

*\$100 Million Campaign Begins*

# Dividend

The Magazine of the School of Business Administration • University of Michigan • Fall 1992



PUTTING THEORY INTO PRACTICE  
WITH MAP

# MICHIGAN RANKS NO. 5 IN BUSINESS WEEK SURVEY

*Business Week* ranked Michigan No. 5 in its new survey, described in the issue of October 26, 1992, just as *Dividend* was going to press. The top five schools were Northwestern, first; Chicago, second; Harvard, third; and Wharton, fourth. We moved up two places from the ranking of two years ago, when we were in 7th place.

In addition to the Number 5 ranking, *Business Week* also listed schools they called "Favorite Hunting Grounds, where corporate recruiters say they find the best graduates for specific skills." Michigan was the only school to be included in each of the five specific skills listed. For general management, Michigan was No. 5 in a list of ten; for production, Michigan was No. 3 in a list of five. Under marketing, Michigan was third in a list of five; fifth in a list of five for finance, and third in a list of five for accounting.

*Business Week* also commented on our curriculum innovations, saying, "A central feature of Michigan's revamped program is a six-week apprenticeship in which student teams work hand-in-hand with corporate managers to solve business problems. Executives from such companies as Boston Consulting Group, Federal Express, Motorola, and Xerox helped to design the unique program, which ran as a pilot earlier this year. (For more about this new program, see page 2.)

"It was a big success, though some students groused about being put back to work. At North American Philips Corp., a student team mapped out and examined the company's relationship with its suppliers. The team's recommendations lowered costs, sped up orders, and improved relations with vendors.

"We wouldn't dream of medical school without making rounds, internships, and



residencies," *Business Week* quotes Dean B. Joseph White as saying about the new MAP program. "By the end of the decade, I believe there won't be a business school that doesn't add this."

*Business Week* continues, "Besides adding medical-school-style residencies, White tore into the basic structure of Michigan's program. He broke the 14-week term in half, forcing professors to pare their course material down to essentials. The shorter format also allowed them to launch 30 new seven-week electives in topics they wouldn't have wanted to devote 14 weeks to, such as consumer satisfaction and environmental policy'

*Business Week* rankings adopt a consumer's approach to management education. Instead of rating schools on the test scores and starting salaries of students or questionnaires that ask deans

to rank institutions, *Business Week* sent surveys to 6,046 of this year's graduates of 36 prominent business schools and to 352 companies that actively recruit MBAs at the top schools. A total of 4,712 graduates and 199 companies responded.

The graduates, who judged only their own schools, were asked for their views on such issues as teaching quality, program content, and career placement. The views of the Class of 1992 were supplemented with those collected by the magazine in 1990 and 1988 to form a graduate ranking. In the corporate survey, recruiters were asked to rate student skills and to rank B-schools based on their overall quality and the success rate of a school's graduates in their organizations. Both polls were then combined to obtain the final ranking.

For the new ranking, *Business Week* made one significant refinement in its methodology. Through three separate polls of graduates in 1988, 1990, and 1992, the magazine has built a longitudinal set of data to capture the opinions and views of 9,621 MBAs. A larger number of independent observations in such a study lends greater reliability to the results, and helps to smooth the impact of short-term ups and downs in any one year. *Business Week* says it will now use three years' worth of longitudinal data to compose its graduate rankings, giving the greatest weight to the latest survey. However, the corporate ranking will continue to be based solely on the most recent survey of recruiters, because the sample has much in common with previous studies.

Other schools in the top 10 include Dartmouth (6), Stanford (7), Indiana (8), Columbia (9) and North Carolina at Chapel Hill (10).

# Dividend

## About the Cover

Sara Wachter checks out hoses in the cooling system that regulates the temperature of the molds at A-Line Plastics, where the MAP team studied the manufacture of one part, all the way from receiving through production to shipping. During the seven week MAP experience, students analyze a business process in a real company with the guidance of an interdisciplinary faculty team. MAP, which stands for Multidisciplinary Action Project, went into effect in 1992 on a pilot basis as part of the new MBA curriculum. For more, see page 2. Our cover photo is copyright 1992 by Philip T. Dattilo



## Putting Theory Into Practice With MAP

As part of the new curriculum, students analyze a business process in a real company. 2

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by Ellen Berger, MBA '92  
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## BUSINESS AND THE ENVIRONMENT:

### A SPECIAL SECTION 19

The Business School and the School of Natural Resources and Environment are joining together to respond to the pressing need for building bridges between business and environmental groups. In a special section beginning on page 19 we print a variety of articles that bear on the synergy between business and the environment. They include:

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Two important gifts have created a strong beginning for the implementation of the new Corporate Environmental Management program. 20

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# PUTTING THEORY WITH

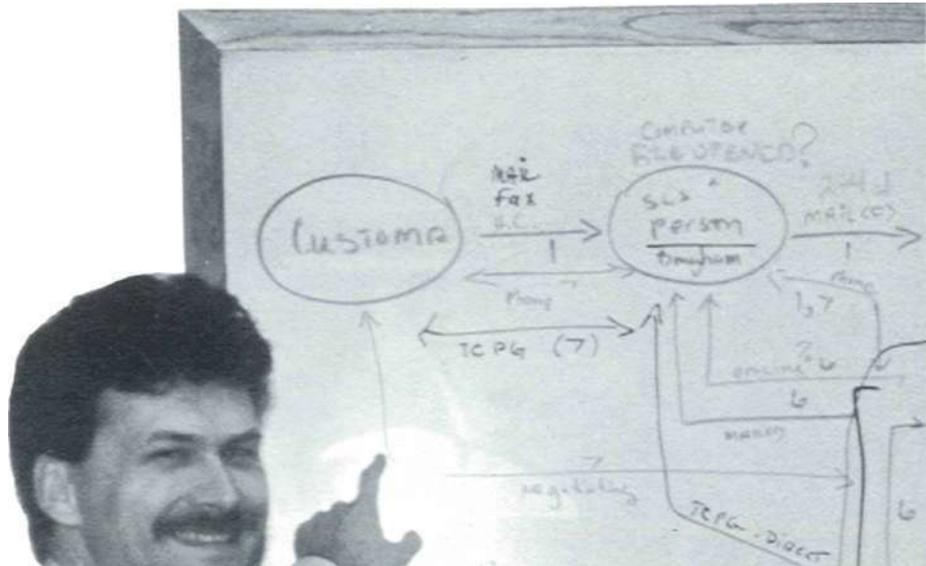
*As Part of the New Curriculum, Students Analyze a Business Process in a Real Company*

All MBAs get bombarded with new tools for two years — but at Michigan we don't wait two years to use them," says MBA student Jeff Elliott, who participated in the new Multidisciplinary Action Project (MAP) which went into effect in 1992 on a pilot basis as part of the new MBA curriculum.

During the seven-week MAP experience, students analyze a business process in a real company with the guidance of an interdisciplinary faculty team. MAP aims to strengthen student skills in operational analysis as well as to improve their understanding of how the various disciplines interact in an actual business environment. The MAP program was developed by faculty and students, with the assistance of representatives from Xerox, General Electric, Motorola, Federal Express, and The Boston Consulting Group.

Jeffs team analyzed the inventory maintenance process at F&M Distributors in Warren, Michigan. "The whole world is going cross-functional and to teamwork, and we learned how that works," says Jeff. "We worked on a problem as part of a team with group dynamics and politics to deal with — not a static case study'

"The MAP philosophy is the competitive weapon of the '90s," says Debby Pool, Process Improvement Manager at Motorola, who was the executive sponsor of a MAP team as they analyzed a product design and development process. "Michigan is taking a big step with MAP — making a real effort to give industry what we really need."



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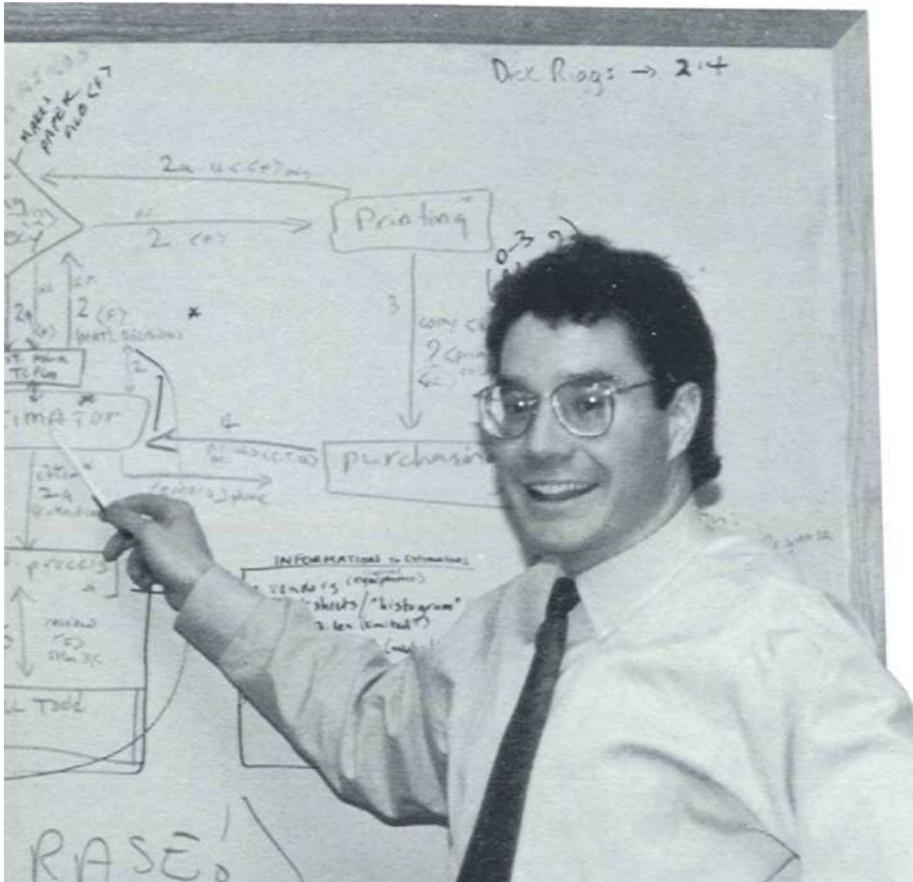
# INTO PRACTICE

# MAP

Students completed assignments at the end of April in 21 major companies, including Chrysler, Philips, and Motorola. MAP students were given real-world training in two key competitive battlegrounds on which both MBA programs and American management have been dangerously weak — improving business operations and implementing, not just talking about, new quality-based management theories.

Christopher Hurlebaus, who was on the Motorola MAP team, says MAP will make him an effective manager in ways that the traditional business school approaches and even most business experience, could not. "I've already worked in the real world, but there was no framework for process improvement," says Hurlebaus. "When our team met, we saw a lot of applications from our classes, from all the disciplines. We learned how to apply the theoretical."

MAP put students in projects that required them to focus on company operations — the level at which products are developed and made and customers are won or lost — adding a vital dimension to the traditional MBA focus on finance and strategy. The projects were also designed to teach the future executives how to take into the real world the new quality-based management techniques that companies need to compete, but which few of today's managers know how to use.



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A MBA students Mike Hanan (left) and Tim Barrett were part of a team of seven at Simpson Industries who worked on evaluating the estimating process and the time it takes to provide quotes. Here they are shown doing part of the work on mapping die process.



