the Workers' Compensation and Employers' Liability Law Committee of the Tort and Insurance Practices Section (TIPS) of the American Bar

Association. Before this appointment, he was chairperson elect and vice chairperson of TIPS and a planning committee member and moderator of the 1986 and 1988 National Institute on Workers' Compensation. He is a graduate of DePaul University law school.

Michael Koeneke, BBA '69, oversees mergers and acquisition activities for First Boston Corp. in the eight-state Midwest region. He is managing director and co-head of the M & A activity of First Boston, and is also one of three First Boston executives who oversee the firm's global merger activity. He is based in Chicago.

Janice B. Shatzman, MBA '72, tax partner in the Detroit office of KPMG Peat Marwick, has recently been elected president of the Michigan State Board of Accountancy (MSBA). The MSBA regulates the accounting profession, grants licenses to practice as CPAs, and issues certificates to those who successfully complete the CPA exam. Janice received an honorable mention for the Paton Award in 1972, the top honor of the Michigan CPA exam. She serves on the finance committee of Sinai Hospital and on the tax committee of the greater Detroit Chamber of Commerce.

Robert H. Peiffer, MBA '74, writes that he has just been transferred to Charleston, South Carolina, where he is the commanding officer of the Naval Supply Center, which is a key supply and logistics command for fleet ballistic missile submarines. The Charleston Center also provides materials and services to other submarines and surface ships in Charleston, which is the host of the third largest concentra-

## David M. Love, BBA '67, MBA '68, Compares Business to "Ironman"

"In the Ironman Triathlon," said David Love, BBA '67, MBA '68, "you start with a 2.4 mile swim, then go for a 112 mile bike ride, and finish with a 26 mile run. That's pretty much what starting a business is like."

Love, founder of Monmouth Capital Management, Inc. in Solana Beach, California, returned to the Business School in October to talk to students at a Dean's seminar about entrepreneurship, the maintenance of balance, and ethics. He is an active triathlete, and competed in the Ironman Triathlon World Championship in Kona, Hawaii, in November for the fifth time. He spent some time comparing the Ironman competition with the business world.

"You go into the water with enormous enthusiasm," he said, "and by the time you get on the bike you are still excited — there are tremendous highs and lows. There are lots of headwinds. Then you finally get off the bike and start on the run. You know now that you're going to finish, but you don't know how. But the feeling when you finish has to be experienced."

Love told the students that during his first job on Wall Street he worked 14 hours a day, 6 days a week, for ten years. (He earned a national reputation during those years as an investment analyst, and was twice named to a first team position on *Institutional Investor's* All-America Research Team.) The problem was, Love told the students, "I had small children I didn't even see. I finally resigned to prioritize my life. My priorities are, in order, family, friends, business, athletics. Actually, my priorities now are the same as they used to be. I just didn't honor them well. Your priorities mature as you grow older and you learn to set goals within a context."

"Money is not the hardest thing to get," said Love. "Good lives are hard to get."

Love, who started three businesses of his own, founded his current company, Monmouth Capital Management, Inc., in 1979. It provides portfolio diversification to institutional and individual investors through managed futures. Managed futures, says Love, are a potent instrument to increase returns and decrease risk in investment portfolios.

Continuing with his comparison of Ironman and your own business, Love said both require a lot of self-confidence because you're out there alone. "The way you get through Ironman is to have a vision of the finish line. The same in business. In my first company, I didn't maintain the vision well enough. Ironman requires cultivation. So does business. When you go in the water, you have a constant exposure to failure. The same in business. I've learned more from the dunderheaded stupid things I've done than from my successes.

"Ironman is 100 parts effort to one part glamour. In Ironman there are three volunteers for every athlete. In a new venture in business you need a lot of support. But ultimately, in both cases, you are alone. You're also alone when you cross that finish line."

Another parallel Love pointed out was that it's not necessary to a happy-life to do Ironman. It's also not necessary to run your own company in order to have a happy life.

