

*B. Joseph White Becomes Dean*

# Dividend

The Magazine of the School of Business Administration • University of Michigan • Spring 1991



**D**ear Alumni and Friends,

Many of you have written to congratulate me on my appointment as the Dean of the Michigan Business School. I am honored by this appointment and your generous thoughts mean a great deal to me.

Three words best describe my feelings in taking on this job: responsibility, challenge, and excitement.

Responsibility comes from the fact that we are all beneficiaries of over 60 years of investment in the Business School made by present and past members of the community. Now we are the stewards, responsible to ensure continued excellence. We must commit ourselves to continued development of this institution, so that we can pass along to future generations a School not just as good as today's, but better. This is what our predecessors did for us; now we owe no less to our successors.

Our challenge is to achieve excellence in our mission of educating students, developing and disseminating knowledge, and helping the institutions of business become more effective. It is a mission that we pursue at a time of tremendous opportunity, but also at a time of unprecedented expectations on the part of our stakeholders as well as intense competition among leading business schools. The escalating performance standards and heightened competitive dynamics which have challenged industry after industry in the last ten years are now on our doorstep.

The excitement I feel is a result of my high level of confidence in our current strategic position and of the commitment and support given by the entire Business School family: our alumni, our friends, and the corporations we serve. Broad ownership of and involvement in our goals, strategy and plans will be essential to our success.

I could not be more honored than to have the opportunity to work with the Business School family to fulfill the responsibility, to meet the challenge, and to share the excitement.

Sincerely,

A handwritten signature in black ink that reads "Joe". The signature is written in a cursive, flowing style with a large initial 'J'.

**B. Joseph White**  
Dean

# Dividend

Spring, 1991  
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**About the Cover:**  
The courtyard of the Executive Residence Dining Room is especially beautiful in spring when the pear trees bloom. In this photo, taken by Gregory Fox, you can see the tables and chairs stacked ready to be arranged for people to sit outside in the warm weather to come.

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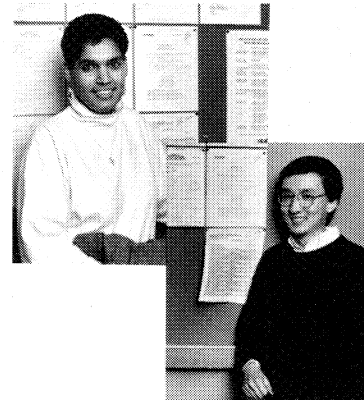
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# B. JOSEPH WHITE IS

**B** Joseph White has been chosen the new dean of the Business School, and will take office July 1. He has been interim dean of the School since Sept. 1, 1990, when our former dean, Gilbert R. Whitaker, Jr., became provost of the University of Michigan and vice-president for academic affairs.

"I am absolutely delighted that Joe White has decided to accept our offer of the deanship of the School of Business Administration," said President James J. Duderstadt in announcing the appointment. "His unique background of both academic and business experience should serve him well in providing strong leadership for the School.

"Furthermore, during his time as interim dean he has been both an important and particularly creative member of the University leadership team, and I look forward to working closely with him in the years to come."

White first joined the Business School in 1974 as assistant professor and was promoted to associate professor in 1978. In 1981 he accepted the appointment of vice president—management development for Cummins Engine Co., Inc., Columbus, Ind. He later was promoted to vice president—personnel and public affairs. He returned to the U-M in 1987 as associate dean and professor of business administration.

"Joe was selected from a very large pool of outstanding candidates, and is the first Business School dean selected internally since 1928," said Provost Whitaker.

"Joe brings great skill, dedication and integrity to the position. I am looking forward to working with him and the faculty to continue to advance the School's contributions to management education and knowledge."

As associate dean, White was responsible for the School's academic affairs, including the BBA program and oversight of the Kresge Business Administration Library and the School's computing services program.

"The Michigan Business School faces an exciting future," White said. "We must maintain the momentum that the School has built in the past decade under Gil Whitaker's leadership. We must accelerate our rate of improvement. We must move from being an excellent business school to become the preeminent school in the country. That's our goal. We must shoot high.

"The School faces many challenges," White explained. "We must continue to improve an already good faculty and student body. Through innovation, we must improve our programs, particularly the MBA. We must offer the best MBA program in the country. We must build on an already high level of intellectual endeavor. We must develop preeminent strength in specific areas. We must become a model of a diverse human community. We're off to a great start. Our MBA class of 1992 is 29% minority, 29% women, and 15% international students. But we need to keep building, to become a model for the campus, the state and the nation.

"Finally," White added, "we must continue to become a better financed school, especially in the area of private giving. That is vital to maintaining our competitiveness with the finest business schools in the country."

**W**hite was a member of the Board of Examiners of the Malcolm Baldrige National Quality Award in 1990 and recently was selected a fellow of the U.S.-Japan Society Leadership Program. The Society launched its leadership program in 1984 "to foster and promote greater understanding between Japan and the United States." Fellows are selected for their "demonstrated potential for national leadership in the fields of business, government, administration, labor and journalism." White holds a B.S. degree from Georgetown University, an MBA from Harvard, and the Ph.D. from the U-M.

He is a member of the board of directors of several organizations, including Gordon Food Service, Inc., Three-D Inc., and the Cummins Engine Foundation, and a member of the Advisory Council on Human Resources of the Conference Board.

In Ann Arbor, he is a member of the board of directors and chairman of the Medical Staff/Quality Assurance Committee of Catherine McAuley Health Center, and of the board of trustees of Greenhills school.

White's scholarly work has appeared in many publications, including the *Sloan Management Review*, *Monthly Labor Review*, and *California Management Review*.

# NAMED NEW DEAN



B. Joseph White, newly appointed Dean of the Business School.

Gregory Fox

# WORKING ON A TWO-WAY STREET

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Some Business School Programs  
Make Sure that the Road  
Between Academe and the "Real World"  
is Well-Traveled in  
Both Directions

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## *Results of Faculty Internship Show Up in Accounting Classes*

**G**ene Imhoff, professor of accounting, walked across the London Bridge and through the heart of England's financial district every morning this summer on his way to work. He was the second participant in the faculty summer internships initiated by Citicorp/Citibank and the Michigan Business School, and results of the internship are showing up in Imhoff's classes, both in Executive Education and the MBA program.

These faculty 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 first internship was held by Bernard Yeung, assistant professor of international business, who worked at Citibank Hong Kong in the summer of 1989.

Imhoff's major project during his internship was to develop a comprehensive explanation of asset securitization that could be used by Citibank internally. "Citibank is probably the world leader in asset securitization," says Imhoff. "It's considered to

be a very new financial instrument — one that still has not reached maturity. The market is still developing"

Imhoff explains that asset securitization is analogous to just-in-time inventory management. "It's a way for corporations to take excess liquidity in the form of various types of receivables and convert them to cash," he says. "It reduces the time of the cycle of cash to resources (products or services) which then becomes accounts receivable which then becomes cash again."

A highlight of the summer was when Imhoff traveled to banks in Frankfurt, Madrid and Barcelona as part of a Citibank team that made presentations on asset securitization. "I learned a wealth of information from the head of our team," says Professor Imhoff. "He was in charge of asset securitization for all of Europe. It was so interesting to see all the different barriers to this process which had to be negotiated because the laws of Spain were different from the laws of France or Germany. "I learned a lot more about asset securitization from sitting in on some meetings with prospective clients than from anything else.

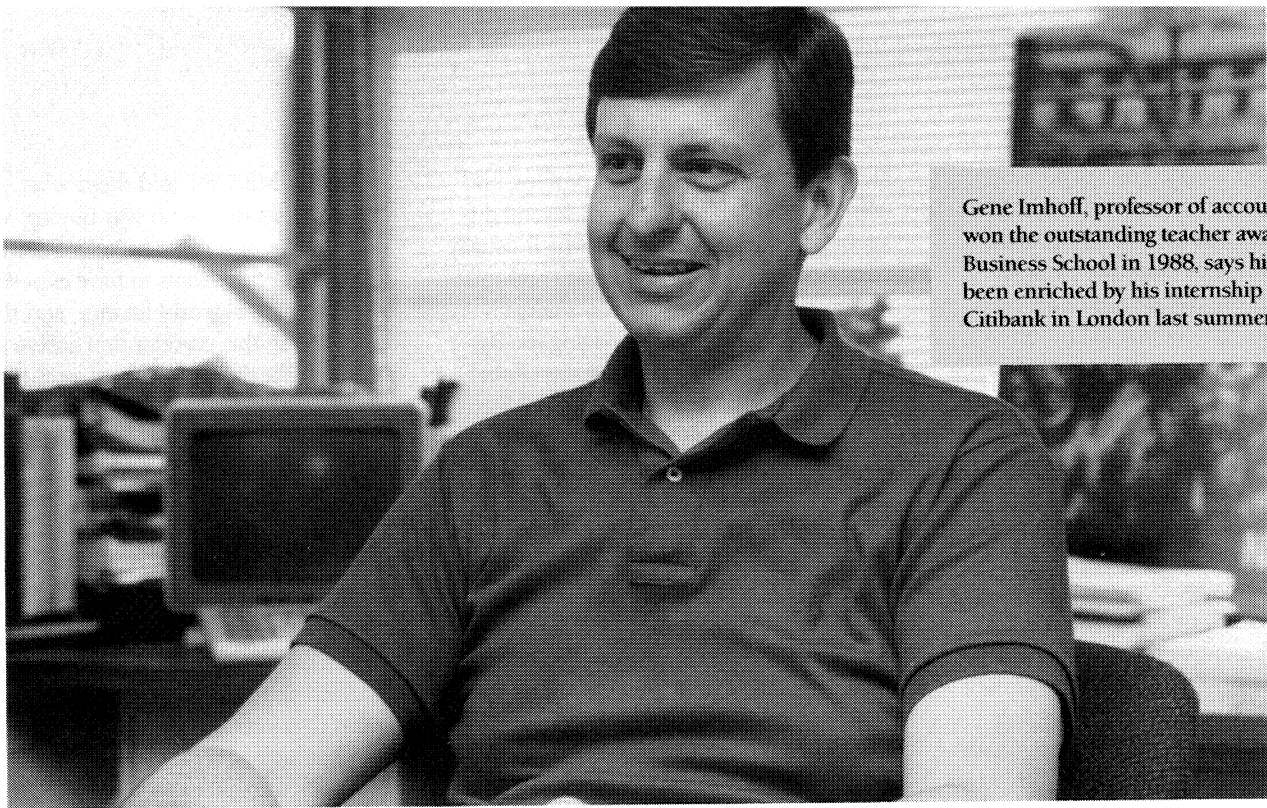
"Companies don't yet see the full picture of the potential benefits of asset securitization," Imhoff continues. "In fact, people have tended to view it as a low class financial instrument only used by companies in

trouble. This is NOT for companies in trouble — far from it. It's for companies with excess financial assets."

**D**uring Professor Imhoff's internship, he wrote a paper for bank managers to help them understand the process and the benefits thoroughly. His paper addressed such issues as which assets should be securitized and how to decide when you should securitize.

"The thing that was impressive to me," says Imhoff, "is that the people actually involved in these transactions understood their own particular part of the transaction, but did not have a comprehensive understanding of all of the aspects. Among other things, I was able to develop a five chapter accounting tutorial that explains the actual accounting on the books of the buyer firm as well as the books of the seller firm. I've also been in touch with the FASB about their accounting standards for these transactions, and have been working on a position paper about accounting standards for asset securitization. The instrument is new enough so that standards have not yet been issued."

Imhoff, who won the outstanding teacher award at the Business School in 1988, says his classes have been enriched by his internship experience. "I came back



Gene Imhoff, professor of accounting, who won the outstanding teacher award at the Business School in 1988, says his classes have been enriched by his internship experience at Citibank in London last summer.

D. C. Goings

with a good collection of foreign financial statements that I am using in my course pack," he said. "For instance, the financial statement I got from Volvo provides an excellent example to show students the differences between the results of Swedish accounting principles and U.S. accounting principles. In the course of my travels, I also came across a great product developed by a consulting firm that compares and contrasts all the different accounting methods for 10 different countries. I am using that in my introductory course, and have given it to a former Ph.D. student of mine who is now teaching international accounting at the University of Chicago. And when asset securitization came up in the Executive Education program, I was able to answer the question entirely differently than I would have before my summer internship.

These activities all fit right in with the goals of the internship program, which is one aspect of a multidimensional plan for incorporating a further global dimension into the Business School curriculum. Goals of the plan are: 1) to influence the way faculty members identify and treat global issues within the context of a course in their discipline; 2) to 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) to provide the context for interpreting global events and the consequences of global competition.

"I must say the program is one that will benefit me and my accounting students for years to come," says Imhoff.

## Learning What's Not Included in Textbooks

One afternoon last semester, Professor Ray Reilly, who is the director of the Michigan Executive program at the Business School, was approached by his son about a finance class he was taking at the Business School.

"Dad, we're studying the Texaco-Pennzoil litigation in my finance class. Can you tell me something about it?"

"Why talk to me?" said Reilly. "We've got the very guy who helped Texaco's president and chief executive guide the company through that litigation."

The upshot of that conversation was that Robert Solberg, a participant in the four-week Executive Education course,

talked to about 70 BBA students about his experiences as Texaco went through an \$11 billion legal judgment, Chapter 11 proceedings and reorganization, a proxy fight with a corporate raider, and restructuring which generated 38+% shareholder returns for two subsequent years.

Solberg started out by asking the class how many of them aspired to be an officer or CEO of a company. About two-thirds of the students raised their hands. "OK," said Solberg, "suppose you're the chief executive of Texaco in 1987. You're facing an \$11 billion judgment against the company which you believe is incorrect. However, if you want to appeal, you have to post a bond representing the total judgment, and there is no bond capacity at that amount.

"Furthermore, you have a traumatized employee base because of a 1984 merger, a negative press image, and takeover rumors. On top of all this, the former CEO remains on the board of directors and everything you'll want to do requires board approval."

Solberg then proceeded to discuss the complexities of the case, talked about some of the personalities involved, gave some of his opinions, described a takeover attempt ("it can be as much a 'mind game' as a 'financial game'"), talked about the movie *Wall Street*, discussed tactics at an annual meeting when a company is in a

proxy fight, and touched on corporate ethics ("in college you learn what's right and wrong, and you get out in the world and find out that not everyone plays fair").

Needless to say, a fascinated BBA class in finance learned a lot that afternoon — a lot that would not have been included in textbooks.

"I hope to find ways of doing more of this sort of thing," says Reilly. "It's a matter of matching participants in our Executive Education programs with appropriate classes. We need to find out exactly what kinds of problems are being studied in classes, what cases are being used, and whether our Executive Education participants might be used to inject some of their experience into those classes. Matching these resources up presents problems both in information gathering and in scheduling. However, we're working on solving those problems because the potential payoff is so worthwhile."

## Real-Time Trading in \$10 Million Lots

Early on a Friday morning, students in Jim Bodurtha's class in international finance showed up at the Business School to trade currencies in ten million dollar lots.

This "trading" was possible because Citicorp had made available to all students in the class its "Global Report" service, an online information service that includes foreign exchange rates, interest rates and bond prices, stock quotes, company pro-

files, industry news, country profiles, and comments and forecasts from several different providers. The service, which usually costs \$60 an hour, also provides real-time currency rates, and is used by many customers as a tool for managing foreign exchange risk. Bodurtha used the Global Report service and worked with the Business School computer department to set up both 24-hour access and the currency trading simulation.

On this particular Friday morning, third quarter GNP as well as third quarter GNP deflator revisions and October durable goods orders were all going to be announced at 8:30 and would immediately appear on the Global Report screen. Students, who were divided into teams of three and who were each to trade one currency, had prepared themselves ahead of time to take long or short positions in their currency based on what they thought the GNP and other data would be. Each team was to trade either yen, Deutsche marks, British pounds, French francs or Canadian dollars. One person in the team executed trades; the others monitored news events and consulted on trading tactics.