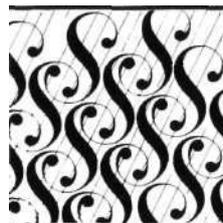
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Some of the members of the student team at Digital Equipment Corporation are shown here meeting to discuss aspects of the service contract administration process. From left to right, they are, Tom Letchworth, Argun Mehra, Rich Smalling and Martha Rodriguez.

"A dazzling boardroom strategy is not enough to make a company successful," says Associate Dean for Curriculum Paul Danos. "Operational excellence is just as important. Competitiveness today hinges on things like solving process problems and reducing cycle time. MAP is designed to produce MBAs who not only know that, but can act on it. That's empowerment, and it is fundamental. MAP is also showing students how to break down the obstacles that are keeping the new quality concepts from taking root in most companies. We are literally teaching our students how to improve the way companies work."

Companies that participated in MAP were enthusiastic in their evaluations. "As an outside entity, the MAP students are able to make recommendations without regard to 'politics,'<sup>1</sup> said one company evaluator. "Most of us appreciate the candid views of unbiased observers. We know we have blinders on." Another said, "MAP was definitely a Value added' for our company. We are now using MAP to streamline our budgeting process. It has also become the basis for an overall bench-

marking project on budgeting." Another executive who had worked with MAP team members as they studied the inventor's management process commented, "There are times when some of the key functions of an operation become taken for granted or are replaced by other more immediate concerns. The MAP project



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FUND DOLLARS  
AT WORK\***

\*We will be using this symbol in Dividend ID lei you know «bonf activities of the School that your Annual Fund dollars help to support.

has allowed some of these functions to be brought to the forefront for review!"

MAP resembles the medical school model in which students experience a residency as part of the educational

process, and also has features similar to an internship in consulting. However, an important distinction is that each student team works under the guidance of an interdisciplinary group of faculty members with expertise in operations management, managerial accounting, computer and information systems, organizational behavior, and business communications. The faculty team met frequently to discuss aspects of MAP and ongoing concerns as they came up. A side benefit of the whole process, said one member of the faculty team, was getting to know and work with faculty from different areas.

"MAP is the best way I've ever experienced to teach organizational change — and I've been teaching that subject for eight years," says Susan Ashford, associate professor of organizational behavior and human resource management who is a member of the MAP faculty team. "Instead of learning about resistance to change, the students experience it first-hand, by running into various brick walls and having to design strategies for circumventing them. We are training people to take the

culture, the politics, and the prevailing reward systems into account when they take actions. They are getting theory when it's useful to them right on the scene rather than beforehand to be put away in their tool kits.

Ashford also comments, "I also think that MAP broadens students. Even though most of the students have work experience, it's in one functional area. Here they have to look across functional areas. They quickly learn first-hand that if you change something in one area it can have all sorts of unintended effects on other areas."

**W**e want our students to come out of MAP with a good idea of how various disciplines converge on different issues," says Associate Dean Danos. And indeed that's what students seemed to learn. Peggy Brown, a MAP team member who worked on the new product development process at Alexander Hamilton Life, observed, "We're seeing case studies in real life. MAP helps you see how the different functions fit together' Adds Karen Krawec, whose team did an

**"MAP is the best way I've ever experienced to teach organizational change. Instead of learning about resistance to change, the students experience it first hand, by running into various brick walls and having to design strategies for circumventing them. We are training people to take the culture, the politics, and the prevailing reward systems into account when they take actions."**

**— Susan Ashford, Associate Professor of Organizational Behavior and Human Resource Management, who is a member of the MAP faculty team.**

analysis of the process of developing/purchasing computers at Ford/IBM Alliance, "It's easy to make radical suggestions about how to solve problems in case studies. But MAP teaches what it takes to solve actual problems in companies. There are a lot of nuances that have to be considered when you develop solutions in the 'real world.'"

MAP projects occur during the final seven weeks of the first year of the MBA curriculum, thus providing an opportunity for students to apply the concepts learned from their other core courses in an actual business environment. Each MAP team consists of six or seven students whose mission is to develop a thorough, descriptive analysis of the process being studied and to identify opportunities for process improvement. Although in some cases MAP teams may also have sufficient time to make specific recommendations for process improvement, they usually are not able to initiate actual implementation of the process changes.

Upon completion of its work, the MAP team presents the host company with a written, detailed analysis of the business



MBA student Eva Chang is shown checking in inventory goods at Kmart, where the MAP team was studying inventory receipt, processing and the control process.

process that they have studied. In addition, a formal presentation is made at the Business School to faculty and representatives from the company. At the company's option, the MAP team may also make a presentation of their results at the company's location.

**T**eams at Chrysler and Philips developed recommendations for improving purchasing processes that have an important impact on quality and cost; a group at Kmart recommended changes to the company's customer service-oriented accelerated merchandising program; and the MAP team at Comerica Bank looked at the residential mortgage loan work flow for ways to improve productivity and customer service.

One of the people Michigan turned to in developing MAP was Kenneth Breen, Xerox's manager for benchmarking and quality education. Xerox is regarded as a

"A dazzling boardroom strategy is not enough to make a company successful. Operational excellence is just as important. Competitiveness today hinges on things like solving process problems and reducing cycle time. MAP is designed to produce MBAs who not only know that, but can act on it."

— **Professor Paul Danos,**  
**Associate Dean for Curriculum**

leader in the quality movement and is one of the few companies successfully applying the concepts MAP is designed to teach.

"MAP is on the cutting edge of management education," says Mr. Breen. "Business schools are providing our future leaders and MAP equips those leaders with the skills and competencies to make the right decisions for global competition. This approach will permit major corrections for business. MAP supports a new, emerging role of the manager — one who manages processes and leads people."

Students spend the final seven weeks of their first MBA year in MAP assignments so they can immediately try out the theories and concepts they study in the classroom during their first 21 weeks. One hundred and forty of Michigan's entering MBA class experienced MAP in the winter of 1992, and in 1993 MAP will be expanded to include 60 host companies and the entire 420-member entering class. •



Heather Swigle, Jim Zabriskie, Masaaki Yasakawa and Dan Hawkins are pictured outside the Cadillac plant in Detroit, where they were part of the team that analyzed the people planning process.



The MAP team at A-Line Plastics studied the entire process of manufacturing a single plastic part to see if they could develop cost-saving ideas. A-Line Plastics produces about 750 different parts. Here, Mike Mercier, Sena Kwawu, and John Robinson discuss the cooling system that regulates the temperature of the molds used to produce a plastic part.

# QUICK ON



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Photos by Gregory Fo



# YOUR

# FEET!

The first annual Quick-on-Your-Feet Case Competition, sponsored by the Consulting Club, was a competition, all right.

A total of 138 students, graduate and undergraduate, responded to the challenge of seeing how far they could go toward helping a hypothetical client solve a hypothetical problem...in 10 minutes...literally on their feet. A panel of faculty judges narrowed the field to six for the finals, which were then judged by consulting professionals.

"The main reason I wanted to participate was to prepare for consulting company interviews," said first-year MBA student Bhanu R Singh, who won the competition. Added CV. Ramachandran, MBA '90, who served as one of the judges, "A lot of times, students come into their interviews and are hit with a case and feel

- A finalist thinks fast as the panel of judges asks questions.

^ Alex Lewis (left), manager of business planning and production for Coopers & Lybrand in Detroit confers with CM Ramachandran, MBA '90 senior associate at Booz Allen & Hamilton Inc. in Chicago. They were part of the panel of consulting professionals who served as judges for the finals in the "Quick-on-Your-Feet" competition. Not pictured is the other judge, John Criso of Deloitte & Touche in Detroit.

intimidated," he said. "This was an attempt to get them up to speed on the case method of interviewing. It's as close to real life as you can get."

Ramachandran added that he himself could have used such training. "When I interviewed with Booz Allen, I was hit cold with a case," he said. "It took me a while to figure out what was going on." (He is now a senior associate at Booz Allen & Hamilton Inc. in Chicago.)

Each judge devised two cases, which were then put in a hat for a blind draw by the finalists. Once a contestant had selected a case, the judge who concocted it posed as an officer of the corporation seeking help, expecting, as Lewis said, "three months' work in 10 minutes."

Here is a sampling of questions from the judges (some of whom were quite convincing at feigning density):

- "The client hasn't thought about that. How would you help him think about it?"
- "Can you help me figure out if I'll be in a position to know in 60 days whether or not I can do this within six months?"
- "Do you think we're doing this right?"

"It's a great way to find out how a person thinks," said Maryellen Torres, first-year

MBA student who helped organize the competition. "In 99.9% of case interviews, you never find the solution. It's a thought process, a logic process."

Ramachandran said what recruiters look for is "a structured way of thinking through a problem, a framework, a method of approaching a solution that's not random. Some of (the students) were

"Can you help me figure out if I'll be in a position to know in 60 days whether or not I can do this within six months?"

floundering a little bit, spending too much time on data gathering, or an analog' that didn't work." In fact, he said, the competition might have been even tougher than real life. "Actual interviews are longer, more like 30 minutes," he said.

In addition to Ramachandran, the other judges were Alex Lewis, manager of business planning and production for Coopers & Lybrand in Detroit, and John Criso of Deloitte & Touche, also in Detroit. •

# Plan for Foods of Asia Wins *9<sup>th</sup>* Pryor Award



**B**BA students Lisa Quan and Doris Tseng are the first undergraduates to win the \$3,500 Pryor Award for the best-prepared, most promising, practical business plan presented by the contestants. This is the ninth year of the award, which was established in 1984 with a \$50,000 grant to the School from Millard H. Pryor as a challenge to "commit the entrepreneurial dreams of students to paper."

The winning business plan outlined the idea of a mail order catalog for Asian foods and ingredients. "Many Asians

and non-Asians fond of Asian food products have limited access to quality Asian grocery stores and must travel long distances to find desired products," said Tseng. "The high growth in both the Asian American population and retail catalog food sales creates an excellent opportunity for our idea to be extremely successful"

The business plans were screened by six faculty members, and then evaluated by a panel of four entrepreneurs during a 15 minute oral presentation which was followed by a 10 minute question and

answer session for each plan. The judges included: Herbert Amstei; consultant to TriMas; Ian Bund, Managing Director of MBW Management, Inc.; Mary Campbell, Partner, Enterprise Development Fund; and Michael Gallagher, President of Ann Arbor Medical Clinic.

This was the first year that the entrants had to make oral presentations of their plans to the judges. "We used to judge the written plans only" said Gallagher. "It was different this year because we got a first-hand feeling for the individuals who wrote the plans. There

were some very fine written plans but they were even better due to the oral presentations."

The award is usually won by MBA students," said LaRue Hosmer, professor of corporate strategy, who was one of the faculty judges. "But the judges thought the ideas of the undergraduate students and all the others were very good this year!"

"It was a big accomplishment to beat out the MBA teams," said Quan. "It felt good to win because of how hard we had been working on it. We did get a real sense of all the things you have to do to run a business...

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BBA students Lisa Quan (left) and Doris Tseng won the 9th Annual Pryor Award for the Michigan Individual Entrepreneur Project with a business plan for providing a mail order Asian food service.

all in the period of about two months."

" ~Wt gave us real-life practical 1 experience," Tseng added.

JL. She said she skipped all her classes the week before the project was due just to get the work done. "We barely even slept. We lived the business plan for that week."

Quan and Tseng prepared their plan as an assignment for a class in entrepreneurial management taught by Professor Andrew Lawlor.

The plans were judged on their conceptual innovativeness,

clarity, and practicality of marketing and production methods. Contestants were advised to focus on consumer or industrial products, services, or real estate products. The Pryor award competition is open to all undergraduate or graduate students who are registered during the academic year.