Love also spoke on ethics, and gave students a simple guideline for making ethical decisions. He suggested that they ask themselves, "If I make this decision, would I like to see it published in the *Wall Street Journal* and my local paper tomorrow?" He then added emphatically, "If the answer is no, *don't do it*. Ninety-nine percent of the things you see in the papers about the junk bond market and the savings and loan industry would not be there if people had followed that simple rule."



*Alumni Reunion Weekend 1989 — Peter Kalmbach, who received his degree in 1923 and was the most senior person of the returning graduates, talks with Kathleen Dunn and her husband, Wendell, Ph.D. '81, and their daughter Elissa, MBA 2013, and the most junior member present.*



*Alumni Reunion Weekend 1989 — Milton Katz, MBA '43, and his wife Roslyn Katz, BA '42.*



*Alumni Reunion Weekend 1989 — Wayne Midler, BBA '59 (left) and Williayn Kramer, MBA '42.*



*Alumni Re-union Weekend 1989 — Patrick Fischer, MBA '58 (left) and E. Jan Hartmann, MBA '58. Patrick is the son of the late Carl H. Fischer, professor emeritus of insurance and actuarial mathematics at the Business School.*

## George Pilko, MBA '73, Talks on the \$150 Billion Question

George Pilko, MBA 73, president of Pilko and Associates environmental consulting firm, participated in a roundtable discussion for *Chief Executive* magazine which was published in their July-August, 1989 issue under the title "The \$150 Billion Question."

One hundred and fifty billion dollars is the estimated annual cost of toxic waste clean-up over the next ten years. The panel was convened to assess the nature of the financial and personal liability that companies and CEOs face and what might be done to minimize risk.

On limiting liability, Pilko advised CEOs to "develop a proactive environmental policy and clearly communicate it to all the staff. First and foremost, that environmental policy has to be actively supported by the CEO: before that happens, nothing else is going to work.

"The second (thing) is to periodically conduct, not audits of facilities, but risk assessments of facilities. Risk assessments are critical in avoiding future problems.

"The third (thing) is to identify problems, prioritize them, and figure out what to do about those problems before they turn into disaster . . . the vast majority of the catastrophic problems in U.S. industry could have been avoided.

"The objective is not to eliminate risks, or for that matter, minimize risks, but to manage risks. . . . If I were the environmental czar, I'd make it a requirement that every CEO in the country sit through a lecture on being proactive from the environmental standpoint — which means doing whatever is necessary to protect yourself from future liability and going beyond what's required by the regulations."

tion of ships in the world. The Naval Supply Center's 1,100-plus member military and civilian team provides services to shore activities throughout the Southeast, the Caribbean, and Central and South America. These services range from fueling, automated data processing, contracting and personal property-movements for the Department of Defense and civilian personnel, to doing the accounting and bill paying activities for Navy shore commands on the East Coast of the U.S.

companies of the China Trust group, which is a diversified, privately-owned conglomerate engaging in businesses ranging from banking, insurance, and retailing to real estate. China Trust Real Estate has sold several U.S. properties to Taiwanese investors both as limited partnerships and in direct sales.

Chi-Lung Hu, MBA 76, is now the president of the China Trust Real Estate Company in Taipei, Taiwan. He writes that he returned to Taiwan in 1977 after finishing a 14-month officer training program at Continental Bank in Chicago. Since then, he has been rotating among several subsidiary

Michael Lindsey Collins, BBA 78, has been named a partner of BDO Seidman, a leading accounting and consulting firm with 50 offices throughout the country. He has worked in taxation at the firm's Detroit North office for the past 11 years.

Dave Doerger, MBA 78, writes that he has a new position of executive engineer with the electronics division of Ford Motor Company.

## Please Tell Us About Yourself

We would like to include more news about alumni in *Dividend*, and hope you will help us 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 fill out the form below and send it to "Pringle Smith, Editor, *Dividend Magazine*, School of Business Administration, University of Michigan, Ann Arbor, Michigan 48109-1234," we would very much appreciate it.