The teams were given instructions and details about what events are likely to affect currency values. The exercise instructions included this sentence: "Based on both the market 'consensus' view and your view, plan to buy or sell dollars for your currency at the beginning of the trading session. Then, as prices change and information is released, manage your position."

The teams used two screens each for Global Reports — one for prices and one for updated information. They also had an open line to the Citicorp trading floor, where

Bill Gust, MBA '89, told them what was going on there — who was buying, who was selling, and other broader information.

"I wanted students to have experience with some real world finance, and the students in this exercise had access to screens like those that a real world foreign exchange trader would view," says Bodurtha, who is assistant professor of finance and international business. "The other advantage of the exercise was to introduce students to the real-time pricing features of Global Report. You cannot do international finance any more without technology."

Students were able to start trading at 8:10 a.m., and needed to be prepared for sudden shifts in the market depending on what data was announced at 8:30. The simulation was set up so that all the buys and sells were recorded and reviewed for trading profit reconciliation and reporting.

Of all the teams, only one made money over the hour of real-time trading. Even though 40% of the teams guessed right on the direction of the announcements, some did not take their profits quickly enough — and others failed to account for the transaction cost effect on numerous trades.

"It was galling for some of the students to have guessed right on the direction of the market and yet not to have made money. They learned the need to observe the position continuously. They were surprised at the lull in the activity of the market at times, and at the unpredictability of it all. Also, they learned that sometimes markets just have a mind of their own," said Bodurtha.

This is not the first project Bodurtha



Gregory Fox



Pictured above, Jim Bodurtha, assistant professor of finance and international business, talks to his class as they prepare to start currency trading in \$10 million lots. To the right, the pictures show the progression of trading.



has done with Citicorp. He developed a seminar for selected Citicorp participants to introduce them to the foreign bond markets of six key countries: the U.K., France, Germany, Canada, Japan, and Australia. He also designed and taught a three-day intensive program intended to expand participants' understanding of option products and their use in portfolio and risk management strategy. Citicorp has also provided funding and data useful in Bodurtha's research, which focuses on global financial risk management, asset-liability valuation and hedging, and econometric applications in finance.

Commented one of the students, "The Foreign Exchange Trading Game was excellent since I really have a different (and better) understanding of the theory afterward. The point is that we applied what we learned in class to a realistic problem."

## **Deutsche Bank Senior Executives Attend Special Executive Education Program**

Another project that combines the "real world" with academe took place this fall when Deutsche Bank sent 30 of its senior executives to a special executive seminar on investment banking at our Executive Education department.

"We haven't done this kind of training with outsiders before," said Michael Rohleder, first vice president and corporate finance director of Deutsche Bank in

**"The Foreign Exchange Trading Game was excellent since I really have a different (and better) understanding of the theory afterward. The point is that we applied what we learned in class to a realistic problem."**

Frankfurt. "We like the small classes here, and the 'real world' emphasis. This program for our senior executives will improve the skills of our corporate finance people, as well as allowing our top branch people to get to know our corporate finance people so that their teamwork will be enhanced.

"Investment banking in the Anglo-Saxon world is ahead of Germany, so by studying here, we can learn in advance what's coming towards us. We do not have this type of executive education program in Germany.

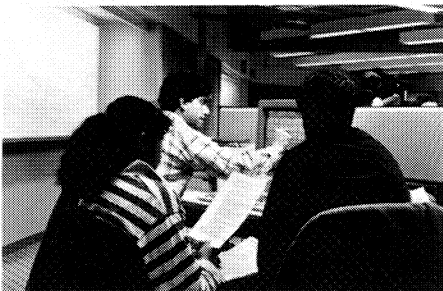
This special executive program was structured by Gunter Dufey, professor of international business and finance.

Through his career, Dr. Dufey has been in close touch with the practical aspects of his field as well as the theoretical aspects. He has been employed with companies both in Europe and the United States and serves as a consultant to a number of international companies. His academic interests center on international money and capital markets as well as on financial policy of multinational corporations.

In structuring the course, Dufey drew on the expertise of the U-M finance faculty as well as some former U-M professors to present technical topics designed to update and sharpen the financial technology skills of the participants. Another part of the program was devoted to managing client relationships, or in other words, financial marketing. This module included a panel discussion, entitled "Relationship Banking in the 1990s: Client Perspectives," by a panel of chief financial officers." Several lectures were presented on various aspects of understanding the needs of corporate clients.

Lastly, the program included a comprehensive case study which dealt with a U.S. acquisition and the financing proposals made to this European client, using the techniques and opportunities available in the international financial markets. The course included a discussion on strategy in global markets with special emphasis on investment banking.

Participants in the program all lived in the Executive Residence, which allowed for a great deal of informal interchange between the various corporate senior officers and top corporate relationship managers who might not have known each other previously.



# Trying To Slay The "ISM" Beast

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Business School's First Diversity Forum  
Aimed to Uncover Misunderstandings

The seven students who were the organizers of the Diversity Forum meet to make final plans for the day. From left to right, they are: Steve Weinswig; Patrick Miller, president of Student Council; Constance Porter (standing); Roxanne Carlos; Beth Finn; Jack Foreman; and Chris Iannuccilli.  
Photocredit: D. C. Goings



“While the ads on the previous pages may have grabbed your attention and even made you angry — *this is not about hostility*, it’s about communication,” read a full-page ad in the March 11 issue of the *Monroe Street Journal*, the Business School’s student newspaper.

The ads referred to were small boxes that contained sentences designed to attract people’s attention. Some samples: “Was a minority student handed your job?” “Why did the Follies offend homosexuals?” “Why is the UMBSA referred to as ‘the WBSA’ — the *White Business Students Association*?” After each of the sentences was the statement “Diversity in Fact . . . Not Just in Theory.”

The full-page ad announced the first Business School Diversity Forum, a gathering designed to bring “whispers in the hallway” out into open discussion. Theme of the Forum was “Diversity in Fact . . . Not Just in Theory.” It was designed to uncover the misunderstandings that take place between the many diverse groups represented at the Business School, and by open discussion to reduce the power of the “Ism” Beast — racism, sexism, ethnocentrism, etc.

It should be noted that the Business School is a national leader in actually *having* such diverse groups. Of the MBA class of 1992, 29% are minority. International students comprise 15% of the class, females are 29%, and 32% are proficient in a second language. In 1989, the Business School was cited by *Business Week* as having achieved the most diverse crop of students at any of the nation’s 250 nationally accredited MBA-granting institutions. That year, 25% of the class was minority and 16% was black.

A constellation of resources came together to make Diversity Day a success for the students and the school: students with a talent for leadership, support from the Dean, a diverse student body, the right time in the institution’s history, and some pre-conditions created by the core course in organizational behavior.

“In the OBHRM course, we make the topic of race discussable by the readings we assign, we talk about Workforce 2000, and we acknowledge the tensions,” says

Paula Caproni, assistant professor of organizational behavior and human resource management (OBHRM). “However, that can also raise the frustration level of students because we open up difficult issues and we don’t claim to have all the answers.”

The student team that worked on Diversity Day gives credit for some valuable consulting to Poppy McLeod, assistant professor of OBHRM, who served as a resource for student organizers in discussing the structure of the event, and enabled some of the organizers to get course credit, and Professor Caproni, who provided the film “A Class Divided.”

Those who wanted to participate in the Forum were asked to sign up ahead of time in the Student Lounge, so that they could be assigned to a group. The forum itself consisted of a brief introduction, an hour-long breakout session where assigned groups of eight each discussed controversial issues and worked on suggestions for solutions, and a wrap-up/refreshment period. Thirty different groups at the Business School, including many student clubs, the Dean’s Office, and the Faculty Executive Committee, endorsed the forum and were listed in the ad.

Much to the surprise and delight of the organizers, two hundred and forty-eight people signed up to take part in the groups, for a total of 31 groups. Before being assigned to a group, people were asked to sign a “Moral Contract” in which they pledged to attend the Diversity Forum “with an open and objective mind with a common goal of working with my fellow students to improve the management of diversity at the Michigan Business School.”

The contract also said, “As a student at the Business School, you are taking a significant risk in exposing your feelings and opinions to your peers about topics that are not usually discussed in culturally diverse groups. If you can put your fears aside and realize that this activity can better you as a person and ultimately improve the entire program, you are ready to participate in this innovative and dynamic experience.”

It should be noted that although the contract specifically referred to students, some faculty also participated in the groups.

Also, members of our Alumni Society Board of Governors, who happened to be holding their semi-annual meeting that day, were so interested in the proceedings that they rearranged their agenda to allow them to take part in some of the activities.

Patrick Miller, Student Government President and one of the Diversity Day planners, said: “People should be rational individuals and actually investigate those around them to attain personal development. An individual should be proactive in finding out the truth about people.” Through Diversity Day, Patrick said he would like to push his peers and himself to examine *why* something is being said, not *what* is being said.

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**The audience saw a film about a world divided into blue-eyed people, portrayed as lazy, unmotivated, and basically undesirable, and brown-eyed people, portrayed as responsible, hard-working and superior in every way.**

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Hale Auditorium was nearly full as the Diversity Forum began. After a brief welcome from the seven organizers of the forum, the audience saw a 20-minute film entitled “A Class Divided,” about a world divided into blue-eyed people, portrayed as lazy, unmotivated and basically undesirable, and brown-eyed people, portrayed as responsible, hardworking and superior in every way.

After seeing the film, the audience dispersed to 31 different rooms in the School to conduct an hour’s discussion among themselves. The purpose of the groups was to promote understanding of different perspectives through the exchange of meaningful dialogue. Each group received a list of 12 questions to help get discussions going, a directive to be candid but also to be respectful of other people’s feelings, and a request that each group leave

15 minutes at the end to develop solutions to the issues raised. A sheet for recommended solutions was also attached to the packet of materials.

Some of the discussion questions were: What do you think it is like to be black, white, female, Hispanic, Asian or any other group of your choice? What is your biggest complaint about any of these groups? Do you think students from different cultural backgrounds don't socialize as often as they should? Is there ever a time when you are afraid to say what you really think to someone because of their background? Why?

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**W**hat follows are excerpts from one discussion that took place in a group of five white males, one white female, one black male and one Indian male.

- Why *do* blacks want to hang together?
- That's not hard to understand. I did it when I was in Manila — hung out with my own group. For one thing, I just wanted to speak English on my off-hours.
- It can be a big stress. I have a friend who's part of an interracial couple. And everywhere they go they get stared at. You want to not have the stress. I just want to be *me*, and not have to be on guard.
- If you're in a diverse group you have to monitor what you say so as not to offend anyone. In a homogeneous group, that's not a problem.
- Why do you need to make a conscious effort? Why can't you just be normal?
- Well, it's the same as if you knew someone's parents had just died — you'd be sensitive to that and be careful what you said.
- I was in a study group of five men and me, and they would make comments you wouldn't believe.
- I'd believe it. (nervous laughter)
- They'd talk about a woman as "that cow" and make comments about the date they had the night before. I'd say, "I don't want to hear this." And they'd say, "What are you complaining about? We're not talking about *you*."
- Let's talk about question 7. That one says, "Do you feel discrimination exists at

the Business School?"

- I get upset when there are special corporate presentations made to the Black Business Students Association. That seems like discrimination to me.
- As long as they're doing presentations for the general student body as well, I don't see the harm in it.
- I met a guy the other day walking into the computer lab. He said, "I'm so mad because I'm supposed to write a thank you note to this recruiter and I don't want to write it." I asked, why not? He answered, "Because after my interview, this recruiter told me that they were really looking for a minority! So he really wasted my time and I don't feel like thanking him for the interview."
- In India we have something similar — only there it's based on class. I'm a Brahmin, which is upper class, and my forefathers did things I'm not proud of. I needed an A+ to get into a school that the underclasses could get into with a C+. But those underclasses were discriminated against for *years*. Without the prop, how are you ever going to get them into the main stream? I think it's appropriate for me to need an A+ and them to need a C+, considering the history.

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**A**fter the group meetings, Hale auditorium again filled up with people, as they discussed solutions. The buzz of conversation indicated that indeed some communication had been going on in the groups. Said Patrick Miller as he opened the meeting: "It looks like we've got people talking."

Here are some of the solutions and suggestions brought forward by the groups:

- "One problem is that the people who really need this forum aren't here right now. Maybe it should be made a part of a core course in organizational behavior so everyone would have to participate."
- "Let's have the forum up front when we first get here. Why not make it a part of orientation?"
- "How about doing some mentor pairing — one member from the Black Business

Students Association and the other from the U-M Business Students Association? That way maybe we'll create more conversation between people you usually don't hang around with."

"Let's make sure when classroom study groups or team groups are assigned, that they are specifically designed by the faculty member to be diverse"

"A lot of bonds are formed in the first year of school. We need some team-building exercises in that year."

"Let's have these groups meet some *more*."

After the suggestions, Patrick asked, "How many are actually sitting with their discussion group *right now*?"

Only a very few hands went up.

Said Patrick, (looking at the sparse number of hands), "So it seems most of you did not actually *stay* in your diverse group. This shows how deep these things run. But, the conversations you had today don't have to *stop*. You can go on from here. Now let's break for refreshments."

People stayed a *long* time at the reception afterward, and conversations seemed especially lively. And at last account, some of the "diversity groups" were still meeting for a couple of hours each week. Stay tuned.



Linda Lim, a member of our international business department, who designed the course on global interdependence along with Ken DeWoskin, chairman of the department of Asian languages and cultures and professor of business administration.

# Designing a Course on Global Interdependence

As someone whose academic career spans both the liberal arts and business, Linda Lim is happy that she can now wear both those hats simultaneously. Last year, she was handed the challenge of developing a course that would explicitly educate both business and liberal arts students in an international studies course that would take a multi-disciplinary, multi-area approach.

The course, which ran for the first time last fall under the title "Global Interdependence," also aimed to be of value both to upper-level undergraduates and to graduates throughout the University.

"As an economist, I normally teach rather narrowly-focused courses in international business, international economics and Asian economic development," says Dr. Lim, who is research director at the Southeast Asia Business Program and a member of the Business School's international business department. "I had never before attempted something as broad as this course."

The original idea for the course came from Ken DeWoskin, chairman of the department of Asian languages and cultures and professor of business administration. It was funded as a curriculum development initiative by a grant from the U.S. Department of Education to the newly established Center for International Business Education at the Business School (see page 19 for more about the new Center).

The goals of the course were two: first, to expose business school students to a range of ideas and information related to global interdependence that they would otherwise not encounter in the regular business school curriculum; and second, to expose non-business students, primarily in the liberal arts, but also from other professional schools, to the role that business plays in international affairs. The idea was that both groups of students would learn the material together simultaneously.

Dr. Lim and Professor DeWoskin, who designed

Students in Both  
Business and the  
Liberal Arts Take  
Experimental  
Multi-  
Disciplinary  
Course

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**“The understanding and management of global interdependence is inherently a multidisciplinary problem. It involves the complex interdependence of economic, political, historical, geographical and cultural forces at the corporate, national, and international levels.”**

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the course together, decided to recruit guest lecturers from Michigan's huge resource base of international studies faculty. “Michigan is fortunate to have a unique resource in the large numbers of faculty in different schools and disciplines throughout the University who are involved in international teaching and research and are experts in different international subjects as well as geographical areas,” says Lim. “DeWoskin and I suggested with varying degrees of specificity the topic that each individual lecturer should cover, targeting what we knew about his or her special area of expertise and interest”

The course examined historical, cultural, political, economic and technological factors underlying increasing global interdependence, with a special focus on international economic exchange in different historical periods and cultures. Students were expected to actively discuss readings drawn from different disciplines, and to prepare short papers on three topics each. There was also a final exam, which consisted of short essay questions.

“The understanding and management of global interdependence is inherently a multidisciplinary problem,” says Lim. “It involves the complex interdependence of economic, political, historical, geographical and cultural forces at the corporate, national, and international levels.”