Other finalists' plans included ideas for creating a liaison between people with advertising ideas and agencies, for a barbecue restaurant, a golf course, and software for wedding-planning.

The winners were recognized

at a special award luncheon on April 16. The gathering was attended by U-M professors, award committee members and judges, as well as Mr. and Mrs. Pryor, benefactors of the award. This year's winners combined skills in accounting and marketing. Quan, who worked last summer in accounting at First Fidelity Bancorporation in North Brunswick, New Jersey, is now employed by Price Waterhouse accounting firm in Boston, Mass. Tseng did summer work at Siemens Components, Inc. as a customer service representative and is

proficient in Mandarin Chinese. She is now working in the purchasing department of Chrysler Corporation in Detroit. The two have a partner in California who is pursuing the plan, and Quan and Tseng say they are thinking about implementing the business idea at some time in the future. •

# Dollars *for* Scholars

## New Scholarship Honors George S. Odiorne



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A new scholarship has been established to pay tribute to George S. Odiorne, professor and director of the U-M Bureau of Industrial Relations from 1958 to 1968.

George Odiorne's death in January was a loss to numerous managers, colleagues, and former students throughout the world. As one company president who fits all three of those categories said recently, "Never a day goes by, nor a speech that I make, nor a client that I deal with, that I am not guided by the things I learned from him."

Best known for his 1968 book, *Management Decisions by Objectives*, Odiorne was also the author of 25 other books and more than 300 articles. "All that is current and timely in training today, George was doing years ago," says Geary Rummier, BBA '59, MBA '60, president of the Rummier-Brache Group in Warren, New Jersey. Rummier was a student of Odiorne's and later worked with him.

The Odiorne Scholarship will be awarded to students who meet criteria that are felt to represent the essence of Odiorne. The criteria, developed by his wife Janet as well as former students and colleagues, include: academic achievement; leadership qualities that foster independence, integrity, and honesty; entrepreneurship; commitment to their own personal growth and to the growth of others; and a perspective on life that includes personal excellence, enthusiasm for learning, and an irreverent sense of humor.

Commented one member of the team who developed the criteria, "George prac-



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<sup>4</sup> A new scholarship honors George Odiorne, Director of the Bureau of Industrial Relations from 1958-68.

ticed these qualities and encouraged them in others. We love him and miss him. He touched us all and we want to continue fostering those important qualities which he represents. The scholarship is one way to do that"

Odiorne received his master's and doctoral degrees from New York University, taught at Rutgers and then worked as manager of the American Management Association's personnel division, where he developed courses on performance standards. He also served as a personnel manager for General Mills before joining our faculty in 1958.

In 1968, Odiorne became dean of the School of Business Administration at the University of Utah. In 1974, he was named professor and dean of the Business School at the University of Massachusetts, where he stayed until 1983 when he became a professor at Eckerd College in St. Petersburg, Florida.

Tom Connellan, BBA '64, MBA '66, Ph.D., '73, president of the Management Group in Ann Arbor, was a student and colleague of Odiorne's and a key person in the establishment of the scholarship. Connellan has warm memories of Odiorne. "He grew people and developed people," says Connellan. "He was a practitioner of his art at the very highest level. He developed people. He took risks and encouraged you to do the same. I've talked to many people — many of them company presidents and vice-presidents — who said they wouldn't be doing what they are doing without George's influence."

The greatest of Odiorne's contributions, however, says Connellan, was that he practiced what he preached. The Odiorne scholarship fund will carry on his deep commitment to education and is, says Connellan, a most appropriate way to remember him.

The goal is to permanently endow the scholarship through the generosity of George's friends and associates. Those wishing to contribute should send their checks, made out to the George S. Odiorne Scholarship, to the School of Business Administration, Alumni Relations and Development, Room 2215, Ann Arbor, Michigan 48109-1234. •



Mary Van Hamm Strong, BBA '73, MBA '82.

## *Scholarship Fund Established in Honor of Mary Van Hamm Strong, BBA '73, MBA '82*

An endowed scholarship fund in honor of Mary Van Hamm Strong, BBA '73, MBA '82, has been established by the firm of Arthur Andersen & Co., S.C., with an initial gift of \$30,000 and by gifts from Mary's family and many friends. The Mary Van Hamm Strong Scholarship Fund will support scholarships for marketing students.

Mary had been director of marketing at Arthur Andersen's Detroit office since 1983. According to Detroit office partner Doug McClintock, BBA '68, MBA '69, "Mary gave many of our partners and managers their first exposure to sales and marketing. Her creativity and imagination helped lay the foundation of our marketing function in Detroit. Beyond her professional achievements, Mary was a friend and counselor to many of our partners. She was always positive and enthusiastic.

"An accomplished marketing professional, Mary still saw her husband George, and her two children, Lara and Charlie, as the most important part of her life. She deftly managed career, family,

friendships, and social activities (including Michigan football games). She had an uncanny ability to make each person she interacted with feel special."

Mary's positive approach to life never shone brighter than during her courageous battle with cancer. A co-worker said, "Her courage and fortitude in dealing with her illness was nothing less than inspirational; she was always positive, never seemed depressed or afraid. But to me, the most inspiration is to be gained from the way she lived her life. It is a great privilege to have known her."

"We are very pleased that a scholarship to support marketing students has been established in Mary Van Hamm Strong's memory" said B. Joseph White, Dean of the Business School. "Her life reflected many of the values we hope to instill in our students — consummate professionalism combined with caring and commitment to the people surrounding them. Her courage will inspire those who follow in her footsteps" •

# Dollars for Scholars

## *Donors and Recipients Meet at Fourth Annual Scholarship Dinner*

Students who have received scholarships were able to meet their benefactors at the Fourth Annual Michigan Business School Scholarship Recognition Dinner. The theme, "An opportunity to say thank you," was brought to life as students greeted and shook hands with the donors who were providing them with financial support.

Carleton H. Gnffm, BBA '50, JD '53, MBA '53, professor of accounting, moderated the program. Jack Darville, MBA '70, partner at Price Waterhouse in Toronto and a donor to the Paton Accounting Scholarship, spoke, giving his personal reflections on scholarships. He noted that scholarship money had made it possible for him to complete his degree at U-M.

David E. A. Carson, BBA '55, President and CEO of Peoples Bank in Bridgeport, Connecticut, also spoke at the dinner. Carson established and generously supports the David T. Black Memorial Scholarship, in memory of a young family friend who was accepted at the Business School but died before he was able to attend the University.

Following his talk, five student recipients made brief personal comments about their awards. They were: Karim Vitar (the Unilever United States Scholarship); Estrella Hernandez (Consortium Program for Graduate Stud] in Management); Howard Oppenheimer (Little Family Foundation Fellowship); Susan Richardson (Ernst & Young Scholarship); and Ralph Johnson (Consortium Program for Graduate Study in Management).

Pictured here are some of the scholarship "pairs" who were present at the dinner.



David E. A. Carson (left) and Sara Carson greet MBA student Richard Smalling who is the recipient of the 1991-92 David T. Black Memorial Scholarship. This scholarship was established by the Carsons in memory of a young family friend who was accepted at the Business School but died before he was able to attend the University.



Craig Lewis (left) and Kelly Wiggins (right) are recipients of Amoco Foundation Fellowships, established in 1990 to provide assistance to minority MBA students pursuing a career in organizational behavior and human resource management. Perry Borman (center) represented the Amoco Foundation Fellowship.



Oscar Feldman, MBA '47, and Dede Feldman (left) meet Terence Hamilton and Laura Palmer who are the recipients of scholarships made possible by the Oscar H. Feldman Scholarship Fund, established by Mr. Feldman to provide financial assistance to MBA students.

Gregory Fox



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Three scholarship winners meet Professor and Mrs. Alfred L. Edwards. Felix Amoyaw (left) is a recipient of the Alfred L. Edwards Scholarship established in Professor Edwards' honor by the Black Business Students Association. He is also a recipient of the Chase Manhattan Bank Minority Scholarship. Standing next to him is Mrs. Edwards. Pictured in the center are David Lowe and John Pallard, both recipients of the Douglas A. Hayes Scholarship, established in 1989 by Security Bancorp, Inc., in honor of Douglas A. Hayes, BA '39, MBA '40, Ph.D. '50, professor emeritus of finance Professor Edwards is pictured on the right.



The Robert E. Frane Memorial Scholarship was established in 1989 by the family of Robert E. Frane, MBA '56, who died in 1984. Here, Mary Gail Frane Compton (left) and Don Compton (third from left) meet MBA students Ellen Berger and John Morgan, the recipients of the scholarship.

Gregory Fox

MBA student Mark E. Driscoll has been named the second recipient of NCR Corporation's 'Award of Excellence' Pictured here are (left) Pete Amstutz, assistant treasurer at NCR, who presented the \$2,500 award to Mark; Mark and his wife, Becky; and Laura Kodres, assistant professor of finance Mark holds a bachelor's and master's in electrical engineering from Purdue University and a doctorate in electrical engineering and computer science from the University of Michigan. He is currently employed at the Business School's Trade Adjustment Assistance Center (TAAC), working with businesses adversely affected by import competition to develop plans for improving their competitiveness.



# VISION IN ACTION

## MBA Students Write Cases on Leadership, Vision & Change for a New Course to be Offered in Winter, '93

by Ellen Berger, MBA '92

In the fall of 1991, Professor Robert Quinn began a search for firms whose management felt they had been led by visionary leadership, and who were willing to support students in writing a case about leadership at the company.

By the spring of 1992, six firms had signed on to provide students access to key executives for information and assistance. Each company offered provocative examples of leadership challenges, a desire to be involved, accessibility, and a connection to U-M recruiting. The companies included Northern Telecom, Pacific Gas & Electric, Nestle U.S.A., Lever Brothers, Honeywell, and NAC Re, a reinsurance firm in Connecticut.

In the summer of 1992, four MBA students and two Ph.D. students started writing the cases, which will be used in a new course, entitled "Leadership, Vision & Change." The course, to be offered in winter, 1993, is the brainchild of Quinn, chair of the organizational behavior and human resource management group,

author of the book *Beyond Rational Management* and co-author of *Becoming a Master Manager*. A generous donation from former Sealy Mattress CEO Howard G. Haas, provided an initial financial base for the course.

Based on interviews with senior executives involved in organizational change, both the course and the Howard G. Haas Series of Leadership Cases concentrate on vision and its role in fostering and directing major change.

Students were selected for the competitive summer internship positions based on their demonstrated skills in writing, interviewing, and team-based efforts. Forty-four applicants responded to the university-wide posting with writing samples and letters of recommendation from faculty and previous employers. From the initial pool, thirteen candidates were selected for a two-hour "group interview" with Quinn, and visiting lecturer and project coordinator, Joel Kahn. Candidates were asked to: 1) speak before the group and explain their desire to be a casewriter;

2) work in small groups with other candidates to create a flow chart for the project; and 3) evaluate their peer candidates based on working style compatibility.

The six students selected to write the cases brought a diversity of backgrounds and skills to the project. The MBA

students included Ellen Berger, a former advertising copywriter from the publishing industry; Gary Boss, who started his career in financial services; Anmiryam Budner, formerly an annual fund director at a private college; and John



Gregory Fox

Marsh, who had worked in real estate development. The Ph.D. students were Brenda Ellington, a former advertising account executive, and Michael Pratt, who had written case analyses for several companies.