Name: \_\_\_\_\_

Degree(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.



*Alumni Reunion Weekend 1989 — Lynn Raxle, MBA '69 (left) and Marvin Schoenhals, BBA '69.*



*Alumni Reunion Weekend 1989 — Ann Gabriel, BBA '71 (left) and Melissa Forbes, BBA '80.*



*Alumni Reunion Weekend 1989 — Carl and Debra Cohen, both MBAs '79.*



*Alumni Reunion Weekend 1989 — Brian Degen, MBA '84 and Ana Ramirez, MBA '85.*



*Alumni Reunion Weekend 1989 — A special mother-daughter alumnae pair are Michele Schira, BBA '82 (left) and her mother Barbara Schira, BBA '53.*



*Alumni Reunion Weekend 1989 — Sherry Sandoval, MBA '85.*

## Thomas J. Schuler, BBA '79, Is a Professional Bicycle Racer

Thomas J. Schuler, BBA '79, pursued and won a spot on the 1980 Olympic Bicycle Team. He made the team and continued working for the Illinois Credit Union League in Chicago for five years. He has been racing professionally with the 7-Eleven team since 1985, racing extensively with the team in both the U.S. and in Europe. He and his wife and two children live in Wauwatosa, Wisconsin.

Clifford Siegel, BBA '79, is the president of Cresvale International, the New York office of a British based securities company. He writes, "We are feverishly involved in attempting to promote the continuing globalization of the U.S. securities market." He and his wife have two daughters, age 3 and 1.

Brian P. Smeenk, MBA '79, is an attorney with Winkler, Filion & Wakely Barristers and Solicitors firm in Toronto, Canada, where he is a specialist in the personnel and labor relations area.

Barry G. Smith, MBA '80, is the president of Intelligent Manufacturing Systems, Inc. (IMS), of Ann Arbor, a company founded in 1987 to perform industrial automation research for the discrete products manufacturing sector. The company is now engaged in project planning, project management, and software development for computer integrated enterprises.

Robert B. Mahoney, MBA '81, is now director of finance for National Semiconductor in Santa Clara, Calif., having joined the company in late 1987 as part of the national takeover of Fairchild

Semiconductor, where he was previously employed. Before that, he spent five years with Texas Instruments in a variety of financial positions. He and his wife Wendi, also a 1981 U-M graduate, have two sons, age 3 and 1.

Schuyler (Sky) Lance, BBA '83, is investment manager with Pacific Mutual Capital Management, the fixed income group of Pacific Mutual Life Insurance Company, located in Newport Beach, Calif. As part of the \$32 billion asset management group, PM Capital Management is principally engaged in purchasing senior and subordinated debt, as well as in providing financing through private placements to companies undergoing leveraged buyouts, expansions, and recapitalizations.

Jeff Kaminski, BBA '83, has been appointed corporate staff controller of Federal-Mogul Corporation in Southfield, Mich. He is a CPA who was previously employed as manager of financial reporting with R. P. Scherer Corporation. He also worked at the public accounting firm of Deloitte Haskins & Sells.

Anna Kwong, MBA '84, has been promoted from senior account executive to account supervisor at BBDO Chicago, where she has worked for the past five years.

Kevin Demsky, BBA '84, was recently promoted to district sales representative for Steelcase Inc. He was transferred from Dallas, Texas to Little Rock, Ark., where he has responsibility for the distribution of Steelcase products through five independent dealers in Arkansas.

John Dillon, BBA '78, MBA '86, writes that he is on the start-up team for a new company — Bell Atlantic Directory Graphics in Valley Forge, Pa. The company, a joint venture between Bell Atlantic and R. R. Donnelley and Sons, Co., will provide digital composition services for Yellow Page ads and telephone pages for the Bell Atlantic operating telephone companies. As the composition department manager, John oversees the operation of the graphics terminals used to produce telephone display ads. The new company must hire and train 140 employees between June, '89 and April, '90.