**T**he 25 students who enrolled in the course were a mixture of graduates and undergraduates, including an MBA student and a BBA student, as well as an international business Ph.D. student and a visiting business journalist from California who sat in on the entire course to “internationalize” herself.

After a couple of introductory sessions, the course was divided into seven sections as follows: the history of international trade; culture and economic behavior through the ages; politics and international relations; international economic relations; technology and the environment; culture and competitiveness; and the multinational corporation.

To give you an idea of the diversity and expertise that was available to the students who took this course, we list below a few of the topics of the lectures and the professors who lectured:

A lecture on “Slavery, Race & Plantation Societies: Colonialism in the Caribbean” was given by Rebecca Scott, associate professor of history in LS&A. She has won a John D. and Catherine T. MacArthur Fellowship for 1990-95; was awarded a Fulbright senior lectureship and research fellowship which she took in Brazil; and was a Fellow at the Center for Advanced Studies in the Behavioral Sciences at

Stanford from 1984-85. She has published extensively on race, ideology, and the meaning of free labor, as well as on the dynamics of slave emancipation in Cuba, and on postemancipation societies in comparative perspective.

A lecture on “Economic Reform in Socialist Countries” was given by Ernest Wilson, associate professor of political science and public policy and director of the Center for Research on Economic Development. Wilson is a world-renowned expert on privatization and economic reform. He has served as special advisor to the government of Nigeria, the World Bank, the U.N., the U.S. State Department, and the government of Poland.

A lecture on atmospheric change was given by Thomas M. Donahue, Edward H. White II Distinguished University Professor of Planetary Science, Atmospheric, Oceanic and Space Sciences, College of Engineering and professor of physics at LS&A. He is a foremost authority on global warming. He is chairman of the Science Steering Group of the two Pioneer Venus missions, and has participated as an experimenter or as an interdisciplinary scientist on the orbiting geophysical observatory missions: Voyager, Pioneer Venus Multiprobe and Orbiter, Galileo, Comet Rendezvous Asteroid Flyby and Apollo-Soyuz.

C. K. Prahalad, professor of corporate strategy at the Business School, spoke to the class on global corporate strategy and U.S. business performance in comparative perspective. In 1989, his article on “Strategic Intent,” co-authored with Gary Hamel, won the first place McKinsey award for the article published in the *Harvard Business Review* that contributed most significantly to top managers of business and was most likely to have an effect on their actions. His research focuses on strategic management of large diversified corporations and the role of top management as an emerging source of global competitive advantage. He has twice won the Excellence in Teaching award at the Business School.

Prahalad held the students spellbound as he encouraged them as people “who care about the world” to enter the ranks of senior management of multinational corporations, which he said desperately need imaginative and creative managers in order to meet their moral obligations to the people around the world whose well-being depends on their attitudes. Said Lim, “We are seeing the decline of the nation-state at the same time we see the rise of the global corporation. Increasingly, it is the global corporation rather than the nation-state, which is the major actor in global interdependence.”

“Not only is business a major player in world

affairs today, but also it is and must continue to be a major force for progressive change in everything ranging from cleaning up the environment to improving the economic position of women in the Third World."

Next year, the course will be offered again, but with a reduced number of topics, more discussion sections, and a revised version of the course-pack. The reader will include the lecturers' introductions to their topics/readings and a summary of each lecture. "We hope that this will help make the course transferable to other institutions," said Lim.

**"We are seeing the decline of the nation-state at the same time we see the rise of the global corporation. Increasingly, it is the global corporation rather than the nation-state, which is the major actor in global interdependence."**

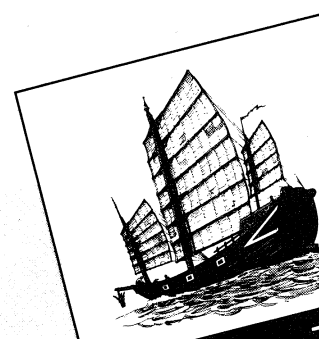
**W**ith the aim of helping other schools interested in designing a similar course, Lim spoke at a joint national meeting of the American Association of Colleges (AAC) and the American Assembly of Collegiate Schools of Business (AACSB). Her talk was entitled, "Designing a Course in Global Interdependence: The Intersection of the Liberal Arts and Business."

"Every school will have at least a handful of faculty with some international background and experience, both in the liberal arts and the business school, and they could get together to design a similar course which is both appropriate and feasible for their particular institution," she said in her speech.

"Our experience at Michigan suggests that what is important is less the specific topic chosen than any suitable international topic as a vehicle for students to read, think, discuss, question, analyze, and formulate opinions and recommendations focused on understanding and managing global interdependence — much as is done through the case-study method of business school education."

"We feel that a multidisciplinary course such as ours can be very helpful in educating not only business and liberal arts students, but also faculty, in developing some of the understanding and skills needed to interpret and function within the ever expanding arena of international affairs in general, and international business in particular."

# Global Interdependence



This new interdisciplinary course will examine historical, cultural, political, economic and technological factors underlying increasing global interdependence, with a special focus of cultures. International and multicultural perspectives will be emphasized. The course is open to upper-level undergraduates and graduate students from throughout the University; there are no other prerequisites for admission.

The course coordinator is Prof. Linda Lim in the international business department of the School of Business Administration, whose Center for International Business Education is funding the course with a grant from the U. S. Department of Education. The course will feature lectures by professors from different departments who are experts in the particular topics to be studied. Students will be expected to actively discuss reading drawn from different disciplines, and to prepare short papers of three topics each. There will be a final short-essay exam.

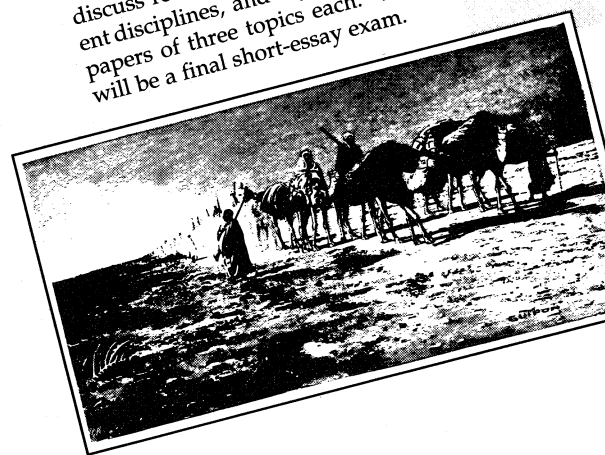
## Course Outline

### Introduction

- Introduction dependence Issues
- The United Interdependence

### The Historical

- International Classic
- The Greek
- The Chinese
- The American
- The European
- The African



# UPPING THE ODDS ON SUCCESS

## BIAD Links University Expertise with Midwestern Companies to Help Foster Industrial Competitiveness

By Jane Myers

**L**arry Crockett figures his BIAD Division, now located in the Business School, has saved or created at least 5,000 jobs in more than 100 companies in Michigan and other Midwestern states over the past eight years.

It does this by using University-based scientific, technical and management knowledge to strengthen manufacturers besieged by foreign competition.

Take, for example, Sahlin International, manufacturers of the Sahlin Iron Hand, a mechanical device for removing parts from a stamping press bed. The Iron Hand eliminated a cause of serious industrial accidents, and the company, which is located in the northern Detroit suburb of Birmingham, prospered along with Michigan's auto industry from 1947 until the early '70s.

By the late '70s, however, international competition was not only making a serious dent in sales in the American automobile industry, but on Sahlin's international sales as well.

The company had developed a successful new product — the Kobra, a computer-controlled press-transfer device, for

its British market. But the costs of translating it to American design standards were prohibitive, and American sales continued to falter.

Then, in 1987, Sahlin management heard about the Great Lakes Trade Adjustment Assistance Center (TAAC), which is one arm of BIAD. Funded largely by the U.S. Department of Commerce, its mission is to apply the business, scientific and technical know-how of University faculty to the problems facing Midwestern companies beset by foreign competition.

Working with TAAC's project manager Margaret Creger, Sahlin management identified strengths and weaknesses, examined potential markets and developed a plan of action. Eventually they redesigned the Kobra so that it was not only price-competitive but improved (causing less machine vibration than before), and developed a production system for its American manufacture as well.

The result: the first orders based on the new pricing structure were delivered on time and under budget, and company sales and employment have now more than tripled.

Sahlin President Fred

Muehmel, who hopes to utilize TAAC's services again in the future, calls TAAC's quick understanding and analysis of their particular problems "refreshing" and gives Project Manager Margaret Creger high marks for her "professionalism in working with us and with outside consultants."

BIAD, which stands for the Business and Industrial Assistance Division, is now ten years old. Originally known as the Special Projects Division, it was established as part of the U-M Institute of Science and Technology in 1981, and moved to the School of Business Administration in 1990. It is directed by Larry Richards Crockett, with Marian J. Krzyzowski, Lawrence A. Molnar and Wallace C. Williams overseeing individual units within BIAD.

Major funding for their work comes from the U.S. Department of Commerce, which has supported the transfer of University-based scientific, technical and management knowledge to besieged manufacturers since the mid-'70s, with additional funding coming from the state of Michigan and the companies themselves.





The BIAD team, which has saved or created at least 5,000 jobs over the past 7 years, is headed by (left to right): Lawrence Molnar, director of the Technology Transfer Center; Larry Crockett, director of the Business and Industrial Assistance Division (BIAD); Marian Krzyzowski, director of the Great Lakes Trade Adjustment Assistance Center; and Wallace Williams, director of the Minority Business Services (MBS) program.

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## The Great Lakes TAAC: New Strategies for Beating Foreign Competition

The largest unit within BIAD is the Great Lakes Trade Adjustment Assistance Center (TAAC), one of a dozen centers funded by the U.S. Commerce Department across the U.S.

When a company meets Department of Commerce eligibility requirements, TAAC helps them design a 1-3-year plan of action based on a diagnostic analysis of every facet of the business from manufacturing and production processes to financial management

and marketing. "We try to take a snapshot in time," says Marian Krzyzowski, director of TAAC, "and to identify the company's top two or three weaknesses." The Great Lakes TAAC is the only one of the country's 12 such centers operating for more than one year that has never had a plan rejected by the Commerce Department.

A typical firm now coming to the University for TAAC-designed help, according to Krzyzowski, is a privately-held family business, perhaps a metal stamping plant supplying parts to the auto industry, with about 100 employees, bringing in \$5-10 million in revenue annually.

A key element in TAAC's successful assistance programs has been the participation of Michigan MBA students, who provide client firms with expert analyses of industry trends and competition. During the summer months, MBA students often serve as TAAC staff consultants and at times undertake project management assignments, interacting directly with top management of TAAC client firms.

Surprisingly, many of the weaknesses identified by TAAC have not been manufacturing-related. Jack Edelstein, a doctoral candidate in urban technological and environmental planning, has looked at 44 firms who received TAAC assistance, and has classified 24 identified weaknesses,

such as "understaffed departments, inefficient plant layout, capital shortage, too narrow product line, organizational ambiguity," into six operational categories.

Manufacturing deficiencies account for only about a third of the total "strategic misfit." Personnel-related indicators account for 18.4% of the measured decline, followed by finance (17.7%), sales/marketing (16.8%), product design (8.9%) and administration (5.4%). Among the weaknesses identified most often were "understaffed departments," "inadequate cost accounting" and "narrow market coverage."

The firms seeking assistance and the Commerce Department share consulting and other costs on a roughly 50-50

basis up to about \$100,000, above which the company must assume a larger share.

"It's important for the company to pay its share, to buy into the strategy," says Crockett, who has overseen BIAD for the 10 years of its existence, and who has been involved in technical assistance programs at the University for 24 years.

Crockett gained a great deal of his Washington savvy over many years of fighting for increased federal support for research into lupus, a disease that killed one of his sisters and has afflicted another.

His ability to make his way through the halls of Congress, as well as the halls of the state capital, has proven useful in garnering both federal and state financial support for the University-industry cooperation that BIAD has worked to foster over the past decade.

Still, BIAD's funding, about \$1.5 million a year, is miniscule compared to what some of America's competitors are willing to pay for information, Crockett says. "Our firms are competing with Japan, which spends \$6-9 billion a year to acquire applied technology, patent rights, licensing, published materials, whatever kinds of information they can get their hands on to increase their competitiveness."

A statewide system of University-based business advisors, similar to the system of agricultural agents that has been in place for a long time,

Wallace Williams, director of Minority Business Services (MBS), consults with Jim Lewis, president of Lewis Metal Stamping and Manufacturing Company, and John Herring, project manager.

would be a good way to facilitate increased information flow from universities to businesses, Crockett believes. He points to the Georgia Institute of Technology, which has about 100 people in 10 satellite offices advising businesses throughout the state, as a model.

## Revitalizing Flint's Manufacturing Base

These days, Crockett himself is directly involved in bringing the strengths of the academic sector to bear on the serious social, economic, and health problems faced by people in Flint and the surrounding Genesee County area, where 16,000 high-paying GM jobs were lost between 1985-90, with a similar number expected to be lost in the '90s.

A BIAD-sponsored, four-year, \$4 million project to encourage community stabilization and revitalization in the economically distressed area is underway. By diversifying

the area's manufacturing base, it is estimated that nearly 3,000 high-wage manufacturing-related jobs can be created over the course of the project to stimulate the community's recovery.

In addition to the Great Lakes Trade Adjustment Assistance Center and the special Flint-Genesee recovery project, BIAD has several other programs designed to help keep Michigan businesses competitive. They include:

- The Technology Transfer Center, a state-funded program which links clients with management and technology expertise at the U-M and four other Michigan research institutions: Michigan State, Wayne State, Western Michigan and Michigan Technological University, via a 24-hour computer conferencing network.
- Minority Business Services, currently the only university-based program of its type in the country dedicated to helping minority-owned businesses thrive.
- The Office for Research on Industrial Facilities (ORIF), an interdisciplinary team of

specialists who help communities revitalize old industrial buildings as well as doing research on the problem of aging and obsolete industrial facilities and the possibilities for converting them to other uses.

## The Technology Transfer Center: Moving the Knowledge from University Lab to Manufacturing Line

Lawrence Molnar, director of the Technology Transfer Center, relies on the professional searchers in the office of the U-M Vice President for Research, to hook up his clients with appropriate technical advisors, located via the U-M's online data base (U-M BEST) of faculty and research staff. He also keeps informed about new areas of research or technologies under study at the U-M which might benefit other firms.



Often just a few hours of consultation will solve a firm's technical problem, but the client is free to make his own arrangements if more help is desired. A typical example: workers at a small plumbing and construction supplies manufacturer were experiencing injuries, including carpal tunnel syndrome, that were the result of repetitive motions. Molnar arranged a meeting between company representatives, who arrived with videotapes and other data, and the U-M's Center for Ergonomics. In a half-day meeting, U-M staff were able to determine the cause of the injuries, and to suggest both short-term and long-term modifications to manufacturing processes.

**T**he Technology Transfer Center was also involved in a successful effort to convince the Wickes Manufacturing Company to stay in Grand Rapids rather than transfer operations to a Canadian plant they owned. U-M analysts were able to demonstrate that the company could profitably shift from manufacturing stamped metal parts to composite parts, a transition the company has since made. As a result, about 120 local jobs were saved.

The Center serves more than 200 business clients in Michigan every year, and refers hundreds of others to appropriate sources of help. "Often, people come to us looking for money, or they come with money looking for a potential investment," Molnar reports. "We're not set up to deal with either of those situations, but we do make referrals."