**T**he team began work with training activities such as discussions with Quinn on the elusiveness of vision and how it emerges (or disappears) within an organization. Quinn advised the students to look for unusual behavior within organizations, as visionary leaders tend to break traditional norms as they take risks and test new strategies and practices. "It's like a dream with energy," he commented.

In another part of the training, students were asked to watch and discuss various films that depicted vision in action, such as *Pattern*, *Brubaker*, *Stand and Deliver*, *Lean on Me*, and *The Ten Commandments*. Together, the group watched the World War II film, *Twelve O'Clock High*, in which Gregory Peck plays the role of an air-force general who challenged a defeated squadron to overcome its perception of itself as incompetent. As a result of the generals seemingly harsh leadership, the team went on to earn great victory. "Remember," said Quinn, "changing culture is a huge accomplishment." Later, after weeks of interviewing and analyzing corporate change efforts, the casewriters would reach a similar conclusion.

By early June, students were on the road — in teams of two — interviewing executives across the nation: in New York, Greenwich, Washington, D.C., Nashville, Minneapolis, Los Angeles, and San Francisco. Quinn and Kahn had decided that students would better absorb the details of their interviews with company executives if they worked in pairs. Also, by working in pairs, one student could serve as a "sounding board" for cross-checking the ideas of the other. Each student was lead writer on one case, and backup writer/editor on a second.

"The interviewing was exciting, but exhausting," said Anniryam Budner. "Each week we were either heading to New York, or coming home from Minneapolis and other points

east and west. And the meetings were tiring because we were trying to get all the data we needed without directing people to tell the story we wanted to hear." Each case was unique, and students struggled to schedule meetings with personnel appropriate to the vision issues. At Lever Brothers, the team spent five full days interviewing members of Lever's Executive Committee to better understand how the CEO's efforts to foster cross-functional integration were

Students and project director Joel Kahn met bi-weekly at a local breakfast site to share visions and french toast. Hard at work early in the a.m. are (left to right), Brenda Ellington, Michael Pratt, Gar' Boss, Anniryam Budner, Joel Kahn, John Marsh and Ellen Berger.



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received throughout the company. At Honeywell, the focus of one case was on a cultural shift brought about by a 1988 crisis and looming takeover threat.

The Nestle U.S.A. vision case pertained to the coordination of a multitude of separate business units, and the firm sent the casewriters on 23 interviews. Brenda Ellington, who wrote the Nestle case, followed up two weeks of interviewing at Nestle in southern California with another week of meetings at Pacific Gas & Electric (PG&E) in San Francisco. There, the focus of the case was on a utility leader operating in a highly regulated environment. The firm's efforts at restructuring were closely tied to legislation and environmental concerns. "You learn just how hard change is within an organization as large as Nestle," she said. "Communication amongst employees is a major challenge"

NAC Re casewriters conducted 30 interviews — covering roughly 40% of the firm's personnel. The firm faces a unique set of challenges stemming from their enormously successful start-up in the '80s, and the executives thought it important for the writers to hear the perspectives of a variety of employees on how the organization had been, and should continue to be led. "It was fascinating," said Michael Pratt, "because NAC Re is facing a problem so endemic to American corporations. That is, how do successful organizations need to change in order to remain successful?"

Also operating with huge successes in small time-frames was Northern Telecom. "Business issues that someone in an MBA program might think

of as "cutting edge" are issues that Northern Telecom has been dealing with for over a decade — from globalization to cross functional teamwork to continuous improvement," said Gary Boss.

complete with the historical and industrial information necessary to place the company's business strategy in context, and demonstrate why the leadership involved vision. "I studied pages of utility legis-

approvals by peers and faculty, the cases were sent to the companies for permission to publish.

The casewriters enjoyed a great deal of freedom to explore issues of vision, leadership, and change within organizations and consequently, the internship was very much a hands-on learning experience. "It was different from a regular internship, because we dealt with the big picture," said John Marsh. "We looked at strategic and organizational issues from top management's perspective."

"We were given a personal introduction into the deep structural issues that face top management — such as international expansion, performance excellence, and managing growth — years before we would be expected to manage such strategic responsibility" said one of the writers. "We learned through the mindsets of executives the depth of complexity involved in decision-making at the top. An interview is an extraordinary learning opportunity"

Plans to continue the course and student casewriting in 1993 have already been set, and Quinn is hoping to start the intern selection process early enough so that the new casewriters will have the opportunity to take the course in the winter semester before they begin work on new cases.

"Leadership, Vision and Change" will be taught in January 1993, and key executives from each of the featured companies will come to campus to discuss their respective cases and make presentations to the MBA student body at large. •

*"We were given a personal introduction into the deep structural issues that face top management — such as international expansion, performance excellence; and managing growth. An interview is an extraordinary learning opportunity?"*

### *Sharing Visions Over French Toast*

**A**bout every second Monday, the casewriters and Kahn would convene at one of Ann Arbor's popular breakfast sites to share visions and french toast. Recounting who had been where, how far everybody's cases had progressed, as well as funny stories about interviewing experiences, made for lively morning conversation.

The semi-weekly gathering was also a time to vent frustration and discuss problems, which tended to fall into three categories.

First, the casewriters found that they had to replay hours of tapes in order to understand and articulate differing employee perspectives on leadership, vision, and organizational change. "I never realized that transcribing the tapes would take me sixty hours," said one,

Next, the cases had to be constructed in logical formats,

in order to understand the role of government regulation in PG&E's management of their nuclear reactor," said John. At the same time, casewriters gathered up appropriate documents to be used as exhibits within the cases. Typical exhibits included financial statements, quotes from presidents' reports to employees, diagrams of organizational hierarchies, and mission statements.

Finally, each case had to be reviewed, edited, and approved by at least three members of the Leadership, Vision & Change casewriting team, as well as by Kahn and Professors Quinn and Jane Dutton, associate professor of organizational behavior and human resource management. The editing process was designed to ensure that future MBA students, who were not steeped in the intricacies of the individual corporations, would be able to grasp and appreciate the role of vision within the companies' restructurings. After rewrites and

# A SPECIAL SECTION:

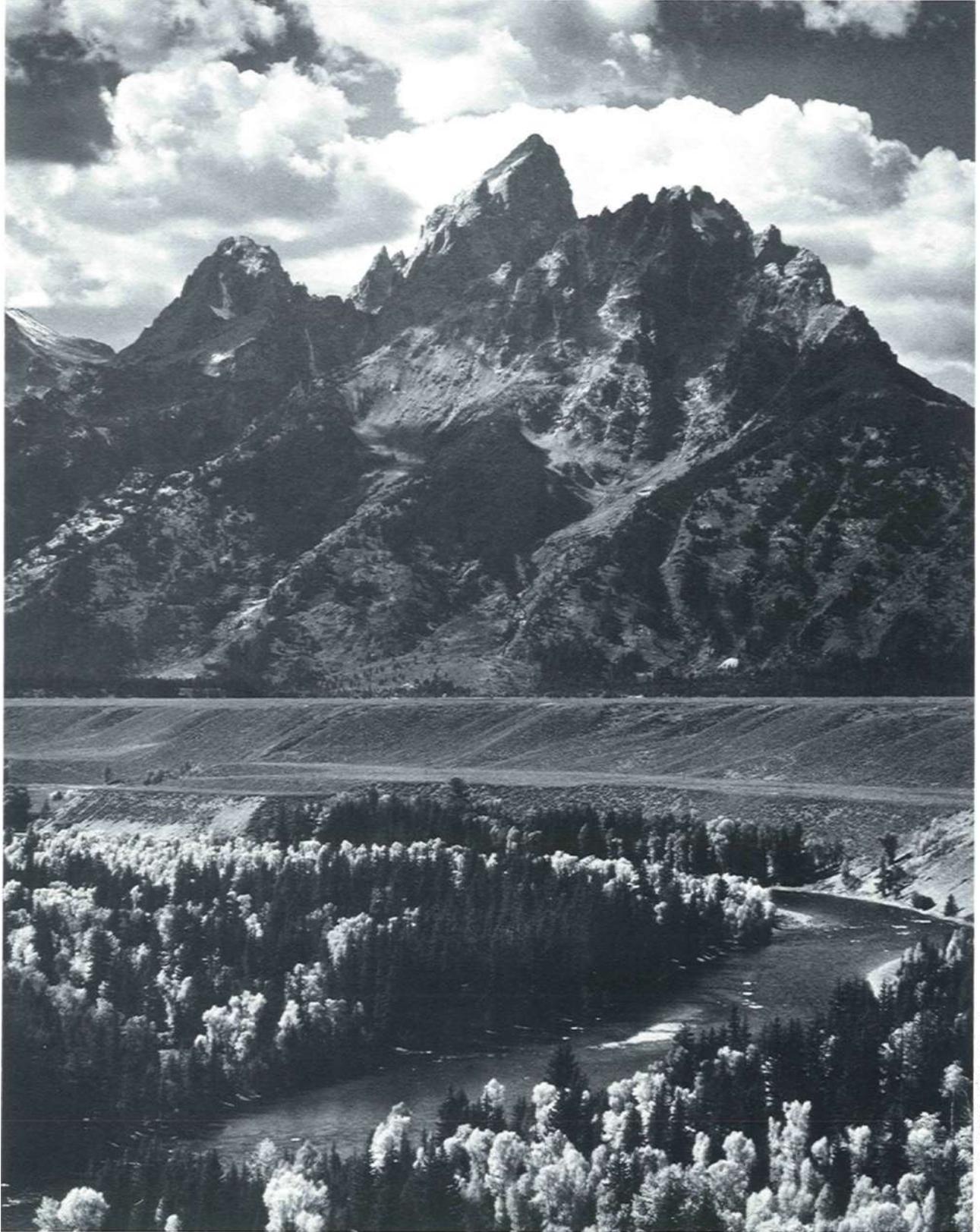


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# BUSINESS AND THE ENVIRONMENT



# TWO IMPORTANT GIFTS LAUNCH PROGRAM IN CORPORATE ENVIRONMENTAL MANAGEMENT

*New Program Recognizes the Potential for Synergy Between the Business School  
and the School of Natural Resources*

A leadership gift from Jo Ann (BS Ed '62) and Stuart (BBA '62) Nathan, has provided the start-up funding to launch a new joint program in Corporate Environmental Management at the Business School and the School of Natural Resources and Environment. The program will enable business students to become better informed about environmental issues, and natural resources students to achieve greater understanding of the business world.

Now, an additional major gift by the McGraw Foundation makes possible a new joint senior professorship in the School of Natural Resources and Environment and the School of Business Administration. The professorship, which will be known as the Max McGraw Professorship of Corporate Environmental Management, has been established in memory of Max McGraw — an entrepreneur, conservationist and philanthropist.

The two gifts together create a strong beginning toward the implementation of the Corporate Environmental Management Program, envisioned by the Business School and the School of Natural Resources and Environment, as a way to take leadership in the increasingly challenging and urgent field of environmental management. The Max McGraw Professor will organize and direct this program which aims to address the interdisciplinary issues involved in solving environmental problems. Beyond recognition that no one discipline or field "does it all" the greater challenge is to figure out how to draw together and integrate various bits and pieces of relevant knowledge to understand and solve our problems better.