Eric Gould, BBA '86, writes that he has received his law degree from Wayne Law School, and will specialize in tax law. He is planning to take a master's of law in taxation at the University of Florida in Gainesville before starting his practice.

Elliot I. Molk, BBA '86, graduated from the University of Chicago Law School in June, and is now working as an associate at the law firm of Latham and Watkins in Chicago.

Robert C. Greening, Jr., MBA '86, was recently promoted to vice president and divisional merchandise manager at Neiman Marcus, the national better specialty store corporation. His responsibilities include national marketing of epicure, home stationery, and gift product divisions.

Hugh R. McCaffrey, MBA '86, has been awarded the designation of Chartered Financial Analyst (CFA)



by the Institute of Chartered Financial Analysts (ICFA). To earn this designation, he had to pass three six-hour examinations over a minimum of three years; have at least three years of experience related to investments; and adhere to the ICFA Code of Ethics and Standards of Professional Conduct.

Gordon J. Metz, **MBA '86**, resigned his position as assistant vice president at Citicorp's mergers and acquisitions unit to join Chase Manhattan Corp. as a senior associate in that bank's mergers and acquisitions unit.

David Treece, **MBA '88**, writes that after having worked in Australia for a month writing a business plan to export there, he has been promoted from corporate planning analyst to international project manager for Kohler Co. in Kohler, Wisconsin. In his new position, he will be responsible for identifying markets and countries which offer export opportunities, preparing and implementing business plans to tap those opportunities, and then coordinating ongoing efforts in the foreign markets with Kohler's U.S. operations. He says his work will initially take him repeatedly to Australia and then to major export markets in the Far East and Middle East.

Johathan Murray, **MBA '88**, was married to Elizabeth Jane Aragon on Sept. 29 in San Jose, Calif. He works at Apres, a management consulting firm, and she is co-owner of Environmental and Safety Resources Inc., a consulting group.

John Ivanko, **BBA '88**, has opened O'Sullivan's Eatery and Pub in Ann Arbor along with two other University of Michigan students. John had previously designed the concept for the French Market Cafe on Fourth Street in Ann Arbor. That concept was based on a classroom project John did in a Business School marketing class.

Steve Dawson, **MBA '65, Ph.D. '72**, and Ruth Dawson, who holds a Ph.D. from the U-M in German language and literature, were among the hosts of a reception in honor of Ed Miller, associate dean, Jan. 5 at the Pacific Club in Honolulu, Hawaii. Steve is a professor in the finance department at the University of Hawaii.

M. Lynn Spruill, **Ph.D. '72**, has left his position as dean of the College of Business at Oregon State University to accept the position of vice president for university relations at Oregon State.

**Louis W. Petro, MBA '68, Ph.D. '74**, writes that he resigned his position as dean of the College of Management at Lawrence Institute of Technology and has returned to teaching. He has written a chapter on "Material Costing" for the *Accountants' Cost Handbook*, to be published by Wiley & Sons. He also has recently received a CFE (Certified Fraud Examiner) certificate from the National Association of Certified Fraud Examiners.

H. Michael Hayes, **Ph.D. '77**, has returned to teaching at the business school at the University of Colorado at Denver after what he describes as an "absolutely fascinating year" as a visiting professor at IMEDE in Lausanne, Switzerland. He writes, "IMEDE's emphasis on executive education and on research that focuses on current management issues and practice contrasts sharply with the approach of most US business schools. Teaching in this environment was a real challenge but the opportunity to get first-hand exposure to management practices and problems in a truly international environment was unique."

**Leo A. Schmidt**, professor emeritus of accounting, died in August in Ludington, Michigan. He was 90. He had taught at the Business School from 1947 until he retired in 1969.



*Leo Schmidt in earlier days*

At the U-M, Professor Schmidt assumed leadership of the accounting faculty and developed the instruction in controllership and in the uses of electronic computation for accounting. He also helped guide the programs in business administration in Dearborn and in the Extension Service. He wrote a text on controllership and several texts on accounting, both general and specialized. A number of government agencies and national firms — including the U.S. Defense Department, the U.S. Navy, and Dow Chemical Co. called on his expertise when they were reorganizing their accounting procedures.