## Recycling Old Buildings: The Office for Research on Industrial Facilities

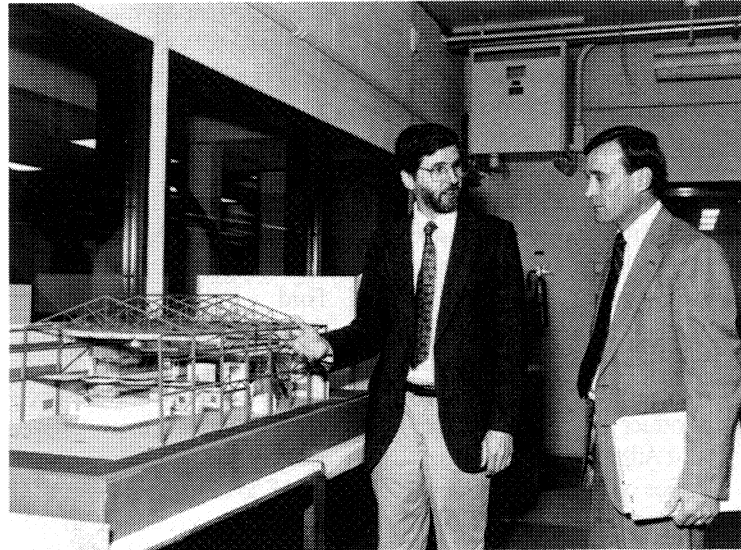
Still another kind of assistance provided under the auspices of BIAD involves working with economic development groups, municipalities and sometimes private owners in finding new uses for old industrial buildings.

The Office for Research on Industrial Facilities (ORIF), has since 1978 been bringing together interdisciplinary teams of faculty and students in architecture and urban planning, business and engineering, who compile a comprehensive prospectus for re-use (or sometimes, demolition) of a building, based on their analysis.

Manufacturing plants in older industrial regions of the United States closed at a rate of more than 3,000 per year in the 1970s; in Michigan, 288 plants closed between 1982 and 1989, costing the state 129,472 jobs.

"Many of these deserted factories are multilevel, stacked structures with old elevators," said Lawrence Molnar, senior research associate and director of ORIF. "Their design usually is terrible for modern material handling. But, such facilities often can fill other needs within the community."

For example, the former Kawneer Company headquarters in Niles, Michigan, was converted into a successful, self-supporting "business incubator" operation that rents inexpensive office space to new



Dr. Robert Johnson, left, associate professor of architecture and chair of the doctoral program in architecture at the College of Architecture and Urban Planning, and Lawrence A. Molnar, director of the Technology Transfer Center, discuss applications of advanced architectural research.

businesses and now houses 27 companies. The 150 jobs created by the project represent a net gain of some 30 new jobs for the community, which had lost 120 jobs when Kawneer moved its headquarters to Atlanta.

Other buildings ORIF has studied include the Heilemann Brewery in Frankenmuth, the old Packard Motor complex in Detroit, a furniture plant in Grand Rapids and a Studebaker plant in South Bend, Ind.

BIAD has had a long history of concern for the minority business community. In 1970, in cooperation with the U-M Business School, they published the first directory of minority business firms in Michigan. And, MBS was the catalyst in launching the Minority Technology Council of Michigan, a unique non-profit organization that helps minority firms to participate in technology opportunities. Louis Green, executive director of the council, describes the council's close working relationship with the Business School as "a key factor in our success."

**M**BS has helped the Lewis Metal Stamping and Manufacturing Company in Highland Park to a profitable year in 1990 after lackluster years shared by many other stamping companies whose fortunes are tied

## MBS: Enlarging Opportunities for Minority Businesses

The Minority Business Services (MBS) program provides consulting, research and advisory services to new, as well as established, minority-owned

to the auto industry. Through MBS Director Wallace C. Williams, the company has received assistance in a variety of areas, including facilitating contacts within the automotive industry and most recently by directing it to the Great Lakes TAAC. Lewis Metal Stamping and Manufacturing began working with the staff of TAAC, and with U-M MBA and graduate engineering students, to produce a Diagnostic Survey and Adjustment Plan. The Office of Trade Adjustment Assistance approved \$90,000 funding (cost-shared by the company on a 50-50 basis), and the development and implementation of strategies to improve profitability were soon underway. Since then, the company has:

- Acquired a small tool and die firm, providing the company with both tooling and

prototype capabilities.

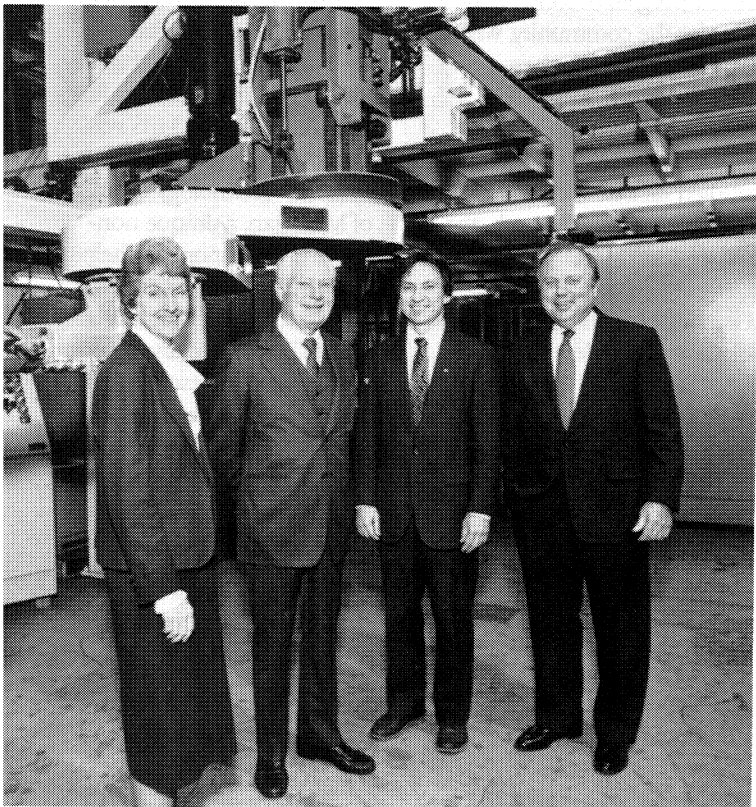
- Won a \$700,000 contract with the U.S. Army Tank and Automotive Command to manufacture an antenna bracket.
- Received a Q-1 quality rating from the Ford Motor Company, and stepped up sales efforts at Ford.

The antenna contract will raise sales to the \$2.2 million level this year. The company is now planning to undertake another joint project with TAAC to improve sales and marketing techniques. To Project Manager John Herring, Lewis Metal Stamping and Manufacturing represents the ideal client: "The commitment of President James Lewis and his skilled team have made our cooperative effort a success, and bodes well for the company's future."

## A POCKET GUIDE TO BIAD

The Business and Industrial Assistance Division (BIAD) has five different arms that apply University expertise in different ways. They are:

- **The Great Lakes Trade Adjustment Assistance Center (TAAC)**, which helps companies devise and implement business turnaround plans that will enable them to become competitive again in domestic and international markets.
- **The Technology Transfer Center**, which provides consulting, research, and advisory services to Michigan high-tech businesses. It identifies and links the information resources of Michigan's five research universities with the management and technical needs of Michigan industrial firms.
- **The Flint-Genesee Recovery Project**, founded to bring the strengths of the academic sector to bear on the serious social, economic, and health problems faced by people in Flint and the surrounding Genesee County area.
- **Minority Business Services (MBS)**, which provides consulting, research and advisory services to new as well as established minority-owned firms.
- **The Office for Research on Industrial Facilities (ORIF)**, which studies the problems of plant obsolescence, helps find new uses for old industrial buildings, and is currently working to develop an early-warning and intervention strategy system to prevent closure of small and medium sized manufacturers.



Gregory Fox

Pictured left to right standing in front of Sahlin's Kobra press transfer device are Margaret Creger, Great Lakes TAAC project manager; Richard Sahlin, chairman of Sahlin International; Marian J. Krzyzowski, director of Great Lakes TAAC; and Fred Muehmel, president of Sahlin International.

# NEW CIBE CENTER LEVERAGES THE U-M'S INTERNATIONAL EXPERTISE

**A** new center, designed to help business people, students and University faculty understand and take advantage of international business opportunities, is now in operation at the Michigan Business School. Newly appointed to be director of the Center for International Business Education (CIBE) is Bradley Farnsworth, who comes to us from Yale University, where he was associate director of the Yale-China Association.

At the Yale-China Center, Farnsworth was responsible for developing international management training programs and organizing business delegations to Asia. He has both an MBA and an MA in Chinese Studies from Washington University in St. Louis.

The new center at Michigan was made possible through a three-year grant from the U.S. Department of Education. The center received \$160,000 in its first year (1989-90); 415,000 in its second year (1990-91) and expects to receive between \$350,000 and \$400,000 in its third year. The Michigan Business School was one of five schools awarded the federal grant in the first year's competition, out of 62 nationwide applications. Another ten schools were selected in the second year, for a final total of 15 nationwide.

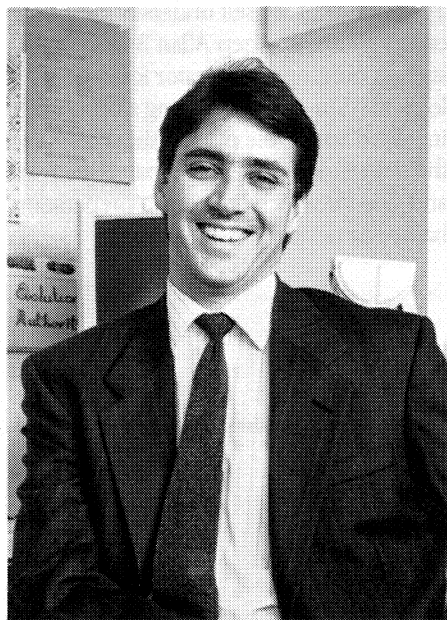
The combination of the U-M's strength and diversity in international studies, along with a top ranked business school, were undoubtedly important factors in its selection to receive the federal money.

The University teaches 35 foreign languages, including those spoken in all of our country's top thirty trading partners. It also has five area-studies centers — on China, Japan, South and Southeast Asia, Russia and Eastern Europe, and the Near East and North Africa, as well as 650 faculty members with international research or teaching interests.

The CIBE's mission is to enhance, develop and coordinate the University's vast international expertise and information that relates to business, and to provide a

more holistic approach to international business education.

One highly successful example of the fulfillment of this mission is a new interdisciplinary course sponsored by the CIBE. Entitled "Global Interdependence," it was offered for the first time last fall to students throughout the University. The course was structured to draw on the resources of the University to increase students' awareness of global interdependence, international economics, business, culture, and U.S. business relations with foreign countries (for more on this new course, see page 11).



**Bradley Farnsworth, Director of the Center for International Business Education.**

Gregory Fox

**T**his new course was developed as a cooperative effort between the Business School and LS&A, with the primary designers of the course being Linda Lim of the Business School's international business department and Kenneth J. DeWoskin, professor of Chinese language and literature, chairman of the department of Asian languages and culture, and professor of business administration. Lim and

DeWoskin serve as members of the CIBE's executive committee, along with Edwin L. Miller, associate dean for research at the Business School and professor of business administration, and CIBE director Brad Farnsworth.

The CIBE's goal is to develop programs that will enable students to graduate better informed about international business opportunities and equipped with the business, language and cultural skills necessary to take advantage of them. In the winter semester of this year, new courses focusing on European business were taught in the French and German languages to business and liberal arts students who have a fourth-year capability in those languages. Next year, the CIBE will move into promoting the acquisition of "exotic" language skills important in newly emerging markets for U.S. business, starting with a focus on the Russian, Arabic and Indonesian languages.

To disseminate knowledge about international business developments, the center is developing and publishing curricular materials for the U-M and other educational institutions as well as for the business and professional communities. In collaboration with other international studies units of the University, it sponsors seminars, conferences and visiting lecturers on international topics. The center also has a roundtable series which brings business and international studies faculty together with top corporate executives to discuss ongoing business developments in different parts of the world.

Programs aimed at increasing faculty research and teaching that will promote the international competitiveness of American businesses or improve international or business education include a faculty research competition, a doctoral dissertation research award, additional overseas internship programs for students and faculty, and travel grants for business and international studies faculty to learn more about business in foreign areas.

# So! *What Do You Want To Do With Your Life?*

**I**t is quite frightening to be a junior in college and not know exactly what you want to do with your life," wrote a BBA student in applying for a new course in self-assessment and career development. "It is my understanding that this course could eliminate some of this anxiety and worry."

He was one of 30 students who were chosen to take part in the ten-week, non-credit course offered in the spring semester under a grant from Bankers Trust Company Foundation. The Michigan Business School was one of three to receive the award. The other two were Barnard and Brown. Thirty-five schools submitted proposals for the award, given to "further excellence in the field of undergraduate placement and counseling."

The course included self-assessment exercises to identify skills and interests; job search strategies and techniques, and panel discussions with corporate representatives and current MBA students.

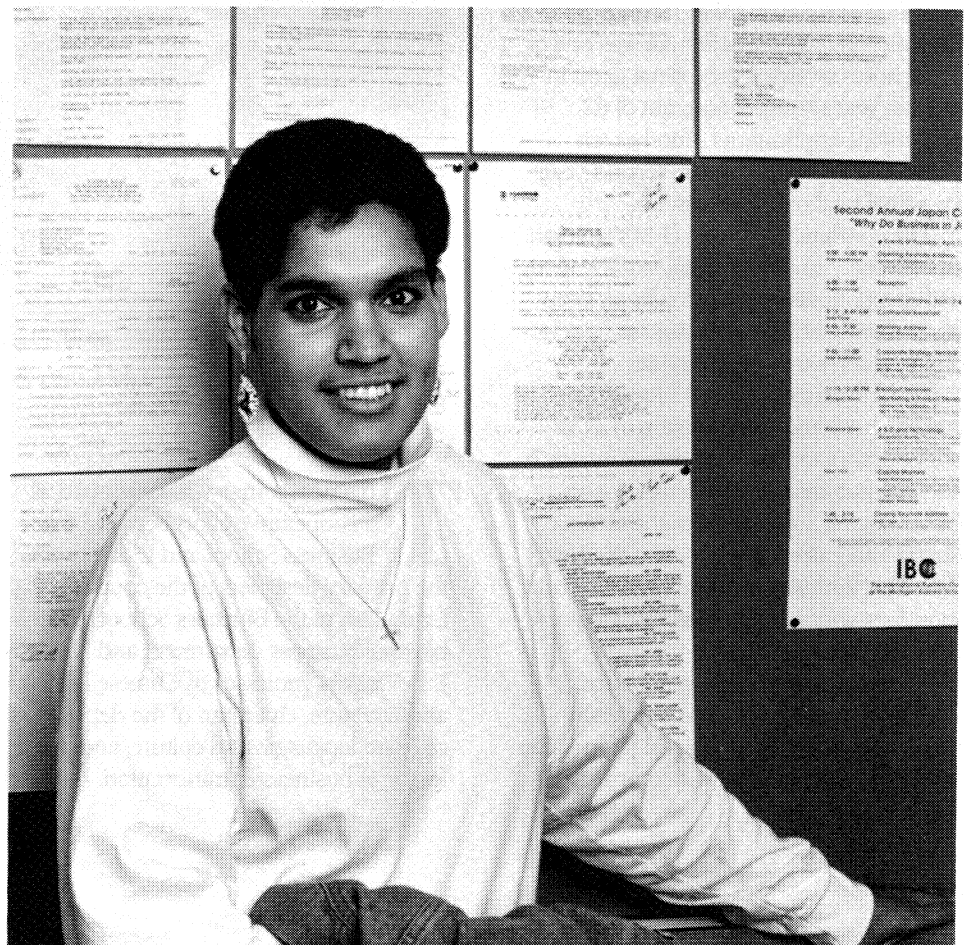
"The Business School program is so academically rigorous that undergraduates who are facing extreme demands on their time may postpone career planning and self-assessment," says Patty Watson of the Placement Office, who was project manager for the team that developed the course. Other members of the team were Estrella Hernandez and Christopher Min, both first-year MBA students. "For the student who hasn't taken the time to go through this process, recruiting can become a series of campus interviews leading to frustration

or to disappointing offers. The process can be equally frustrating for the corporate recruiter who has invested time, energy and dollars."