Themes of the program include the idea that the Chief Executive Officer or CEO of today must also be the "Chief Environmental Officer" Characteristics of this new "CEO" are based on the following ideas:

- Traditional management skills are necessary but not enough. A collection of environmental ideas, skills, and sensibilities needs to be acquired and nurtured through one's business and career.
- Environmental problems are "different," and the differences often matter decisively. The crucial role of scientific knowledge in framing and dealing with programs is one of those differences. Working for sustainability, of both an enterprise and the environment at the same time, is another.
- Traditional environmental institutions are in fact businesses. Those responsible for them are faced with most of the same organizational and financial challenges that confront any business. The Corporate Environmental Officer must aspire to be a Chief Executive Officer as well.

## Nathan Gift Launches CEMP Initiative Fund

The Corporate Environmental Management Initiative Fund established by the Nathan gift will be jointly administered by the Deans of the Business School and the School of Natural Resources and Environment, and will provide the means for supporting innovative programs addressing the issues of corporate environmental policy.

For the first three years, the Initiative Fund will be used to support the Jo Ann and Stuart C. Nathan Lectureship Series, a program which will bring corporate executives and environmental policymakers to campus with the goal of explicating vital issues and helping businesses respond in meaningful ways to the challenges posed by ecological concerns.

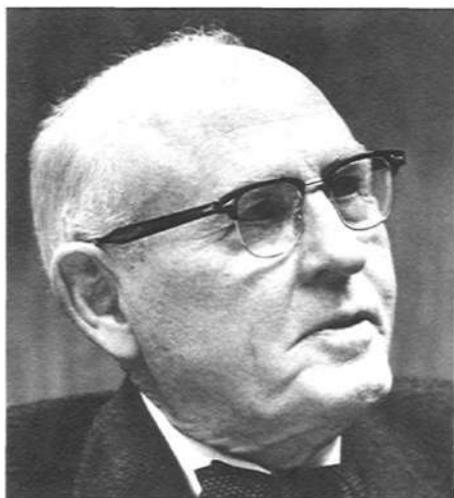
The Nathan gift recognizes the potential for synergy between the U-M Business School and the School of Natural Resources and Environment, as well as the pressing need for building bridges between business and environmental groups.



Jo Ann (BS Ed '62) and Stuart (BBA '62) Nathan

"We are very grateful to the Nathans for turning vision into reality" said Garry D. Brewer, Dean of the School of Natural Resources and Environment. "Dean White and I are absolutely confident that the Corporate Environmental Management Program will be recognized by leaders in business and academia as the cooperative model of the future."

The Nathans themselves have interests in both areas, combining sophistication in business with sensitivity to the environment. Stuart is executive vice president of JMB Realty Corporation, one of the largest real estate development companies in North America, and Jo Ann is a landscape preservationist and a landscape restoration consultant. Commented B. Joseph White, Dean of the Business School, "With the Nathan's help and support, a strong bond is being created between our two schools to stimulate leadership in the critical area of environmental policy and management" •



Max McGraw

## The Max McGraw Professorship

**T**he new joint professorship will be known as the Max McGraw Professor of Corporate Environmental Management. The holder of the professorship will be appointed jointly by the Deans and the Executive Committees of both the School of Natural Resources and Environment and the Business School. The purpose of the gift from the McGraw Foundation is to help increase knowledge and understanding of corporate management of environmental issues and problems through instruction and research in this and related fields. The professorship is named in honor of Max McGraw. His grandson, Scott M. Elrod, received his MBA in 1958 from the Michigan Business School, and is a current board member of the McGraw Foundation.

Max McGraw was born in 1883 in Clare Lake, Iowa, and at the age of 17 established the McGraw Electric Company with \$500 he saved from his work as a newspaper delivery boy. From the age of 11, he had a 7-mile paper route which he completed by horseback before 6 a.m.

"Max McGraw was known as a giver not a taker" said a recent biographical publication. "He will be remembered with gratitude for his significant contributions to many causes, in particular conservation. He became a leader in the conservation movement, not only because of his concern for wildlife, but for all of his country's natural resources."

What made Max McGraw stand out from his childhood friends was his drive and his fascination with electricity, which started with simple boyhood tinkering, and grew rapidly into serious study. While attending high school, he enrolled in an electrical engineering correspondence course, and built a home-to-home telegraph circuit. At the age of 17, he acquired Sioux City, Iowa's wiring permit #1 and opened a shop in the basement of a Sioux City drugstore. Many of his early jobs were wiring homes being converted from gas lighting to the new electric lighting.

In every job that came his way, the young electrician worked hard to prove that "the law of McGraw is quality" Even so, at the end of the first year, McGraw Electric Company was in the red \$39.70. But in the second year, he landed two sizable contracts — one for the installation of a \$12,000 electric light and power plant at the Sioux City Stockyards, and the other to provide a lighting system for Sioux City's Peavey Grand Opera House.

From that modest beginning, he was to create two large and successful corporations — the McGraw-Edison Company and Centel Corporation. In the 1920s, McGraw heard of a company that manufactured a commercial pop-up toaster which they called "Toastermaster" But the manufacturers felt that the market for their toasters, which were confined to restaurant use, was saturated. They wanted to produce toasters for home use, but found that it took months to produce ten one-slice household toasters, making the cost of producing them pro-

hibitive for marketing, so the company gave up the idea as impractical. McGraw saw the potential of developing an automatic toaster to put on every breakfast table in America as a replacement for what had become almost a breakfast ritual — scraping the charcoal areas from burned toast with a dull knife.

In 1926, McGraw purchased the automatic toaster company, and began to produce and sell an automatic toaster to the consumer public.

The Corporate Environmental Management Program takes leadership in the increasingly challenging and urgent field of environmental management. Beyond recognition that no one discipline or field "does it all," the greater challenge is to figure out how to draw together and integrate various bits and pieces of relevant knowledge to understand and solve our problems better.

When McGraw died in 1964 at the age of 81, he was still vitally active and involved in the work of the two great corporate enterprises he founded and built. Before its acquisition by Cooper Industries in 1985, McGraw-Edison had grown into a company with \$2.5 billion in sales and 109 plants in 39 states. Today, Centel Corporation has telephone operations in ten states, cable television in eight states, and electric power operations in two states. •



## BUSINESS AND

# *A Time for Creation*

**R**he environment is less of an economic problem for Americans than it is an opportunity for economic regeneration and wealth creation, said Garry D. Brewer, newly-appointed Dean of the School of Natural Resources and Environment, as he delivered the 25th annual McNally lecture in Hale Auditorium. The joining of business and the environment, rather than causing nightmares for one another, may produce a bright economic future.

Brewer then threw down a challenge to his audience to suspend conventional wisdom for a moment and imagine circumstances where concern for the environment might be good for the economy. "It is not all that difficult," he said, "because it is becoming increasingly clear that the environment is a business — many different kinds of businesses in truth. Some are conventional, others are quite unconventional, representing true innovations, and some are "unconventionally conventional," that is, sharply altered versions of established businesses as usual. All, however, share one common characteristic: stress on the constructive aspects of joining economics and ecology in a responsible manner."

He then went on to give a partial list suggestive of what these environmental businesses might be:

**Recycling:** Besides being one of the fastest growing businesses around, various forms of recycling allow individuals to "do something" to help solve environmental problems.

**Green investment funds:** Social consciousness can pay dividends, as many environmentally specialized investment funds begin to demonstrate. Managers of large pension funds are also sensitive to their clientele and the environment.



Gary D. Brewer, newly appointed Dean of the School of Natural Resources and Environment, speaking at a podium in Hale Auditorium.

**Insurance and tort liabilities: Litigation** is bad news for some, and a paycheck for many others.

**Green labeling and marketing:** Certified products for concerned consumers. In spite of hesitant starts, including overblown promotion, green labels have become a fact of commercial life, especially in Europe.

**Occupational safety and health improvements:** This special collection of professional goods and services provides its own value. Such value adds to the national economy at the same time as it contributes to worker satisfaction, well-being, and productivity.

**Pollution technologies:** At the core of modern "green business" are burgeoning

# THE ENVIRONMENT

# *tive Coexistence*



Gregory Fox

Environment, delivered the 25th annual McNally lecture in Hale auditorium.

thing they do, from top to bottom. The company has been acting on most of the suggestions ever since, making changes in overall efficiency, packaging, and operations. The fast-food business is extremely competitive, and these changes added to the bottom line, as well as earning the public's good will.

## Pollution Prevention

Among the more unconventional business practices is a general approach being called pollution prevention, Brewer said. Many corporations, following the lead of 3M and Dow, among others, are coming to the conclusion that preventing pollution is preferable to having to deal with it later. The "3P Program," or "pollution prevention pays," of 3M has provided leadership to realize why this might be so. It also saved over a half billion dollars in the first ten years of its voluntary efforts. Dow's "WRAP," or "waste reduction always pays," is another example closer to home.

Despite this kind of leadership, Brewer stated, the corporate culture has in general proven resistant to the idea, at least until quite recently. Some of the new awareness is altruistic, as in combining pollution prevention programs with parallel innovations to secure total quality management. Some of it clearly is not. Concern for skyrocketing waste disposal fees, tort liability for wastes and toxics, stricter legislation covering air and water quality, and public concerns for health risks have all worked to gain and sustain corporate attention to prevent pollution.

Here again one can generate a list of unconventional ways business can do well by doing good for the environment:

enterprises such as Waste Management, Air & Water Technologies, or Browning-Ferris. The demand for pollution control, including its prevention, only grows. Superfund is barely underway.

*Waste disposal:* Garbage mounts, with no place to put it, as populations continue to climb. Put it somewhere, but Not In My Back Yard, please. The problems created

by mountains of waste must be solved, and their solution means business for whoever figures out how to do the job.

*Environmental audits:* Conscientious assessments of "business as usual" can yield some amazing benefits. A few years ago, McDonald's invited the Environmental Defense Fund to come in and conduct a complete environmental audit of every-



*Alternative energy sources*, energy efficiencies, breakthrough products, such as electric cars: PG&E and SoCal Edison have already been singled out and commended. Advances in solar and battery technologies continue and create opportunities in many different product lines, including automobiles.

**Permit trading**, as in the Clean Air Act Amendments of last year: There are already some very creative examples of economics and ecology joining together constructively. Junk cars are "valuable," if companies with pollution problems can buy them, junk them, and earn a pollution credit in the process.

*Remediation, rehabilitation and restoration*: Clean up, bioremediation, watershed restoration, the list goes on to suggest the enormous potential residing within the environmental mistakes accumulated over years past. Vast effort will be required to "fix" great watersheds, such as the Rhine and Danube; to reforest huge, vulnerable, and critical landscapes all over the world; to restore urban ecosystems sufficiently to lessen their threats to human health; to clean up nuclear messes here and abroad.

Other unconventional business opportunities are beginning to take shape, here and around the globe. Ecotourism and so-called "green accounts" are good examples. Conventional ways to value natural capital fail to account for natural asset degradation. Resource conservation and enhancement are undervalued compared to their exploitation for development purposes. In Costa Rica, however, "green accounts" have been used on an experimental basis to show that conserving the country's natural assets pays off over the long term. The country has one of the world's highest proportions of national lands in protected status as parks, wildlands, reserves, or conservation areas. Adding an ecological component to conventional national income accounting thus helps make a case for saving the

natural setting. It also opens up entirely new means to cash in on, without destroying, the natural wonders of the country, as with the burgeoning demand for ecological and environmental tourism — ecotourism, for short.

Jr Economic botany is another unconventional joining of ecology and economics, where the potential for business can only be imagined. New medicines and other chemicals with socioeconomic value have been developed from

"The joining  
of business and  
the environment,  
rather than  
causing  
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one another, may  
produce a bright  
economic future"

natural plant and animal materials. A recent, newsworthy example is taxol, a potent cancer-fighting material obtained from the bark of the Pacific yew.