He was also a dedicated gardener who derived great pleasure from sharing his annual crop and helping neighbors and friends with raising their own vegetables on his land.

For years he and his wife, Jane, had a farm in Superior Township where he raised Christmas trees and pumpkins. "Those who knew Leo will always think of him when they see a Christmas tree. Or a pumpkin. Or a puffball," said Margaret Underwood, an Ann Arbor Township

resident and long-time friend of the Schmidt family. "He'd invite his friends out and give them a Christmas tree in December and the neighborhood kids always got a pumpkin from his garden in time for Halloween. And he raised these huge puffballs that give off smoke when they're squeezed. Hed give the youngsters these. They never forgot him. He was such a kind, generous man. He was really a 'people person.' He loved people."

A native of Manistee, he earned a bachelor's degree from the U-M in 1921 and a master's in 1924. He taught at Marquette University in Wisconsin for 17 years and was an associate professor at Harvard Business School for five years before joining the Michigan Business School faculty.

Frederick E. May, **MBA '55, Ph.D. '58**, died December 12 in St. Louis, Missouri. He was 63. At the time of his death, he was a professor of marketing at the University of Missouri at St. Louis, where he had been on the faculty since 1969.

Born in Mannheim, Germany, May was naturalized as an American citizen in 1944, and from 1944-46 served with the U.S. army as a special agent with the Counter Intelligence Corps.

He was a Ford Foundation Fellow, assistant director of the Survey Research Center at the U-M, and a marketing instructor in the late 1950s, then moved to the University of Missouri at Columbia, where he taught from 1959-67. From 1967 to 1969, he taught at the University of Texas at Austin, and then joined the faculty at the University of Missouri at St. Louis.

His research interests and publications through the years were in the field of consumer behavior, and he always felt the intellectual influence of his mentor at Michigan, George Katona, according to his son, Ron May.

**Lynne Ruff Arndt, MBA '80**, died suddenly December 1 in Ann Arbor. She was employed by the Ford Motor Company Credit Corp. as a financial analyst. She also held a bachelor's degree in history from the U-M.

To the Editor:

I have read with much interest in the spring edition of *Dividend* the account of Dean Whitaker's stewardship at the School of Business since 1979. This is indeed an outstanding record.

I am especially pleased to learn of the high percentage of minority students who have entered the MBA program at Michigan. In the fall of 1988 you report that 102 minority students had entered the Fall class. This is quite a change from when I entered the MBA program in 1946. At that time there was only one Black student in the BBA program and I was the only Black student in the MBA program. By the time I received my MBA in August, 1947, the Black student in the undergraduate program had dropped out and I was alone.

I must say that although I was alone I was never lonely. The faculty was fantastic and I learned a lot. I had the good fortune of studying under one of the great teachers of the century, William A. Patton, who was my advisor.

I am proud of what Dean Whitaker and others are doing to make the School of Business at The University of Michigan one of the outstanding in the whole world.

Louis J. Willie, CLU  
President  
Booker T. Washington Insurance  
Company  
Birmingham, Alabama

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## Building a Raft is One Part of an Innovative New Program About Global Leadership

*Part of the training in an intensive new program for learning about worldwide management involved building and racing a raft. The 21 executives in the program divided into the four teams that would later travel abroad — six men on the Brazil team and five each on the China team and two India teams.*

*Each group received a collection of beams, barrels, rope, and paddles and an assignment to design and build a raft, paddle it around a buoy a couple of hundred feet offshore, and, dismantle it. The teams are pictured here working on assembling their rafts.*

*The China team nearly sank, but won the race.*

*For an article about this new program, initiated at the Business School by Noel Tichy, professor of organizational behavior and human resource management, see page 2. The article is reprinted by permission from Fortune Magazine.*



**x-r.%.**