The course began with an introductory session on self-assessment and life planning given by Lauren Blachman, vice-president of Bankers Trust. That was followed by two sessions on using the Myers-Briggs Type Indicator for self understanding and career planning. Then Allan Bomersback, staff accounting coordinator for Amoco, led a session on interviewing skills which included some role playing that illustrated the difference between a prepared interview and one for which little or no preparation had been done.

**T**hese sessions were followed by a corporate panel discussion on marketing and human resource management which included speakers from Dayton Hudson in retailing; DDB Needham in advertising; Hewitt Associates in consulting and finance; Northern Trust in cash management and Procter & Gamble in brand management. The panel discussions were designed to help students gain a better understanding of undergraduate career opportunities, and how functional responsibilities differ within industries.

Then students participated in mock interviews, during which they were able to practice interviewing skills. They were asked to select a company they were inter-



**Estrella Hernandez, first-year MBA student who was a coordinator of the Bankers Trust BBA Career Development Course.**



▲ Left to right, Nancy S. Ticktin, president of Bankers Trust Company Foundation which gave the grant for the course; Margaret Carroll, director of placement at the Michigan Business School; and Albert T. Bellino, senior vice president of Bankers Trust Company. They are holding a plaque that reads "The Bankers Trust Company Foundation proudly presents the undergraduate career development award for 1990 to the University of Michigan for their innovative proposal which furthers excellence in the field of undergraduate placement and counseling"

▲ Christopher Min, first-year MBA student who was a coordinator of the Bankers Trust BBA Career Development Course.

ested in working for and do the research to identify a functional area of interest. Then, wearing their interview clothes, they were interviewed for at least 20 minutes by course coordinators, and this was followed by about ten minutes of feedback for each student.

"We tell the students that ANY work experience they have had is important," said one of the interviewers. "They tend to think that if the work isn't in a corporate environment, it doesn't count. We had one student who was in the Marine ROTC program but wasn't going to mention that because it wasn't corporate. But a recruiter

is going to be impressed by the discipline, the teamwork, and the leadership skills demonstrated by that experience."

A corporate panel discussion on finance and accounting included speakers from Bankers Trust on investment banking; Eli Lilly on corporate finance; Ernst & Young on public accounting; General Motors on corporate finance and accounting; and NBD on commercial banking. Another panel discussion took place with three second-year MBA and three second-year BBA students who talked about summer internships and gave advice about the job search.

This course "made me realize the importance of being happy in my job and the self-assessment helped me discover what will make me happy," wrote one student in evaluating the course. Another said, "I had hoped for someone to point out to me what I wanted to do with my life. No one did this but I have gained some tremendous insight and confidence in the ability to make my own decisions — good decisions which take into account my interests and a fuller perspective on the opportunities available in the job market."

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# William A. Paton Dies at 101

**W**illiam A. Paton, pioneer accounting theorist who was named "Accounting Educator of the Century" by the American Institute of Certified Public Accountants in 1987, died April 26 in Ann Arbor. He was 101 years old.

"William Paton's contribution to accounting education is inestimable," said B. Joseph White, dean of the Michigan Business School. "He was a pioneer in developing modern accounting theory, had a great dedication to students, and was a prolific writer. His intellect was keen, and he was well known for his challenging questions. He had a tremendous influence on the accounting profession, both academically and professionally."

Except for a few brief interruptions, Paton was a professor of accounting and economics at the University of Michigan from 1917 to 1959, where he moved the focus of accounting away from bookkeeping to a sophisticated process that went hand in hand with economic theory and modern corporate finance. He was one of the first theorists to argue that accounting should not be confined to developing simplistic rules for the preparation of balance sheets and income statements, but that it should also *analyze and interpret*; that is, take into account the effects of inflation, changing replacement costs, fluctuating interest rates and other economic factors to better reflect the earnings and financial position of a company.

Corporate accounting was a moving stream of information, he maintained, one that should consider real-world and current values in financial statements versus basing financial statements on historical costs.

"He was a pioneer in a theory of accounting that took in a broader view of the relevance of economic trends to accounting" notes Stephen A. Zeff, MBA '60, Ph.D. '62, professor of accounting at Rice University and a Paton scholar, "and tried to show the nature of the impact of those trends on a company. On one hand it appeared he was making accounting more subjective, but the result was to make it more realistic."

"His structure of accounting theory in the 1920s was an entirely new approach,"



**William A. Paton — 1890-1991.**

points out Wilbur K. Pierpont, MBA '38, Ph.D. '42, professor emeritus of accounting and former vice president and chief financial officer at the U-M. "It's commonplace now, but was quite radical then. Accounting before Paton was bookkeeping, just listing the assets and liabilities of the owners, without any attempt at analysis. And when he started teaching accounting on the college level, people would say it didn't belong there. Economics yes, but not accounting. To those, he'd say, 'you're welcome to come over and take the accounting exam to see if you can pass it.'"

"We will all miss him," said Gilbert R.

Whitaker, Jr., U-M provost and former dean of the Business School. "Although Professor Paton had been long retired when Ruth and I came to Michigan, we developed a warm friendship. His spirit and wit will be with us and all those who knew him and particularly with his former students forever. Indeed, his intellectual contributions to accounting theory are formidable."

A productive and persuasive writer, Paton wrote or co-wrote more than 20 books and 150 articles and short pieces. His early treatise *Accounting Theory — With Special Reference to The Corporate Enterprise* (1922) was one of the earliest works devoted entirely to accounting theory, says Zeff, who also describes Paton's *An Introduction to Corporate Accounting Standards* (1940), co-authored with A. C. Littleton, as "the most influential treatment of accounting theory in the English language."

Paton wrote a succession of textbooks, including *Principles of Accounting* (1916-18), co-authored with Russell A. Stevenson, *Accounting* (1924), *Essentials of Accounting* (1938), *Advanced Accounting* (1941), *Asset Accounting* (1952) and *Corporation Accounts and Statements* (1955), among others. He also edited and contributed to the second and third editions of the *Accountants' Handbook* (1932 and 1943), a "Bible for accountants," says Pierpont, one that was widely used by certified public accountants as a sourcebook.

In more than 40 years as a faculty member at the Business School, Paton had contact with at least 20,000 students, and is remembered vividly as an aggressive and inspiring educator. Among those who sat in his classroom were Roger Smith, BBA '48, MBA '53, former chairman and CEO of General Motors Corp.; William Seidman, chairman of the Federal Deposit Insurance Corp.; and Lynn Townsend, former president and CEO of Chrysler Corp.

In a message to Paton on his 100th birthday in July, 1989, Smith noted the "vast number of people you've taught in your hundred years and helped on their way to careers in the world of business. I'm very proud to count myself among their number."

"The lessons I learned in your classroom — not only about accounting but



about life itself — gave me a solid foundation for my career at General Motors. A large part of whatever success I had I can trace directly back to you,” Smith said. He also described Paton as “king of the accounting professors.”

“I think without a doubt he was the finest accounting professor that our profession ever had,” said Lynn Townsend, MBA ’41, past president and chairman of the board of Chrysler and a Paton student at the U-M from 1938-41. “His mind was very keen. He was willing to challenge the principles and precepts of the accounting procedures of the day.”

“He was a character,” remembers Carleton H. Griffin, BBA ’50, JD ’53, MBA ’53, U-M professor of accounting and former CEO of Touche Ross and Company, who was a student of Paton’s in the late 1940s. “He set forth complex theory with simple and undeniable logic and his humor had a real bite to it. We knew we were watching a living legend at work, like seeing Babe Ruth play in his later days.”

W. K. Pierpont, who was a student, associate and close friend of Paton’s at the U-M, admired the way Paton “encouraged people to do the best they could. He was impatient if he thought you weren’t working well, and he was a tough taskmaster. But in a way that didn’t turn you off. You knew he wanted you to do well. He brought out the best in people.”

Pierpont also remembers Paton as “red-headed, vigorous, willing to speak his mind and a rugged individualist. When he was writing a book, he’d work all day at the School of Business, then take two or three bananas and an apple, and head over to Rackham and write till two a.m.,” recalls Pierpont. “He’d spend several nights a week like that. He was a busy man. ‘A lot to do,’ he’d say, ‘and only 24 hours in a day.’”

Not content simply to present his theories, Paton was also a vigorous and forceful reformer, willing to defend his ideas in person as well as in writing. He was in great demand as a speaker and appeared many times before congressional committees and elsewhere on matters of economic policy, tax legislation and other issues. He

also served frequently as an expert witness in public utility rate cases.

In fact, his energetic defense of the “Patonian” approach to accounting and other ideas is the basis of his legendary status. Described by long-time friend and associate Howard C. Greer in an article for *The Accounting Review* in 1965 (later amended and reprinted in 1979 in *Essays in Honor of William A. Paton: Pioneer Accounting Theorist*), Paton was aggressively expounding his ideas well beyond an age when most men would have retired.

“At an age when most of us are content to doze in the sun,” Greer wrote, “(Paton) grabs the old muzzle-loader off the wall . . . and blazes away at such targets as ‘Deferred Income Misnomer,’ ‘Cash-Flow Illusion,’ . . . and the like. If you’re tempted to say something silly in some accounting publication, take heed of the old redhead skulking in the shrubbery — your temerity may fetch you a charge of buckshot in the seat of the pants!”

Despite a lifelong devotion to numbers, Paton was equally adamant that a critical factor in the success of any professional is a command of the language. In his nineties, after a lifetime of writing about accounting, Paton wrote *Words! Combining Fun and Learning* (1984), which combined his observations on language with an accumulation of his favorite word games.

“Words are man’s greatest tool,” wrote the remarkable nonagenarian. “Words are the basic means of moving men’s minds. Words, and the impressions and attitudes associated with and resulting from their use, literally rule the world.”

After earning his bachelor’s (1915), master’s (1916) and Ph.D. in economics (1917) from the University of Michigan, Paton began a career that included not only teaching but numerous other professional activities. He founded *The Accounting Review* in 1926. In 1922, at age 32, he became the youngest president of the American Association of University Instructors in Accounting (AAUIA) and a leader in its successor, the American Accounting Association. In 1940, he became the first academic to deliver the Dickinson Lecture in Accounting at the Harvard Graduate School of Business, and in 1950, he was among

the first three individuals to be inducted into Ohio State University’s Accounting Hall of Fame.

William Paton was born on July 19, 1889, in Calumet, Michigan and spent several of his early years on a farm. His father was a school superintendent, his mother a teacher. Despite a rigorous life, he found time to become an avid reader and to appreciate the value of education. Used to hard work, he described his life in those early years. “We were all hard workers and it never occurred to us . . . that we were candidates for relief by government or other outside agency. And notwithstanding the mosquitoes, muck swamps . . . and other difficulties, we got along very well. We didn’t have oranges, but there are plenty of vitamins in dandelion greens, turnips and apples.”

Although money was a problem, Paton managed to get himself through the University of Michigan by waiting on tables, washing dishes in boarding houses, husking corn, sawing wood and other odd jobs.

Sixty years after that farm boy worked his way through college, the University of Michigan School of Business Administration honored him in 1976 by opening the William A. Paton Center for Accounting Education and Research, financed entirely by private donations from students, friends, alumni, corporations and accounting firms. He was also named the Edwin Francis Gay Distinguished Professor Emeritus of Accounting and Economics when he retired. The School also honored him in 1955 by establishing the William A. Paton Fund for accounting scholarships and fellowships. And the medal given to the candidate who attains the highest score on the Michigan CPA examination is known as the William A. Paton award.

Paton was preceded in death by his wife Mary K. Sleator Paton. They had three children and two survive: William A. Paton, Jr. and Margaret Paton Buttrell. There are nine grandchildren.

At Paton’s request, there was no funeral service. Friends may wish to contribute to the Paton Endowment Fund, School of Business Administration, University of Michigan, Ann Arbor, Michigan 48109-1234.



Robert S. Miller, vice chairman of the Chrysler Corporation and a key player in the company's earlier restructuring.



The panel was moderated by Leonard Rosen, a senior partner at Wachtell, Lipton, Rosen & Katz and a leading bankruptcy attorney. He is shown here conferring with J. Ira Harris, BBA '59, senior partner at Lazard Freres & Co., who founded the J. Ira Harris Center for the Study of Corporate Finance.



Gregory Fox

# BANKRUPTCIES, WORKOUTS & TURNAROUNDS

## The 5th Annual Forum of the J. Ira Harris Center for the Study of Corporate Finance

**A**re companies filing Chapter 11 cases when their problems are not that serious? Is the system overloaded? Does litigation and the possibility of litigation play too strong a role in restructurings? World-class experts on methods of restructuring a financially troubled company considered these questions and debated which approaches work best at the 5th annual forum sponsored by the J. Ira Harris Center for the Study of Corporate Finance. The Forum took place April 5 in Hale Auditorium.

Speaking from the creditors' perspective was Wilbur Ross, senior managing director of Rothschild, Inc. who is an expert on subordinated debt financing (sometimes called junk bonds); Peter C. Fitts, a division executive at Citibank; and Gerald H. Turner, senior vice president of the Bank of America who was involved in the restructuring of Chrysler.

Representing business management was Robert S. Miller, vice chairman of the Chrysler Corporation and a key player in the company's earlier restructuring; and C. Russell Luigs, chairman, president

and CEO of Global Marine Inc., which went through a complicated Chapter 11 bankruptcy proceeding.

From the investors' point of view, the panel heard from Samuel Zell, chairman of the board and president of Equity Financial Management; David M. Schulte, a managing partner at Chilmark Partners, a firm that advises troubled firms; and Michael Price, president of Mutual Shares Corporation, who was an early investor in securities of troubled industries.

The panel was moderated by Leonard Rosen, a senior partner at Wachtell, Lipton, Rosen & Katz and a leading bankruptcy attorney. Each member of the panel made a short statement, and there was then open discussion among all panelists about what's wrong with our current system for dealing with troubled companies, and what they would like to see changed in the system. Here are brief excerpts from the speakers' comments.

Robert S. Miller, vice-chairman, Chrysler, described what he called "Bankers' Myopia," which means having a single-minded focus on recovering as soon as possible as many cents on the dollar as possible. Creditors should be willing to accept some equity in the package. He also said that in the Chrysler situation the intra-

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**World-class experts on methods of restructuring a financially troubled company discussed what's wrong with our current system and debated which approaches would work best to bring about constructive change.**

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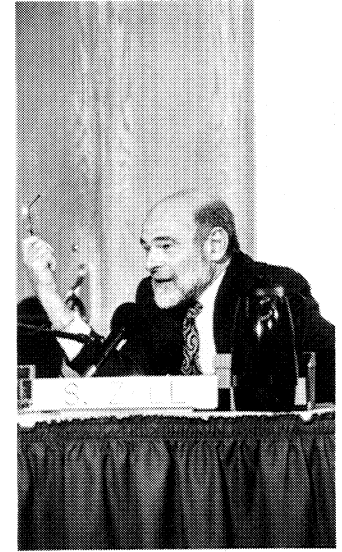
Peter C. Fitts, a division executive at Citibank.



C. Russell Luigs, chairman, president and CEO of Global Marine Inc., which went through a complicated Chapter 11 bankruptcy proceeding.



Wilbur Ross, senior managing director of Rothschild, Inc. who is an expert on subordinated debt financing (sometimes called junk bonds).



Samuel Zell, chairman of the board and president of Equity Financial Management.

mural squabbles between various classes of lenders was “awesome.”

C. Russell Luigs, chairman and CEO of Global Marine Inc., said that going through Chapter 11 is a little like running white water rapids. You can aim, but not control, the process. Before going through Chapter 11, companies need to evaluate carefully whether recovery is feasible and worthwhile. “From a management point of view,” he said, “You’re trying to create a turnaround. Is Chapter 11 a good process for

your company? If not, liquidate. Chapter 11 is *very* expensive.”