One of the genuine challenges of accelerating depletion of species, caused by human activity such as rampant deforestation in the tropics, is that many unidentified species simply "go out of business." This often occurs before anyone has an opportunity to identify and assess their potential to assist humankind. The matter has historically been complicated by uneasy relationships between the places with most genetic diversity and the com-

mercial, usually high-tech, interests (such as pharmaceutical companies) able to identify and exploit these materials.

The New York Botanical Gardens, a private Costa Rican organization known as InBio (for Instituto Biologica), and the Merck Corporation are conducting a highly visible search for valuable tropical plants to get genetic codes which may eventually be produced synthetically. InBio has assumed responsibility for training local individuals to do the basic collecting and rough categorizing; Merck concentrates on extensive and expensive assays of the newly discovered organic materials to determine possible medicinal and other commercial uses. An elaborate compact helps clarify the respective roles and responsibilities, as well as allocating any benefits fairly, or at least to the satisfaction of the partners.

The University of Michigan, noted Brewer, is an international leader in virtually every relevant environmental aspect connecting science, technology, and business. "The changes envisioned," he said, "are nowhere so critical and obvious as they are in the habitual relationships one sees between professional schools of business and those focused on natural resources and the environment. It is thus fitting, at this great and self-confident University, that a dedicated plan to explore such changes — constructively and creatively to be sure — would be attempted."

## The Corporate Environmental Management Program

"The Schools of Business Administration and Natural Resources," announced Brewer, "are joining forces to improve business as usual and to help people learn to live in the global commons. Our joint enterprise is called CEMP, the Corporate Environmental Management Program. It is a constructive

## A NATIONAL POLLUTION PREVENTION CENTER

The School of Natural Resources and Environment received a large vote of confidence and a boost last fall when the Environmental Protection Agency named it over 28 competitors as the National Pollution Prevention Center. The Center, which is a joint effort with the School of Business Administration and the College of Engineering, is a nation-wide higher education resource for schools of business administration and engineering that want to integrate pollution-prevention measures right into the fabric of their curricula, into training programs for product design, for instance.

effort to bring the economy and ecology together in the general interests of conserving, restoring, and managing the Earth's resources better than ever before. More to the point, CEMP is a statement that now is the time to stop screaming at each other and suing each other over our disagreements, which we have been doing far too long.

"We are trying for a peaceful marriage between the global commons and the global marketplace. Neither needs to give up its identity or motivating principles.

"We hope to teach environmental students and practitioners, scientists, planners, and others to become capable managers in their own fields; to think and act like business leaders who are actually running a kind of business in natural resources.

"Business people, we believe, can benefit greatly from absorbing environmental perspectives and knowledge, right down

to the level of fundamental concepts and science. Even a little bit of environmental knowledge would go a long way toward helping business people in all kinds of enterprises avoid the litigation, fines, and disastrous public relations that accompany encroachments into the natural world, even by genuinely well-intentioned souls." (Editor's Note: For more detail on the Corporate Environmental Management Program, see page 20.)

Brewer believes a basic restructuring of the corporate environment holds the key to America's resumption of industrial strength. He is convinced that the U.S. is better prepared to redesign industries and devise alternative manufacturing strategies than any other nation in the world. Preparation for this will come through programs like the CEMP. We will get strong competition from Germany and Japan, he predicts, where science, business, and government are already in close partnership on such projects. In America, however, we have a unique cultural disposition towards concern about the environment. We have diverse historical models in our population for both adventurousness and accommodation. Especially in places like Michigan, we have deep industrial roots and many talented workers. Our "green consciousness" of the 1960s and beyond, when no one else could afford the luxury of such thinking, is going to pay off in ways we could not have imagined back then.

"If we play our cards well," said Brewer, "a comprehensive foundation of environment-based manufacturing, environment-based services, and practical environmental science can all co-exist and work together. These can form the next American global industry. There is no excuse for the United States to lose this opportunity for leadership. If the human race is ever to achieve a safe and productive global environment for all nations, all economies, and all peoples, this is the time for us to act. The new American industrial base is staring us right in the face." •

*About the Author: Dean Garry D. Brewer of the School of Natural Resources and Environment, earned his undergraduate degree at Berkeley in mathematics and economics and went on to do an M.S. in public administration. He then did an additional master's and Ph.D. at Yale in political science. He spent five years at the Rand Corporation where his work focused on military command and control, particularly the use of satellites, a precursor to his later interests in how satellites are used for environmental monitoring.*

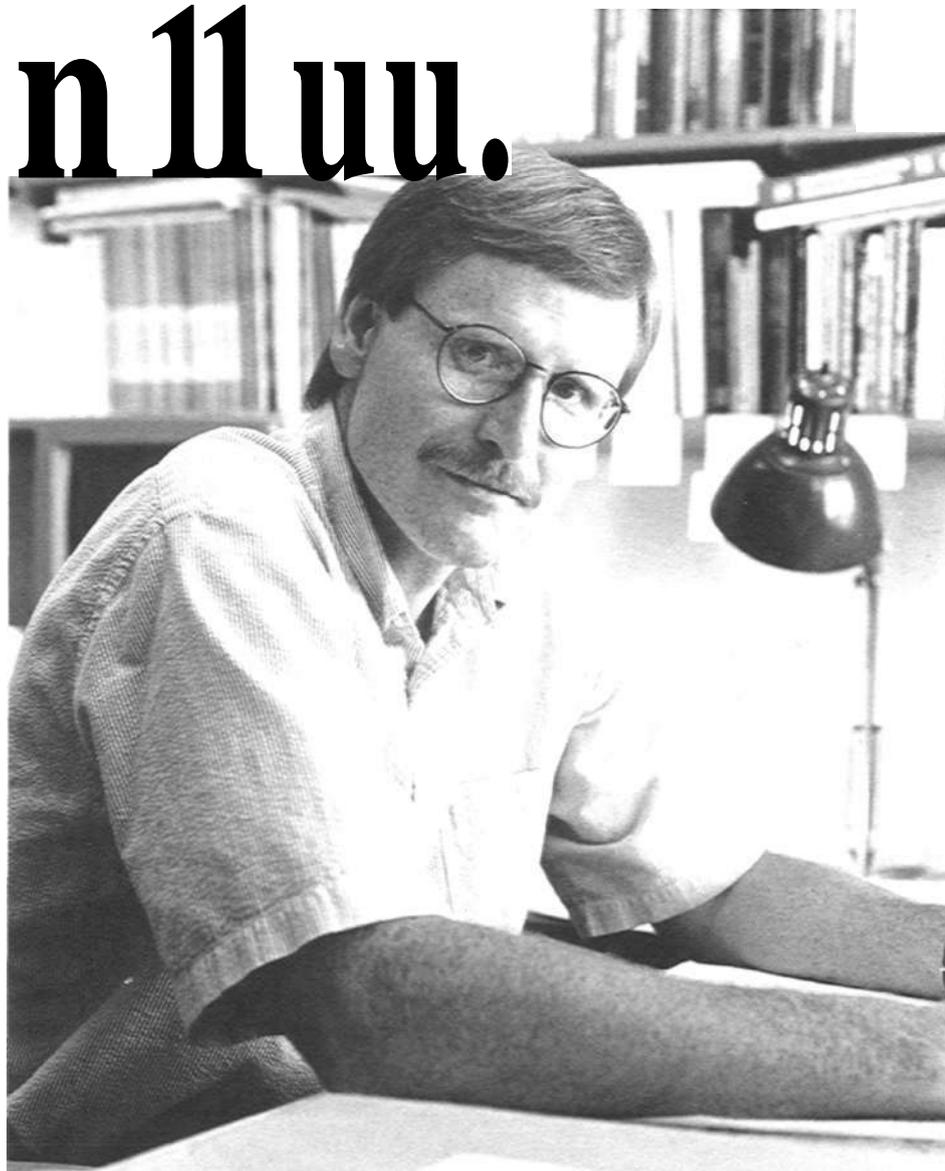
*He joined the Yale School of Management in 1975, one of the very first faculty members to join the newly-formed school. In 1979, he took a joint appointment with the School of Forestry and Environmental Studies at Yale. In 1984, he was appointed to the E. K. Weyerhaeuser Chair, which was given by the Weyerhaeuser family jointly to the School of Forestry and the School of Management. In 1989, he took a third appointment in Epidemiology and Public Health for the purpose of incorporating environmental health considerations into his purview. Finally in January of 1992, he joined the University of Michigan as Dean of the School of Natural Resources and Environment.*

*The distinguished McNally lecture series was established 25 years ago at the University of Michigan Business School to honor the memory of Regent William K. McNally. Outstanding speakers over the last 25 years have included national and international figures, as well as the considerable talent within the University of Michigan.*



# HOW GREEN PRODUCTION MIGHT SUSTAIN THE WORLD

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*By Stuart L. Hart*

A recent MIT study of the world auto industry celebrated "lean production" as the management paradigm used with great success by many Japanese companies over the past three decades to gain a decisive competitive advantage over western competitors.

There is accumulating evidence, however that the end of the lean production era may be near. A new strategy paradigm may be starting to take shape — green production. Green strategies based on the principle of environmental sustainability may constitute the key basis for competitive advantage in the coming decades.

What is a green strategy? Can green production really help us move toward a sustainable world? What might an environmentally sustainable corporation look like? Does green production really hold the key to gaining future competitive advantage? Before addressing these questions, we first consider the driving force behind the paradigm shift: the global environmental crisis.

The world today faces a challenge unprecedented in human history: either alter fundamentally the nature of economic activity or risk irreversible damage to the basic ecological systems of the planet. The evidence is irrefutable. The composition of the atmosphere has been altered more in the past 100 years — through human activity — than in the previous 18,000. The human population, which has doubled since World War II, is expected to double again over the next 40 years to 10 billion, increasing the already heavy strain on the Earth's natural systems.

Stuart Hart in his office at the Business School.

If current rates of consumption continue, all ancient forests will be gone within 50 years, with a consequent loss of 50% or more of the world's species. Climate change, which might produce both rising ocean levels and further desertification, could threaten the very fabric of human civilization as we have come to know it. Reduced quality of life in the developed world, severe human health problems, and environmentally-induced political upheaval in the developing world could all be the inevitable result.

Over the next few decades, corporations will be challenged to create a new paradigm of corporate strategy. The new basis for competitive advantage will be rooted in the concept of environmental sustainability which requires the balancing of competing demands — both at the organizational and societal level — rather than the pursuit of some objectives to the exclusion of others.

## What is Green Production?

For meaningful "greening" of organizations to occur, managers and organizational theorists alike need to recognize the systemic nature of organization-environment relationships. Every organizational activity — from raw material usage, through production processes, to disposal of packages and used products — is associated with environmental problems. Green production involves dealing with these problems from a total systems perspective.

*Raw Materials Use:* The environmentally sustainable corporation would seek to minimize the use of virgin materials and non-renewable forms of energy by: 1) reducing energy and materials use through conservation measures; 2) making greater use of recycled or renewable materials and energy; or 3) offsetting consumption with replenishment.

Companies are already developing innovative programs to achieve this. Herman Miller, for example, no longer

uses virgin timber in their top lines of furniture, turning instead to wood grown on a sustained yield basis. Applied Energy Services, an independent power generator, paid to plant 52 million trees to offset the 15 million tons of carbon dioxide expected to be emitted over the life of a newly constructed coal-fired power plant.