Gerald H. Turner, senior vice president of the Bank of America, commented that the workout game is not so much a matter of the numbers as a matter of group dynamics. He said that 80% of the negotiations that take place in a workout are among the lending parties — rather than between the lender and the borrower. There were 454 banks involved in the Chrysler workout.

Peter Fitts, division executive in Citibank, concurred with

Turner’s statements. Of the 454 banks involved in the Chrysler situation, he said, only 453 agreed. The other bank was in Iran. “They had no ‘phone number and no one wanted to take the documents over there in person,” he said. He talked about distortions in the process, and added that creditors spend a great deal of time talking to other creditors and not dealing directly with the debtor.

Wilbur Ross, senior managing director of Rothschild Inc., offered the perspective of the

subordinated debt holders and the many problems that go with it. There can be two or three tiers within the subordinated debt, and this compounds inter-creditor conflicts.

David M. Schulte, managing partner of Chilmark Partners, remarked that in 1984, when the junk bond machine married the leverage buyout, there was a tremendous change, because the public market then became involved in high risk debt. He said that sensible people ought to want to avoid Chapter 11, which "takes a business problem and turns it into a legal case." The question is whether it's possible to avoid Chapter 11 when there is so much public debt.

Michael Price, president of Mutual Shares Corporation, said "we look at *value*. We want to see a company emerge from this process." Investors should not only try to maximize their position, but also look at the needs of the com-

pany. He commented on the very high legal fees collected in Chapter 11 cases, and wondered why the lawyers couldn't take part of their fees in equity in the restructured company.

Samuel Zell, chairman of the board and president of Equity Financial Management, first listed some "oxymorons" that he had heard during the panel, including "nice sharp-shooter," "creditor consensus," "fast bankruptcy," and "moderate fees." He said, "When we look at an opportunity, we focus on buying and controlling the company. Almost all reorganizations require new capital." He added that a critical element in a reorganization is the absence of trust between the parties. Another element is the ability to offer and create alternatives. "It's an arduous process. The challenge is to keep at it. Our average transaction takes 19 months."



David M. Schulte, a managing partner at Chilmark Partners, a firm that advises troubled companies.



Gerald H. Turner, senior vice president of the Bank of America who was involved in the restructuring of Chrysler.



Michael Price, president of Mutual Shares Corporation, who was an early investor in securities of troubled industries. ▲

Gregory Fox

# Among OURSELVES

## Rogels Announce Leadership Gift for Scholarships

"I'd like to ask the scholarship recipients to stand up," said Richard Rogel, BBA '70, at a dinner honoring scholarship students and donors. At least 50 students stood up. "I think that if you look at each other," said Rogel, "and realize what you have accomplished, you should have no question as to why Susan and I have made the commitment that we have. I congratulate you and I honor you."

The Rogel leadership gift represents a commitment of \$1,050,000 to the upcoming University capital campaign. The campaign, which will focus on endowment and annual support for students and faculty, will be publicly announced in the fall of 1992.

Rogel and his wife Susan had just announced a \$600,000 gift to establish an endowed scholarship fund to support undergraduate minority students at the Business School. The gift to establish the Rogel Scholars is in addition to a portion of a \$5 million life insurance policy that has been designated by the Rogels to go to discretionary funds for the Business School, for the Office of Minority Affairs and for the use of the president of the University, as well as to



Richard and Susan Rogel

athletic scholarships.

"The Rogels are an inspiration to us," said Dean B. Joseph White. "They have strong principles, they have tremendous generosity, and they are committed to the University of Michigan. We are grateful to them."

PPOM, the company co-founded by Richard Rogel in 1982, in 1990 became the fastest growing privately held business in Michigan. PPOM climbed to first place, up from second place in 1989, in the Michigan Private 100 ranking compiled annually by the

*Detroit News* and *Michigan Business Magazine*.

Rogel's early intent when he founded his company was to provide a forum for some new ideas in health care cost reimbursement, according to an article in the May, 1989 issue of *Michigan Business Magazine*.

The company makes arrangements with a network of health care providers who agree to perform services at set rates. The reimbursement methods developed by the firm help keep costs down by directing the flow of payments so that a doctor is reimbursed

more for cognitive reasoning and surgical skills and less for ancillary services.

The Southfield company's revenues grew at a compounded rate of 97.18 percent over the past five years. Future growth will be controlled as needed, however, to comply with what Rogel says are PPOM's three primary rules: "The patient comes first, the patient comes first, the patient comes first."

After graduation from the Business School, Richard Rogel worked for several years in New York before coming back to Michigan to serve as treasurer of Seligman and Associates. He later owned and ran a medical clinic, and from this experience he conceived the idea for PPOM.

Despite the demands of running a growing company, Rogel finds time to give extensive service to the University of Michigan. He is a member of the Business School's Development Advisory Board, the President's Advisory Group and the Detroit Major Gifts Committee. An accomplished athlete, he is also a devoted fan of Michigan football.

Susan Rogel shares with her husband an interest in athletic activities, and she is an accomplished skier and bicyclist. She also shares his enthusiasm for the U-M, and serves with him on the Presidential Societies Executive Committee.

Gregory Fox



Gregory Fox

**John O. Grettenberger, BBA '59, discusses quality with Business School students.**

## John Grettenberger, BBA '59, Talks on the "Quest for Quality"

John O. Grettenberger, BBA '59, general manager of Cadillac Motor Car Division, detailed his company's pursuit and winning of the 1990 Malcolm Baldrige National Quality Award at a talk held Feb. 19 in Hale Auditorium.

"Since 1985, we have almost completely changed the way we manufacture and advertise our product," said Grettenberger, noting that the number of Cadillac car competitors has increased 20% in the past five years.

"We used to work from the top down in a traditional, centralized, inward focused, management-by-objectives style," he said, "but we saw that in order to remain competitive within our market segment, change had to occur in three critical areas: culture, customer focus, and product planning"

Culturally, the company implemented simultaneous engineering and an improved partnership with the UAW. To focus on the customer, Cadillac employed more sophisticated market research, and estab-

lished 21 different toll free numbers for customers and dealers to call them. Planning innovations focused on incorporating quality improvements and market research results throughout the development process.

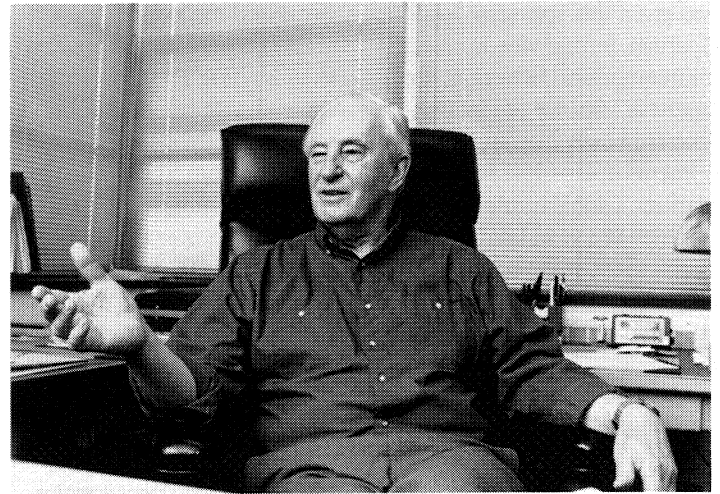
"As part of simultaneous engineering, we created cross-functional teams and empowered them," said Grettenberger. Their coordinated efforts in three recent major styling changes trimmed 50-85 weeks from what typically had been a 175 week process.

Grettenberger said that thinking had changed in the organization. The union is not the enemy; management is not the enemy. The competition is the enemy and the customer is the prize. "We started listening to our dealers and acting on their suggestions," he said. "Now dealers are included in our marketing research, and suppliers are members of our cross-functional teams and are included in our key training programs. In other words, sup-

pliers and dealers are fully integrated into our customer-focused quality improvement efforts."

Grettenberger is also a vice president of General Motors and has held a number of positions at the company, including director of product, strategic and business planning at Oldsmobile; director of sales at Adam Opel AG in West Germany; marketing consultant at Isuzu Motors in Japan; and assistant general sales manager at Oldsmobile.

He supported Cadillac's pursuit of the Baldrige Award, which is the nation's top quality honor, and accepted it from President George Bush in December. Dubbed the "most prestigious award in American business," the Baldrige is presented annually by U.S. Department of Commerce to those firms judged most committed to quality. Recent recipients include Motorola, Xerox, IBM and Federal Express.



Gregory Fox

## Lee Danielson Retires

Lee E. Danielson, professor of organizational behavior and human resource management, retired this year. He joined our faculty in 1955, and over the years has done research on the motivation and manage-

ment of professional employees and on managerial productivity. He is currently on the board of directors of Stirling Thermal Motors, Inc., and served on the board of directors of Ervin Industries from 1970-89.

# Among OURSELVES



Gregory Fox

Toyoo Gyohten spoke on Japanese financial markets in the Mitsui Life Distinguished Lecture Series.

## What Role Does Japan Play in Global Financial Markets?

The second in the Mitsui Life Distinguished Lecture Series was given this spring by Toyoo Gyohten, former vice-minister for international finance at the Japanese Ministry of Finance, who spoke on "Recent Developments in Japanese Financial Markets: Global Implications." Gyohten is a world renowned expert in Japanese economic and financial systems. He is currently teaching at Princeton University.

Gyohten noted that these were difficult times not only in terms of worldwide economic developments but also for the domestic economy of Japan. He said that in the 1980s Japan emerged as a major international financier with capital exports increasing from \$11 billion in 1980 to \$192 billion in 1989. At the same time, there was a shift from indirect lending in the form of bond purchases to greater direct

investment in the form of purchases of both existing firms and real estate.

Banks have now retrenched their lending activities, and the exchange rate has stabilized. Consequently, capital exports declined from \$173 billion in the first 11 months of 1989 to \$105 billion over the same period for 1990. However, the entire decline was in the purchase of bonds, primarily U.S. Treasury bonds, while direct investment and bank credit activity remained high.

Gyohten said that Japan will continue to play a major role as a supplier of global capital which will be financed primarily out of domestic saving rather than from a large trade surplus. However, for the foreseeable future the supply of global capital will be limited by Japan's domestic conditions, so any further expansion in

either the U.S. or world appetite for loans can be expected to lead to higher worldwide interest rates rather than to an increased Japanese presence in world financial markets.

One thing Gyohten was certain about is that the future of financial markets is extremely complex because of their international nature. "The current global markets are very inter-related," he said. "A crisis in one country would quickly spread to the rest." And that makes it extremely difficult to make accurate predictions about the future.

The goal of the Mitsui Life Financial Research Center, which sponsored Gyohten's

lecture, is to encourage and support academic research in the financial markets of Pacific Basin countries with a particular focus on Asia and the U.S., according to E. Han Kim, chairman of the Business School's finance department and the Center's director.

Gyohten's lecture was the second in a series sponsored by the Center, which was established with a gift of \$3 million from the Mitsui Mutual Life Insurance Company, one of Japan's largest insurance companies. The first speaker in the series was Professor Merton Miller, who won the Nobel Prize in economics the week after he spoke here.

## Searching and Finding at the Kresge Library

A new search arrangement that will permit multiple access to ABI/Inform Ondisc and its companion resource, Business Periodicals Ondisc, has been installed at the Kresge Business Administration Library.

University Microfilms has just installed new technology to allow this expanded access on a jukebox search arrangement. The Kresge Library is to be the test site for this new technology over the summer.

The arrangement will allow four users to access ABI/BPO at one time. ABI contains references with abstracts to articles in over 800 business journals. BPO contains the same ABI database but also includes the complete text of

the articles in about 300 of the journals indexed.

The Kresge Library also has both the NEXIS and LEXIS databases that can be searched by Business School students and faculty virtually 24 hours a day. Another Mead Data Central database, NAARS, is available evenings and weekends.

LEXIS contains the full text of court cases, statutes and related materials on such topics as taxation, bankruptcy, trade and labor. NEXIS contains the full text of over 289 business, financial, news and general interest publications. Included is current coverage of major news events, trends and issues, plus abstracted general news and business articles from additional major publications. NAARS includes the financial portion, including footnotes, of over 4,000 publicly held company annual reports.





Ellen Climo

## The 1991 Follies – “Saturday Night in Front of the TV Set”

Picture “Bud the Accountant” on a Saturday evening. The 1991 Business School Follies center around his painful life. Here he is sitting in front of the TV set with his calculator in one hand and his remote control in the other — and he sees an accumulation of skits developed by Business School students. The 1991 Business School Follies are underway. The skits include:

*The Phantom of the B-School* — A gripping saga of an ex-B-School gunner who fearlessly blocks an attempt by Dean Joe White to take over all of the Big 10 business schools.

*B-School Jeopardy* — A member of the Operations Management Club, a portico skateboarder, and a OBHRM Professor square off for trivial supremacy.

*Rodney’s Back to the B-School* — A Michigan combination of

*Caddyshack* and *Back to School*.

The 1991 Follies was a multi-media presentation. Pre-taped segments were interspersed with live action, and commercials were shown. This year the Follies involved a cast and crew of over 100 students, and was attended by nearly 1,000 people over the three performances.

The show was produced and directed by MBA students Diedra Thompkins and Karen Schnatterly, both of whom have professional production and acting experience. They say that MBAs have an amazing amount of talent.

“Creativity and ability are both really high,” said Schnatterly. “Also, people are willing to do whatever it takes to make the show work — they’re much more helpful than professional actors.”

Tamara Burgess, MBA ’91, sings a revamped version of Aretha Franklin’s “Think — About What You’re Doing Back in School!” as one of the skits in the Fifth Annual Business School Follies.

## Black Business Students Hold 15th Annual Conference

John Rogers, who was given the Entrepreneur of the Year Award by Venture Magazine in 1988, and who is now the founder of Chicago-based Ariel Capital Management, Inc., was the keynote speaker at the Saturday night banquet on March 30, when Black alumni from all over the country convened to celebrate the 15th annual alumni conference sponsored by the Black Business Students Association.

Keynote speaker at the luncheon was Caroline Jones, the founder of Caroline Jones Advertising Agency in New York, N.Y. She was the first Black woman elected vice president of a major advertising agency (Batten, Barton, Durstine, and Osborne) and co-founder of Mingo-Jones Advertising agency.

Jesse Hill, MBA ’49, founder of Atlanta Life Insurance Company, was the recipient of the alumni award.

Theme of the conference was “Determining Our Destiny: Building Bridges Between Business, Education, Community, and Politics.” Proceeds from the conference went to support the Alfred Edwards Scholarship Fund.

Eight workshops and panel discussions given at the conference dealt with the following topics: Workforce 2000 — Fact or Fiction?; Determining Our Destiny — YOU, Today’s Leader; Effective Executive Strategy; Prioritizing Educational Values; Political Empowerment for African Americans; Breaking into Sports and Entertainment Management; Renewing our Commitment to Community Concerns; and Attaining Entrepreneurial Enterprise.

Adding another dimension to the conference were the sounds of jazz artist and flutist Sherry Winston, who has performed with such music greats as Roberta Flack and Quincy Jones. As a result of her album “Love Madness,” she received a nomination for an NAACP Image Award as Best Jazz Artist.

# Among OURSELVES

## Student Delegates from 35 Top Business Schools Attend Conference at U-M

Delegates representing 35 of the top business schools in the world convened at the U-M this spring for a conference focusing on Europe 1992. The conference was sponsored by the Arthur Andersen and Andersen Consulting business units of the Arthur Andersen Worldwide Organization.

The Graduate Business Conference (GBC) is a student-run event which has two major parts. During one day, the group focuses on a timely issue facing the world today. Another day consists of workshops and student presentations allowing students to share with each other some of the best and most innovative ideas from their different schools.

One hundred and thirty delegates attended the conference.

The theme this year was *1992 and the European Economic Community*. The keynote speaker was Professor Alan Watson, chairman of City and Corporate Counsel in London, where he specializes in consulting related to the Single Market. His talk was entitled "Overview of the Single Market Initiative."

Other speakers included Vernon Ellis, managing partner for Europe, Middle East and Africa of Andersen Consulting, who spoke on "Restructuring for the New European Market"; Iain Stitt, managing partner of the Arthur Andersen E.C. 1992 office in Brussels, who spoke

on "The Legal and Tax Environment"; Professor William J. Adams of the U-M department of economics, who spoke on "Competition Policy in the Single Market"; Dr. Edith Martin, vice president for high technology at Boeing, who spoke on "The Single Market and Technological Innovation"; and Paul W. Van Orden, Executive-in-Residence at Columbia University, who spoke on "Single Market Challenges."

The talks were followed by three panel discussions: the first was on "Will the Single Market Build More Walls or Create More Opportunities?"; the second was on "Strategic Organizational Issues for Financial Institutions in the

Single Market"; and the third was entitled "Organizing Management to Operate in the Single Market."

Since the Graduate Business Conference began in 1982 at Columbia Business School, it has been hosted by nine of the nation's leading business schools. Nearly 1,000 graduate business students have participated, dozens of corporate leaders have shared perspectives in GBC sessions, and the exchange of leadership initiatives (discussed in the student panels) has spawned dozens of new student programs nationwide.

The Michigan delegation to the Graduate Business Conference included (left to right), Mark Holman, Kirsten Nieradtka, Stephanie Woodson and Jeff Tuttle.



Michigan exchange students who attended the Graduate Business Conference as delegates from their schools are pictured left. From left to right, they are: Ulrich Byszio of the University of Saarlandes in Saarbrücken, Germany; Bozorg Amiri of the Helsinki School of Economics; Matthias Halusa of the School of Economics, Law, Business and Public Administration in St. Gallens, Switzerland; Ulrika Carlsson of the Stockholm School of Economics; Ivo Distelbrink of the Rotterdam School of Management; Stephan Brauer of the University of Saarlandes in Saarbrücken, Germany; and David Reed, a representative of Arthur Andersen & Co.

Ellen Climo

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## Conference Considers the Question "Why Do Business in Japan?"

The Second Annual Japan Conference, sponsored by the International Business Club at the Business School, addressed the question: "Why Do Business in Japan?" The conference took place Thursday and Friday, April 11 and 12 in Hale Auditorium.

The theme was discussed within the framework of several different disciplines, including marketing, corporate strategy, product development, R&D and access to financial markets. The conference aimed to explore the advantages that companies can gain from a business presence in Japan, and to consider how such advantage can be applied to the operations of a global company.

Among the speakers was Jackson N. Huddleston, Jr., who gave the opening address Thursday evening. He is the author of the book, "Gaijin Kaisha: Running a Foreign Business in Japan." The former vice president of Chemical Bank in Japan, Huddleston was one of the key players involved in introducing American Express travel-related services to the domestic Japanese market.

The closing keynote address was given by Durk Jager, executive vice president of Procter & Gamble, who spoke about his company's experience doing business in Japan, and commented on the insights that experience provided.

Friday morning began with a talk by Takaaki Wakasugi, co-director of the Mitsui Life Financial Research Center at the Michigan Business School and professor of finance at the University of Tokyo.

Following Professor Wakasugi's talk, a corporate strategy panel featured Lorraine F. Harrington of McKinsey & Company. She holds a Ph.D. from Stanford in Japanese and Chinese history and since joining McKinsey & Co. has focused on competitive issues in the electronics industry. Before joining McKinsey, she was an independent consultant specializing in the Pacific Basin. Also on the corporate strategy panel were Huddleston and Will Mitchell, assistant professor of corporate strategy at the Business School.

Later, small breakout sessions provided conference attendees with the opportunity to interact with executives from Ford, National Bank of Detroit, Peterson Consulting, and Procter & Gamble. There were three breakout sessions: one on marketing and product development; one on R&D and technology; and one on capital markets.

The conference was funded with the help of the Center for International Business Education; the Dean's Office at the Business School; the Mitsui Life Financial Research Center; the Office of the Vice President for Student Services at the University of Michigan; the Michigan Student Assembly, and the Pepsi-Cola Company.

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## Alumni Board Approves Three New Awards

Three new awards were approved by the Alumni Society Board of Governors at their spring meeting, held March 15 at the School. The Board decided on an award recognizing the class for the most significant contribution to the Annual Fund, the class that has the largest percentage of members donating, and the class with the greatest participation in reunion. The awards will be presented annually in the fall at the all-class alumni reunion weekend.

The Board heard reports from Paul Danos, chairman of the MBA Pilot Program Task Force and chairman of the accounting department, who discussed some of the changes being implemented in the MBA program in the fall. Students who initiated a class in "Emerging Business Opportunities in the Soviet Union," also gave a presentation about their experiences in the Soviet Union.

Some board members took advantage of a "Back to Class" program, during which they were able to sit in on MBA, BBA and Executive Education classes. In some of the classes, the professors included board members in the discussion.

As part of the Alumni Resource Committee, Mary Kay Haben, MBA '79, reported on a mini-internship she had set up for students at Kraft, where she is vice president of marketing. Entitled, "A Day in the Life of Kraft," the mini-internship consisted of a structured day for three different students, who met with managers and

sat in on meetings with brand group members, management, and other Kraft functional groups. The Board is anxious to expand this program to provide similar opportunities for our students at many potential employers.

The alumni networking committee reported on plans for regional alumni meetings, including meetings in Washington, D.C., Detroit, Philadelphia and Dallas in the spring.

The nominating committee announced that William Seidman, MBA '49, chairman of the FDIC, will accept the Alumni Achievement Award at commencement and that the Entrepreneurial Award will be given to Richard Rogel, BBA '70 at the Growth Capital Symposium to be held in May.

Board members modified their agenda so that they could attend part of the Business School's first Diversity Day Forum, which happened to be taking place on the day of the meeting.

# Among OURSELVES



L. William Seidman, MBA '49

## Alumni Board Gives Achievement Award to L. William Seidman, MBA '49

William L. Seidman, MBA '49, was named the recipient of the Business School's Alumni Achievement Award at the Business School Recognition Ceremony in May. He was the second winner of the award, which was established in 1990 by the Alumni Society Board of Governors. Eugene B. Power, MBA '30, received the award in 1990.

Seidman became the 14th chairman of the Federal Deposit Insurance Corporation in 1985. He brought to the position a record of accomplishment as a businessman, educator and public servant.

At the time of his presidential appointment to the FDIC, he was completing his third year as dean of the College of Business at Arizona State University in Tempe, Arizona. While in Arizona, he was chairman of the Governor's Commission on Interstate

Banking. In this capacity, he oversaw development of a proposal to open Arizona to full interstate banking — the first such initiative in the Southwest. As Commission chairman, he successfully pulled together consumers and all segments of the financial and regulatory community to win unanimous support for the Commission's recommendations. He also wrote a column on business for the *Phoenix Gazette*.

Seidman was President Gerald Ford's assistant for economic affairs from 1974-77. In this role he helped to develop a series of proposals on deregulation of transportation and other industries, providing a blueprint for many of the deregulation initiatives that were followed in President Reagan's administration. He served as co-chair of the White House Conference on Productivity in 1983 and '84. He was special assistant for financial affairs to Michigan Governor George Romney from 1963-66, and managed the operations of Romney's presidential campaign.

Seidman was vice-chairman and chief financial officer of the Phelps Dodge Corporation from 1977-82, and a director of Phelps Dodge, Prudential-Bache Funds, Catalyst Energy Development Corporation, the Conference Board, and United Bancorp of Arizona.

He was managing partner of Seidman & Seidman, certified public accountants, New York, New York from 1968-74. He also served as chairman (1970) and director of the

Detroit Branch of the Federal Reserve Bank of Chicago from 1966-70.

Seidman is also the founder of The Washington Campus, a consortium of 15 universities organized to help students and corporate executives understand the operations of the White House, the Congress

and the regulatory agencies.

He holds an AB from Dartmouth (Phi Beta Kappa), an LLB from the Harvard Law School, and an MBA with honors from the Michigan Business School. He served in the U.S. Navy from 1942-46, earning battle stars and the Bronze Star Medal.

## McCracken Gives McNally Lecture

"A Great Time to Be Alive — Economically Speaking" was the title of the 24th annual McNally lecture, given this year by Paul W. McCracken, former chairman of the President's Council of Economic Advisers and the Edmund Ezra Day Distinguished University Professor Emeritus of Business Administration, Economics and Public Policy.

McCracken said that while the U.S. economy is bogged down by overspending and the financial pressures caused by the crisis among savings and loan institutions, the future looks brighter. "History suggests that we ought to be close to the low point," he said, "with the volume of economic activity in 1992 above that for 1991, and probably at a record level."

However, McCracken commented that we have a good many challenges ahead of us. "We need to get the American economy more securely and comfortably fitted into the international economic order," he said. "About a decade ago the U.S. reversed its traditional role of being a net supplier of capital to the world, and began drawing capital net from out-

side. Our net investment income from abroad, which had been running at about 1 percent of GNP, turned into a net outflow in 1989. For 1990 there was probably a small net receipt, but negligible relative to the \$50-60 billion that earlier relationships would have delivered."

To become a strong leader internationally, we need to solve our economic problems at home, said McCracken.

"The nation is now literally living beyond its means," he said. "What the world economy needs from the United States today is a Federal budget whose borrowing requirements do not exceed about ten percent of our annual savings. For 1991 this would be a Federal deficit target in the range of \$85-100 billion. The domestic economy would then be relieved from the drag on capital formation imposed by the high cost of capital."

The McNally lectures began in 1966 to honor the memory of U-M Regent William K. McNally. They are supported by an endowment fund established by his friends to perpetuate his name.

## Three Outstanding Entrepreneurs Honored at Growth Capital Annual Symposium

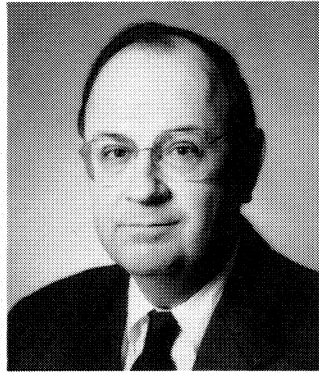
This year a new feature was added to the annual Growth Capital Symposium which brings emerging growth companies together with investors and business professionals. This year the University of Michigan Business School Alumni Society and the Harvard Business School Club of Detroit joined the Growth Capital Group to honor three outstanding entrepreneurs.

The three entrepreneurs are: George Brostoff, CEO of Symplex Communications Corporation; Brian Campbell, president of TriMas Corporation; and Richard Rogel, BBA '70, chairman of PPOM.



**George Brostoff, CEO of Symplex Communications Corporation.**

Brostoff was named Michigan's High Technology Entrepreneur of the Year in 1990. He founded Symplex in 1981 along with electronics engineer Jeff Jacobowitz and computer scientist Cyrus Azar. They created a product that allows large companies to carry more data, more reliably, at lower costs, over their phone lines. Symplex was a presenting company at the 1986 Growth Capital Symposium.

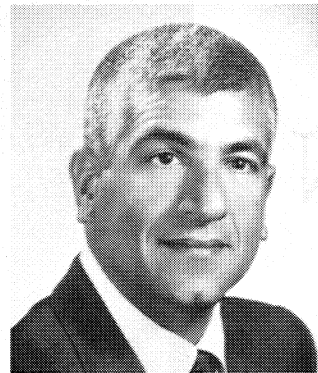


**Brian Campbell, president of TriMas Corporation.**

Campbell founded TriMas in 1986 under the name Campbell Industries, Inc. with the purchase of Lake Erie Screw Corporation and the Di-Rite Co. Subsequently, TriMas acquired nine businesses from Masco Industries in 1988, and four other businesses in 1990. It is now one of Michigan's best performing publicly-held industrial companies.

Rogel started PPOM, a preferred health care provider organization, in Sept. 1982, to provide a forum for some new ideas in health care cost reimbursement. In 1990 it became the fastest growing

privately held business in Michigan. PPOM climbed to first place, up from second place in 1989, in the Michigan Private 100 ranking compiled annually by the *Detroit News* and *Michigan Business Magazine*.



**Richard Rogel, BBA '70, chairman of PPOM.**

Also at the Growth Capital Symposium, investors from across the country had an opportunity to view presentations by CEOs of 20 or more emerging growth companies. These CEOs discussed the growth potential of their companies and their expansion plans.

In its 11 year history, the Symposium has helped over 300 growing companies raise

nearly \$200 million in seed or expansion capital. Companies participating in the Symposium are thoroughly screened, selected, and aided in the development of their presentations by the Growth Capital Group, under the direction of Dr. David J. Brophy, associate professor of finance at the Business School, where he teaches courses in venture capital finance and investment, corporate financial policies and banking. Dr. Brophy is a member of the Michigan Venture Capital Forum and has served on the Governor of Michigan's High Technology Task Force and Commission on Entrepreneurship.

The 1991 Growth Capital Symposium was sponsored by the Michigan Business School and held at the Ritz Carlton Hotel in Dearborn, Mich. It was attended by venture capitalists, larger companies seeking strategic partners, investment bankers, private investors, and professional service firms.

## Students Organize "Volunteer Days"

"Donate some time to help your community" read the ad in the *Monroe Street Journal* encouraging Business School students to give some time to the second annual "Volunteer Days," held this year on April 12 and 13.

All of the projects were in

the Ann Arbor area, and ranged from doing business career counseling talks for local high school students, to a Huron River beautification project, to a senior citizen social event.

In its first year, the Volunteer Day was organized and

run by MBA students; this year, the steering committee consisted of both undergraduate and graduate business students. Sixteen different charitable or community projects were listed for business student involvement.

# KARL PEARSON DIES AT 82



The late Karl Pearson, professor emeritus of real estate education.

**K**arl G. Pearson, professor emeritus of real estate education, died March 6 after a short illness.

A native of Lindsborg, Kansas, Professor Pearson took undergraduate studies at Princeton University before entering the U-M Law School, where he earned his JD in 1930. He then joined the Firestone Tire and Rubber Company for four years, before moving on to become associate professor of economics at Upsala College in East Orange, New Jersey. In 1936, he returned to the Firestone Tire and Rubber Company, where he served as assistant to the chairman for six years.

After four years in the U.S. Navy during World War II, Pearson returned to Firestone to work in marketing research from 1946 to 1948, then joined the Department of Business Administration as professor and chairman at Upsala College. In 1959, he became professor of business administration and chairman of the Division of Business Administration at Rider College

in Trenton, New Jersey, and was widely regarded as one of the top professors of real estate and land use economics in the country. He was selected by the National Association of Real Estate Boards to develop syllabi for its recommended courses in the nationwide instructional program, and for 13 years was Dean of the Real Estate Institute for the state of New Jersey.

In 1967, Pearson was named to his professorship at the Michigan Business School, where he contributed strength and vitality to both the academic and extension service education programs in real estate. He was also an active participant in the professional affairs of national, state and local realtor organizations and a major contributor to the development of real estate education programs in Michigan and the nation. He was the author of several books and numerous articles on various aspects of real estate.

One of his students wrote a tribute to him as follows: "The best way I could

describe Professor Pearson's class is dynamic and very positive. His knowledge and enthusiasm for real estate were contagious, and he was always organized and clear in his presentations. It was clear that he loved his job and real estate, and he was able to transmit this love through his dynamic lectures so that his classes were always interesting and enjoyable. He was always prepared to answer any questions and spend time with students. I believe that a good teacher is worth his weight in gold, and Professor Pearson was one of the best teachers I ever had."

Professor Pearson's wife, Lucy, survived him by only four weeks. She died April 3 at Glacier Hills in Ann Arbor. She held numerous positions on the board of The Ann Arbor Woman Painters, including president in 1986-88. She was also on the board of the Michigan Water Color Society and the Ann Arbor Art Association. Her water colors have been shown in local, state and national exhibitions.