*Production Processes:* A sustainable company would seek to eliminate emissions,

## "Green strategies based on the principle of environmental sustainability may constitute the key basis for competitive advantage in the coming decades?"

effluents, and accidents. This preventive approach should prove far more efficient than existing efforts aimed at controlling discharges at the "end of the pipe!"

Corporations are realizing that production process improvement can be a cost-effective and even revenue-generating activity. Evidence of this is provided by 3M Company's Pollution Prevention Pays (PPP) Program. Dow Chemical's Waste Reduction Always Pays (WRAP) Program, and Chevron's Save Money and Reduce Toxics (SMART) Program. Each of these programs is a significant revenue and profit generator for the respective companies. Most recently, General Electric has created an entire business division dedicated to plastics recycling.

*Outputs:* A sustainable corporation would seek to minimize the life-cycle cost of its products and services. Life-cycle costing attaches a monetary figure to every impact of a product — disposal costs, legal fees, liability for product harm, loss of environmental quality, etc. Product development decisions are then based not only upon projected cash flows but also projected future costs associated with each product design.

Rather than viewing posterity as inheriting what we leave, a "green" corporation views future generations as creditors — we have borrowed the use of the Earth from them and must eventually pay back the loan. Capital preservation becomes the watchword: do not treat environmental resources as disposable income when, in reality, they are capital assets.

## What Does an Environmentally Sustainable Company Look Like?

The pressures for sustainable development will require the redesign of all aspects of the organization, including its mission and vision, competitive strategy, core competence, structure and systems, and organizational processes and culture. For the "green" organization, these various design elements must be internally consistent and self-reinforcing.

*Mission and Vision.* The corporate environmental mission and vision must provide the "glue" which holds together the other elements of organizational design. Alignment of the organization's strategies, structure, systems, and processes is greatly facilitated by a few widely-shared values and norms. For example, electric utilities in the U.S. have historically seen their mission as one of generating and distributing electric power at the lowest possible cost. As resistance to further development of nuclear power and the construction of power plants has increased, however, many utilities are redefining their



missions as providing energy services to customers. Such a reconceptualization of mission sends an important signal to employees: conservation, efficiency gains, and decentralized power production are now valued goals.

#### **Corporate and Competitive Strategies.**

A growing number of companies are realizing that environmental responsiveness can be good strategy both at the corporate and business unit levels. At the business unit level, green strategies can produce cost savings and efficiency gains, and also serve to differentiate a firm's products from those of its competitors. Furthermore, sustainable strategies can result in powerful reputation effects and corporate goodwill. The Body Shop in England, Loblaw International Merchants in Canada, and Ben & Jerry's Homemade Ice Cream in the U.S. are examples of companies that have made environmental responsiveness the cornerstone of their competitive strategies.

**Core Competencies.** If a green strategy is to be successful, the underlying technological capability or "core competence" of the corporation must be configured to support the strategy. This will necessitate an internal audit of technological and human skills and capabilities, and the reallocation of resources toward those technologies which meet the criteria of environmental management: minimization of energy, material, waste, and life-cycle costs. Developing such technology will often require collaboration among potential competitors: pre-competitive joint R&D, consortia, or even strategic alliances may be necessary to develop the new technologies of green production.

For example, Ford, GM, and Chrysler have formed a consortium to develop battery technology for electric cars; none of the companies was individually willing to invest the resources necessary for the high-risk venture. Collaboration provided a solution to this dilemma. DuPont also provides an interesting example of a firm which is actively altering its core compe-

tencies in light of its commitment to phase out the production of CFCs by the year 1998. Such a corporate commitment has entailed significant reallocation of resources to new technologies that can serve as potential substitutes for the ozone-depleting CFCs. The "green" organization would undertake similar self-examination for all of its technologies and competencies.

**Structure and Systems.** Environmental sustainability requires creation of appropriate organizational structure and systems (e.g., reward, resource allocation, and information systems). A strong environmental affairs office with direct ties to top management is necessary for sustainable companies. Companies such as Dow, DuPont, and Chevron, for example, have Executive Vice President-level senior managers in charge of the environmental management function.

Equally important is aligning organizational systems with environmental goals. Measurement and reward systems should include evaluation of environmental performance. Planning and budgeting systems should incorporate environmental criteria. In particular, the life-cycle approach to project analysis and capital budgeting should be accepted as part of standard operating procedure. Finally information systems within organizations need to be redesigned to foster the free flow of information about environmental problems and opportunities.

#### **Organizational Processes and Culture.**

The polluting industrial organizations of the past (the "smokestack" companies) were organized as "chimneys" — functional units managed hierarchically through formal control systems. These chimney-based organizations sacrificed the performance of the total system for efficiency and predictability within each of the narrowly defined functions.

Green production appears to demand greatly improved coordination and integration across traditionally isolated functions and staff organizations within firms. For example, staff from the environmental affairs office should be in constant touch with legal counsel and the public affairs office; environmental staff should also be well-integrated into the firm's product

development and production processes. Close working relationships with marketing are also important if customers' environmental expectations are to be identified early. Cross-functional teams are therefore a key to the greening of the organization. Developing such capability, however, requires a great deal of time and energy and involves wholesale redefinition of the roles of executives, middle managers, and line workers.

## Does Green Production Hold the Key to Future Competitive Advantage?

While the environmental, social, and political pressures for greening are readily apparent, a key question is whether green production constitutes a competitive advantage. Can a green strategy produce superior market and financial performance? Substantial evidence points to a strong connection between environmental sustainability and firm performance.

First, there is now mounting evidence that pollution prevention and waste minimization efforts are major cost savers. For example, 3M has saved almost \$500 million through its Pollution Prevention Pays Program. Dow Chemical cut its toxic emissions in half between 1984 and 1988, with substantial cost savings realized in the process. Source reduction, reuse, and recycling also save money in material and raw material costs. Thus, green production holds the potential to offer firms a superior cost position.

Second, a plethora of consumer research and public opinion polls suggests that most people in developed nations consider themselves to be environmentalists. Indeed, recent polls indicate that over 80% of Americans think that protecting the environment is so important that requirements and standards cannot be too high, and continuing environmental improvements must be made regardless of cost. Three-quarters of Americans say that they are more likely to buy products in recyclable packages, and 78% say that they are willing to pay extra for such packaging. Indeed,

the market for "environmentally friendly" products has grown to over \$200 billion.

Third, the growth and solid performance of socially responsible and green investment funds over the past several years suggests that investors are also willing to stick with companies that demonstrate a commitment to environmental management. What was a \$40 billion market in 1984 is now estimated at close to \$500 billion. Returns on ethical investment mutual funds have consistently done as well or better than the market in general. Thus, green production holds the potential to both differentiate products and attract investors.

Still, the magnitude of the investment required to become an environmentally sustainable corporation must not be minimized: it is a massive undertaking requiring a decade or more to accomplish. Moving to a green production strategy must begin with innovation — new technology, new products, new processes, and new markets. Over the medium term, such innovation should produce measurable improvement in market position — strong market share growth both in developed and emerging markets. Ultimately, the strategic positioning associated with greening will yield financial dividends in the form of cash flow and profits. The path to green production is long and arduous, but those companies that begin the quest now might help sustain the world in the next century. They might also be around to reap what they sow. •

• • •

*About the Author: Stuart Hart, assistant professor of corporate strategy, received his master's in environmental management from Yale and his Ph.D. in planning from the U-M. He was a project director and assistant research scientist at the Institute for Social Research before joining our faculty in 1986. He is currently a faculty associate for the Ph.D. program in Urban, Technological and Environmental Planning at the U-M, and is jointly teaching a course here with Garry D. Brewer, Dean of the School of Natural Resources and Environment. The new course deals with environmental management from a strategic perspective.*

# MANUFACTURING AND THE ENVIRONMENT

The sixth annual Manufacturing Forum sponsored by the Office of Manufacturing Management Research will address the topic of Manufacturing and the Environment November 20 at the Business School. This Forum is being jointly presented by the Business School and the National Pollution Prevention Center.

This annual meeting of the Forum aims to create an awareness of the complex issues of manufacturing ecology, and will include speakers from a variety of industries. Garry D. Brewer, dean of the School of Natural Resources and Environment, will start the day by giving welcoming remarks.

Other speakers include: Helen O. Petrauskas, vice president, environmental and safety engineering staff, Ford Motor Company; Gerald Kotas, Director of the Pollution Prevention Division of the Environmental Protection Agency; Greg Grochoski, vice president, R&D, Amway Corporation; Barbara Haas, Director Corporate Conservation Council of the National Wildlife Federation; Jane Hutterly vice president, Environmental and Safety Actions — Worldwide, S. C. Johnson & Sons, Inc.; and Richard Klimish, executive director of environmental activities staff, General Motors Corporation.

The day will close with a panel discussion led by Jonathan W. Bulkley, Director of the National Pollution Prevention Center and U-M Professor of Civil and Environmental Engineering and Professor of Resource Policy at the School of Natural Resources and Environment. Panel members include Brad Allenby, fellow of the National Academy of Engineering; Tim Bohrer, vice president

of technology, James Rivers Corporation; Bob Langert, director of environmental affairs, McDonald's Corporation; and Karl-Heinz Ziwicka, general manager, environmental engineering, BMW.

Plans are underway for a followup workshop to the Conference which will be held in 1993 and focus on a research and teaching agenda for manufacturing and the environment.

For further information about this Forum, contact John E. Ettl, Director, Office of Manufacturing Research, Michigan Business School, University of Michigan, Ann Arbor, Michigan 48109-1234. Telephone, (313) 936-2835. •





# NEW COURSES LINK BUSINESS AND THE ENVIRONMENT

**T**wo new elective courses that focus on the linkages between environmentalism and business are being offered this year. One deals with the management of environmental legal issues and the other focuses on the connection between environmentalism and corporate strategy.

"Strategies for Environmental Management" is being jointly developed by Stuart Hart, assistant professor of corporate strategy, and Garry Brewer, Dean of the School of Natural Resources and Environment. The new elective will be cross-listed in both schools.

"Environmentalism is changing cost structures, market shares, and technologies in man}' industries," says Professor Hart. "Finns are already under pressure to formulate and implement 'green programs and strategies — efforts that can be sustained physically well into the future. The new course will build naturally from several of the core courses, including corporate strategy, marketing, and operations management, where the issues of social responsibility, green marketing, and pollution prevention are introduced respectively. Environmental management establishes an elective in another area critical to successful strategic management in the 1990s."

This new course will focus on how environmental issues affect corporate vision and mission, competitive strategy, technology choices, product development decisions, and production processes. Basic concepts of ecology and environmental science will be discussed and compared to those associated with the traditional economic paradigm.

Global issues such as ozone depletion, acid rain, the greenhouse effect and sustainable development will be covered, as well as the more traditional problems of air and water pollution, and solid and hazardous waste disposal. The implications of these issues for strategy and organization will be the primary focus

of the class. The course will make use of case studies, readings, films/videos, and speakers.

According to Professor Hart, the course will seek to have students confront a range of questions, including the following:

- What are the goals of a "sustainable" enterprise? Do traditional yardsticks such as growth, profitability, or shareholder value conflict with "green" goals?
- What are the key elements of "green" corporate and business strategies? How do such concepts differ from or build on traditional notions of competitive advantage?
- What strategy-making and decision processes do "green" strategies suggest? Does environmental sustainability call for new strategic processes and planning systems?
- How can multinational corporations manage cross-border and international environmental problems? Are existing models of global management up to the challenge?
- Is innovation within existing large corporations or the creations of new "green" start-ups the most effective way to respond to environmental demands?
- Should existing corporations "wait and see" what governments do or take the initiative before regulatory pressure forces change? Can competitive advantage be gained by being a "first mover" toward environmental sustainability?