# ClassNOTES

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'47

**Maurice S. Hahn, MBA '47,**

has been named an honorary member of the American Institute of Certified Public Accountants (AICPA). Before his retirement, he was a managing partner with Coopers & Lybrand in South Bend. He is president of the Pickwick Club and a past president of the Samaritan Counseling Center of Southwestern Michigan. He has also been a director of the Economic Club of Southwestern Michigan for 30 years. He has served on the Advisory Board of the Paton Accounting Scholarship Fund for over 25 years. The honorary member certificate is given to CPAs who have been members of the AICPA for 40 years.

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'51

**John H. (Jack) Hoekstra, MBA '51,**

is owner of the Hoekstra Sales Co., an electrical appliance and hardware store in Kalamazoo, Mich. He recently wrote a "Viewpoint" column for the *Kalamazoo Gazette* in which he discussed his view that the news media encourage recessions. He started his column by reminiscing about U.S. economic history since his great-grandfather founded the Hoekstra store in 1867, and then went on to state his case. "In recent years," he wrote, "our news media have played a major part in starting and extending recessions. Every day brings forth good and bad economic news but most news media stress gloom and doom . . . Many of our news media have lost their credibility because they have constantly cried wolf. It's time they become positive rather than negative. The glass is half full, not half empty."

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'58

**Bruce D. Evans, MBA '58,**

is completing his 20th year teaching the capstone course in the business environment MBA program at the University of Dallas. This final semester class offers a live laboratory project opportunity to the graduating students, who then give a report to the CEO of a Dallas metroplex corporation. He writes, "It has been my pleasure and privilege to guide 84 very successful such projects during this consecutive series. This course helps to explain the U.D.'s prominence in the area's competitive MBA market, as we lead eight competitors with 1750 enrolled students."

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'62

**Barry Peebles, MBA '62,**

has relocated from Dayton, Ohio, to the Poughkeepsie, New York, area. In January, he joined the Marine Midland Mortgage Corporation as vice president for mortgage operations in downstate New York.

**Jeffrey Jarrett, BBA '62,**

was awarded the 1991-92 Outstanding Research Award given by the College of Business Administration at the University of Rhode Island. He is a professor (and former chairman) of the department of management science at the University of Rhode Island. In April, he was elected to Phi Kappa Phi honorary.

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'65

**Douglas J. McGregory, BBA '65,**

writes that he joined the M.A. Hanna Co. in March, '88 after a 15 year career with Rockwell International. He was appointed president and COO of M.A. Hanna in May, 1989. He also serves in numerous community and charitable capacities including

the board of trustees of the Cleveland Playhouse Square Center and the board of directors of the Cleveland area Junior Achievement. He is also on the board of directors of Ameritrust Corporation, Ameritrust Bank, in Cleveland. He lives in Pepper Pike, Ohio with his wife Charlotte, daughter Erica (18), and son Craig (13).

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'68

**Louis H. Knapp, MBA '68,**

is currently partner-in-charge, environmental practice for A.T. Kearney management consultants. He heads a 100 member staff dealing with critical corporate environmental issues, and working with the U.S. Environmental Protection Agency and other business regulatory agencies. His wife Elaine is a volunteer worker at the national zoo in Washington, D.C. His oldest daughter Leslie is a U-M graduate (LSA '87) now in veterinary medicine school at Ohio State which, he says, causes confusion on athletic weekends. His younger daughter Cathy is a graduating senior at Duke University and headed for graduate work in psychology at the University of Texas.

**Arthur L. Schwartz, Jr., BBA '67, MBA '68,**

was elected vice president and program chairperson of the American Real Estate Society. He will organize the eighth annual meeting in San Diego in April, 1992. The American Real Estate Society is the largest academic real estate organization in the U.S. Arthur is professor of finance and real estate at the University of South Florida in St. Petersburg.

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'75

**John E. Jamerson, BBA '75,**

writes that after eight years of investment banking in New York and San Francisco,

he started a real estate development firm on the west coast of Florida. To date, he says his company has developed a half million square feet of retail space in seven shopping centers. He says he's enjoying island living in Sarasota Bay, Florida, with his new bride and four month old daughter.

**Robert D. McTaggart, BBA '75,**

Dallas attorney, has been promoted to shareholder at his firm of Geary, Stahl & Spencer, P.C. Robert, who has been practicing with the firm in the area of real estate law since 1983, recently became board certified in commercial real estate law by the Texas Board of Legal Specialization.

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**'80**

**John J. Ayoub, BBA '80, JD '83,**

has become a partner in the law firm of Miller, Canfield, Paddock and Stone. He joined the Detroit office of the firm as an associate in 1983. His principal practice is in federal tax law with an emphasis on estate planning and tax-exempt organizations.

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**'81**

**Lisa Valo Bates, MBA '81,**

has just had her first child — a son named Bradley James. She writes that her emphasis in the MBA program was in personnel and that she never took a class in industrial relations because she did not believe in the combative relationship she thought it entailed. However, she says, "after 10 years in the business of human resource management — including college relations, affirmative action, career management, compensation and benefits, I discovered labor relations to be the most stimulating and demanding. I just finished negotiating a three-year contract for 18,000 bargaining unit members of the International Brotherhood of Electrical Workers and loved every minute." She is now industrial relations consultant for Pacific Gas and Electric Company, and lives in Castro Valley, California.

**Michael T. Zambricki, MBA '81,**

has been elected mayor pro-tem of the city of Bloomfield Hills. He is currently serving his second term of office on the city commission, and will assume the mayorship in April, 1992. He practices labor and employment law with the firm of Cox & Hodgman in Troy, Michigan. He received his JD from Wayne State University in 1986.

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**'82**

**Marc Jaffe, MBA '82,**

writes: "I recently promoted myself to president of my own firm which exists only in my imagination. It's a little game I play at home every time I receive *Dividend* magazine and remember that yes, I did get a Michigan MBA a few years ago. Back in the real world, I just finished working as a writer and program consultant for "Seinfeld," the NBC show which presently is seen at 9:30 on Thursdays. I am also writer and segment producer for "Comic Strip Live," the Fox network show on Saturday nights. In addition, I'm working around the country as a stand-up comedian. Look for me in your town soon or better yet ask the local club to book me. A massive letter writing campaign is usually effective. In the meantime I'm taking care of my pregnant wife Karen (actually, she takes care of herself — she's an obstetrician). She's due in July with our first. Regards to my classmates." Marc and his wife live in Cleveland Heights, Ohio.

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**'83**

**Marci Carris, BBA '78, MBA '83,**

was recently promoted to manager-corporate strategy at Ameritech and moved back to Chicago in April. She joined Ameritech four years ago with the subsidiary Ameritech Publishing in Troy, Mich. Her most recent position with them was district manager — marketing planning and analysis. In that position she was responsible for competitive strategy, pricing and planning.

**Friedrich Wilms, MBA '83,**

has been working with ABN Amro Bank

as vice president for the past four years. His position is Global Relationship Manager for the bank's Fortune 500 customers who are headquartered in New York/Connecticut. ABN Amro is headquartered in Amsterdam, The Netherlands, with \$230 billion in assets. It is the 15th largest bank in the world. This past year, Friedrich was selected, along with 15 others from the ABN Amro global network, to meet with senior management in Amsterdam. He and his wife Nancy live in Norwalk, Connecticut.

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**'84**

**Angelo A. Barone, BBA '84,**

writes that he worked for IBM as a financial analyst from 1984 to '86, when he moved to First Chicago Corp. in Chicago. There he was an international banking officer for three years and traveled frequently to First Chicago offices around the world. He is now a full-time law student in George Mason University's banking law program in Arlington, Va., and a part-time MBA student in the George Washington University international business program in Washington, D.C. He expects to finish both degrees in May, 1992 and then plans to go into international bank management or corporate strategy for a multinational corporation. He is now also working part-time for James Orr Associates, an international banking consulting firm in Washington, D.C.

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**'85**

**Paula Litner Friedman, MBA '85,**

is an associate market research manager at General Foods USA, a subsidiary of Kraft General Foods in White Plains, N.Y. She and her husband, Howard Friedman, had a baby boy named Daniel Scott on April 19, 1991. Paula will be on maternity leave until mid-July, when she plans to return to her current position with the beverage department.

**Tina Szoke, MBA '85,**

has taken a position with Hyatt Hotels Corporation as the manager of data net-



## **Richard Ravin, MBA '66, Named President of Combined Insurance Co.**

Richard M. Ravin, MBA '66, has been appointed president and chief operating officer of Combined Insurance Company of America. A major subsidiary of Aon Corporation, an insurance holding company with assets in excess of \$10.4 billion, Combined Insurance Company is a leading writer of accident, health, and life insur-

ance in the U.S. and Canada. Richard, who is a CPA, has been with the company for 19 years. He is on the board of directors of the Better Business Bureau of Chicago and Northern Illinois, Combined Insurance Company of America, and Combined Insurance Company of New York.

work applications. She develops and supports all data network for the company, which connects the systems in the hotels, sales offices, corporate offices and reservations centers. She was formerly a manager in management consulting with Deloitte & Touche in Chicago.

### **John and Terry (Young) Trierweiler, both MBAs '85,**

live in San Clemente, California. He recently joined Bumble Bee Seafoods in La Jolla as business unit manager, where he reports to President and CEO Mark Koob, BBA '76. Terry is district sales manager for Bell Atlantic Systems Leasing, a mainframe computer leasing company. They were married in 1988 at the cliffside gazebo in Laguna Beach.

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**'86**

### **Michael J. Perullo, BBA '86,**

worked for Coopers & Lybrand after graduation from Business School, and earned his Massachusetts CPA license. He then worked at Fidelity Investments as a consultant, and is now in the practice of public accounting as a sole practitioner on Beacon Hill in Boston. Michael writes that he has volunteered much personal time to community service, including serving as a member of the Massachusetts Society of CPAs Persian Gulf Assistance Committee, which helped returning GIs with their tax filings. He is also in the

process of setting up Merchants Row Partners, Ltd. — a venture capital firm that will service the pollution control and environmental management industry. Ever a Michigan patriot, his Massachusetts license plates read "Go Blue."

### **Randall Schwartz, BBA '86,**

has joined the Toronto office of the law firm Fraser & Beatty as an associate in the tax department. He received his LLB from the University of Toronto.

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**'89**

### **Alan S. Brown, MBA '89,**

who was a joint degree student and received his master of music in arts administration at the same time he received his MBA, writes that he joined ArtSoft Management Services (AMS) in October, 1990 after serving as executive director of the Ann Arbor Summer Festival, Inc. for five years. Based in Builford, Connecticut, AMS provides planning and research services to a wide variety of clients in the arts and entertainment industry. Since joining the firm, Alan has led feasibility studies for new arts centers in Florida, California, and Ohio, and is currently managing a nationwide study of the presenting industry for the Association of Performing Arts Presenters.

## **Ph.D. Notes**

### **William F. Maloney, Ph.D. '76,**

has been appointed to the A.J. Clark Chair Professor of Construction Engineering and Management at the University of Maryland at College Park where he is also director of the Center for Construction Engineering and Management and of the academic program in construction engineering and management. The graduate program is designed to provide construction engineers with a background to prepare them to manage both construction projects and construction organizations.

### **John H. Lehman, MBA '77, Ph.D. '82,**

has been promoted to professor of accounting and information systems at the University of Alaska Fairbanks. His new book, *Systems Design in the Fourth Generation*, was published by John Wiley and Sons this year. He and his wife Lisa, who is assistant professor of library science at the same university, have recently completed a study of information systems research in the Peoples' Republic of China.

## 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 like to 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.

## Deaths

### **Francis E. Ross,**

who taught accounting at the U-M, beginning in the first year of establishment of the School of Business, died Feb. 16 in Tucson, Arizona at the age of 94.

Ross graduated from the University of Michigan in 1920, after interrupting his education for service as a 2nd lieutenant in the army during the first World War. He was elected to Phi Beta Kappa, went on to earn a master's degree, and began teaching.

In addition to his teaching duties, he had his own accounting business in Ann Arbor, and served as executive secretary to the Automobile Labor Board under the National Recovery Administration (N.R.A.) during the early years of the New Deal.

Following this, he joined the accounting firm of Ernst and Ernst, where he continued until his retirement. In 1958, he received the Distinguished Service Award of the Michigan Association of Certified Public Accountants, of which he was a past president.

During the 29 years of his retirement, he remained active in a variety of fields. A skilled lapidary and jewelry maker, he was instrumental in popularizing caymanite, a mineral unique to the Cayman Islands, as a gem stone. He traveled widely in Mexico and Central America, visiting remote archaeological sites.

He is survived by his wife, Faith, with whom he recently celebrated a 70th wedding anniversary. Other survivors are three children: Emily Mallow, David, and Jamie; seven grandchildren; and eight great grandchildren.

### **R. Timothy Leedy, BBA '57,**

publisher and senior vice president of *Financial World* Magazine, died of cancer March 23 at his home in New Canaan, Ct.

Leedy spent most of his career as a sales executive at Time Inc. magazines, including *Fortune*, *Time*, and *Discover*. International revenues doubled at *Fortune* during his tenure there. He joined *Financial World* in 1989.

"Tim was a consummate manager who taught an entire generation of magazine sales representatives to think in terms of customer service, relationships, and editorial values," said Dick Heinemann, vice president of advertising at Time Inc.

# Heirs Apparent.

## Heirs Unapparent.

Your children. Your spouse. Close friends. Relatives. Your estate plan provides for all the obvious legatees. But what about the heirs who are less apparent? What about, for example, the students of the Michigan Business School?

**A growing number of our alumni are looking beyond the obvious in their estate planning, by including the Business School in their bequests.**

Last year, bequests accounted for 24% of all gifts received from individuals by the University. Which indicates how deeply graduates feel about their relationship with Michigan and its role in their lives. That sentiment was probably best expressed by a '57 alumnus, who explained his generous bequest this way: "I feel so strongly about the need for continuing the Michigan educational legacy that I've decided the University deserves to be a co-equal estate member with my children."

**A bequest to the Michigan Business School is a rare opportunity to make a life-transcending gift — one that will perpetuate your ideals, your hopes, your values.** By providing for the Business School in your estate plan, you

can often make a much larger gift than would be possible during your lifetime. And that gift will have far-reaching ramifications, affirming the School's traditions, touching the lives of students for years — even generations — to come. Your bequest will literally form the bedrock of our programs, providing much-needed dollars for faculty support, building renovations, curriculum initiatives, and fellowships and scholarships for future business leaders.

**If you haven't yet made a bequest to the Business School, please consider it. And if you have, please tell us about it.**

If you're interested in making a provision for the Business School in your estate plan, call Ken Eckerd at 313/998-6085 or mail in the attached reply card. We'll send you information about the numerous giving options as well as

preferred bequest language for review by your lawyer. We'll also tell you about the John Monteith Recognition Society for bequest donors.

If you *have* remembered the Business School in your will, please use the reply card to let us know, and we'll contact you regarding the details of recognition.



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The University of Michigan  
Office of Trusts and Bequests  
301 East Liberty  
Ann Arbor, Michigan 48104-2260

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Office of Alumni Relations  
 School of Business Administration  
 The University of Michigan  
 Ann Arbor, Michigan 48109-1234

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## Experimental Course Explores Business/Liberal Arts Intersection

A new interdisciplinary course entitled "Global Interdependence" began last fall with Linda Lim of the Business School's international business department as coordinator. The course is open to upper-level undergraduates and graduate students from throughout the University. Pictured here are the flyers sent out to advertise the course, as well as a booklet published to give an overview to other universities interested in establishing the same type of course for their students.

With the aim of helping other schools interested in designing a similar course, Lim spoke at a joint national meeting of the American Association of Colleges (AAC) and the American Assembly of Collegiate Schools of Business (AACSB). Her talk was entitled, "Designing a Course in Global Interdependence: The Intersection of the Liberal Arts and Business." For more on this innovative course, funded as a curriculum development initiative by a grant from the U.S. Department of Education to the newly established Center for International Business Education at the Business School, see page 11.