- How will the structures of environmentally hazardous industries (e.g., chemicals, oil, forest products, automobiles, waste management, nuclear power) change with the advent of environmentalism?

Professor Hart has been doing research on green strategies based on the principle of environmental sustainability. Excerpts from his paper on this subject are published on page 26.

The other new course, entitled "Management of Environmental Legal Issues" is being offered in the fall term. It focuses on the environmental legal obligations of business and the development of management strategies to fulfill those obligations. Topics include a review of the fundamental legal doctrines that affect managerial decision making and an overview of the statutory, administrative and common law<sup>7</sup> principles concerned with the protection of the environment.

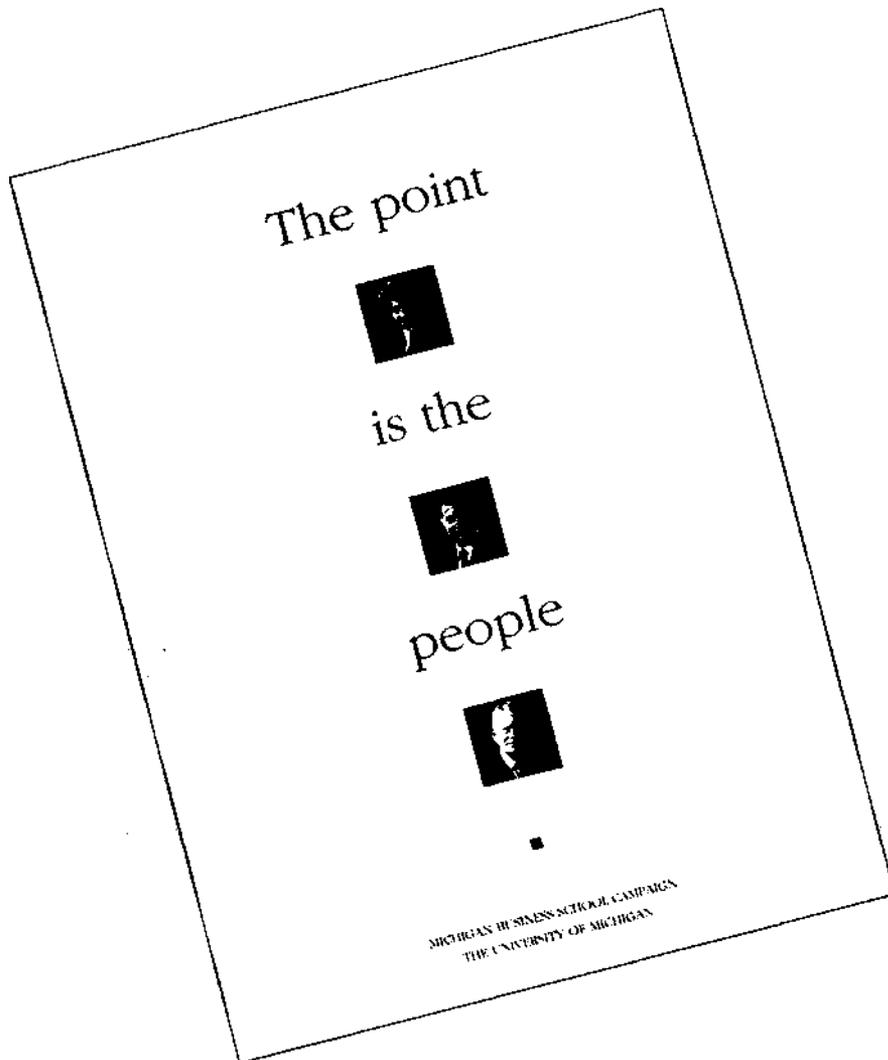
Air, water, and noise pollution and solid and toxic waste disposal will be examined from a legal and public policy perspective. The focus will be on the general statutory and common law framework by which environmental objectives are pursued, rather than on the details and intricacies of individual statutes. "The goal is to provide the student with a framework in which to evaluate environmental legal issues and their policy implications even though the specifics of the current environmental statutes may change," said Lynda J. Oswald, assistant professor of business law, who is teaching the course.

The course is suitable for students in business, urban planning, natural resources, public health, and other similar disciplines.

Professor Oswald received her MBA and JD degrees from the University of Michigan. She is currently a planning commissioner in Superior Township, and has written several prize-winning papers on land use and environmental law. •

# OURSELVES

## B-School Launches \$100 Million Campaign



Major investment in people is the theme of the \$100 million campaign for the Business School which was launched September 18th as part of the University's \$1 billion campaign.

The B-School Campaign slogan is "The Point is the People," and emphasizes funds for students, for faculty, for teaching and research. This distinguishes the present campaign from the previous capital campaign, where the point was to build excellent facilities. "Much of the work of the '80s involved bricks and mortar, as the Business School sought to create an environment capable of supporting high achievement," said Dean B. Joseph White in launching the Campaign. "Now that the infrastructure is in place, the time has come to invest generously and wisely in the human talent of the Michigan Business School.

"Michigan is no longer content to be one of the many respectable contenders vying for leadership among the nation's business schools. We are determined to be the best: to attract and retain the best faculty, educate the best students, launch the best programs, and deliver the best results for the global business community"

(Continued)

A new brochure, entitled "The Point is the People," explains the priority objectives of the new \$100 Million Campaign.

# Among OURSELVES

The Campaign's priority objectives for private support include:

- \$20 million for student scholarships and fellowships, at the undergraduate, graduate and doctoral levels. A significant increase in our scholarship endowment will enable us to compete successfully for the brightest and best applicants. At present, we are handicapped in this effort by having fewer endowed dollars per student than any of our peer institutions.
- \$20 million for faculty development, including senior professorships and faculty development.
- \$15 million for teaching and research, including the establishment of research centers, and programs to develop curriculum innovation and teaching effectiveness.
- \$10 million for general support — this includes revenues from the Annual Fund, Corporate Associates Program, and funds for Undesignated Endowment.
- \$5 million for facilities.
- \$30 million (already committed) for the William Davidson Institute which is giving the Business School a central role in guiding the historic transition of economies worldwide from command to market.

"The campaign years 1992-97 will determine the future of the Business School for decades to come," read the brochure announcing the campaign. "Based on our past record, supporters can be sure that their gifts will be used wisely, conservatively, and strategically. Our goal will be to produce the greatest possible return for every dollar invested. Our investments will be overwhelmingly in the School's human resources because in the 1990s capital campaign of the Michigan Business School, the point is the people." •



Three companion brochures give more detail on the Campaign's priority objectives.



David Hermelin, BBA '58, brandishes a cane as he leads the community sing. Standing next to him is William Davidson, BBA '47, founder of the Davidson Institute, who was part of the cast. Behind them, left to right, other cast members are Barnett Helzberg, BBA '56; Dean B. Joseph White; MBA student Joseph Kostolansky; Richard Rogel, BBA '70; and Karen Schnatterly, MBA '92, producer and director of the show.

## "Risky Business" Gives Campaign a Rousing Sendoff

A lighthearted look at the history of the Business School from 1924 onwards, complete with dream sequences envisioning the possible futures of the School, provided a thoroughly entertaining kick-off event for the School's \$100 million campaign. The play took place Friday, Sept. 18 in Hale Auditorium — the day chosen by the University to launch its \$1 Billion Capital Campaign. All the different units of the University developed their own events for that day, which supplemented an overall event over the lunch hour for the entire University community.

The succession of skits included stars from all segments of the School's people, including faculty, students, staff, and alumni. Karen Schnatterly, MBA '92, producer and director of the show, played a recent grad, and David Hermelin, BBA '58, and co-owner of the Palace of Auburn Hills, played an older alumnus. These two discussed the changes the School has experienced over the years, and provided the transitions between scenes depicting the various B-School eras.

The first three scenes included a classroom in 1926, a hallway of the School in 1936, and a post-World War II scene at Dominicks. scene four portrayed the Business School in the 1970s, and scene five dealt with the Business School today.

A highlight of the event was the presence of William Davidson, BBA '47, founder of the Davidson Institute, who was one of the

members of the cast. Other alumni who took part in the show were Alan Gelband, MBA '67; Barnett Helzberg, BBA '56; and Richard Rogel, BBA 70.

The event concluded with a community sing, ably led by David Hermelin, wearing a top hat and brandishing a cane, who enthusiastically cajoled the audience into singing songs about the Campaign — one to the tune of "Coming Round the Mountain" and the other to the tune of "Hail to the Victors."

So that readers can get into the spirit of the thing, we are printing here the last two stanzas of the song written by David Hermelin to the tune of "Coming Round the Mountain."

*Now we thank each one of you for all you've done,  
Now the M Campaign officially has begun,  
Get your prospects take your pledge cards,  
This Campaign will not be that hard,  
U of M fundraising program will be fun.*

*Hail the victors for we only know success,  
On the field and in the classroom we're the best,  
As we launch solicitation,  
Let there be no hesitation,  
Michigan's the Champion of the West.*

# Among OURSELVES

## School Establishes Several New Professorships



A new chair honors D. Maynard Phelps, professor emeritus of marketing, who taught at the School for 40 years.

### •The D. Maynard Phelps Collegiate Chair in Business Administration

A new chair has been established in honor of D. Maynard Phelps, MBA 76, Ph.D. 31, professor emeritus of marketing who taught at the School for 40 years. The announcement of the new Chair came just in time for Professor Phelps 95th birthday. The first holder of the D. Maynard Phelps Collegiate Chair in Business Administration is Thomas C. Kinnear, professor of marketing and senior associate dean, who has been a member of our faculty for 17 years. He is the editor of the *Journal of Marketing*, the author of numerous scholarly articles, and the co-author of several successful textbooks, as well as being the leader of our top-ranked executive education operation. He is also a superb teacher in both the MBA and executive education classrooms. •

Joel Slemrod, first holder of the Sparks Professorship (left) is congratulated by Dean White

### •The Jack D. Sparks Whirlpool Corporation Research Professorship

The Jack D. Sparks Whirlpool Corporation Research Professorship in Business Administration was established to honor the former chairman, president, and CEO of Whirlpool corporation. This term professorship provides financial resources to support the holder's research activities. The first holder of the Sparks Professorship is Joel Slemrod, professor of business

economics and public policy, and director of the Office of Tax Policy Research. Professor Slemrod is a graduate of Harvard, the London School of Economics, and Princeton University. He is the editor of the *National Tax Journal* as well as the author of many scholarly articles, and it is rare today to read an article on tax policy in the *Wall Street Journal* or the *New York Times* which does not quote or cite the work of Professor Slemrod. •



Dean White and Youjae Yi (left) first holder of the Robertson Professorship.

## PIERPONT RECEIVES ACHIEVEMENT AWARD

Wilbur K. Pierpont, MBA '38, Ph.D. '42, has received the University's Outstanding Achievement Award, which was established in 1958 to "recognize notable accomplishments of alumni of the University of Michigan."

Pierpont, vice president emeritus of the University and professor emeritus of accounting, is recognized and honored as a distinguished educator and administrator. In 1984, he received the first Distinguished Business Officer Award of the National Association of College and University Business Officers. This award recognizes individuals who have made outstanding contributions in the field of business and financial management as administrative, business, or financial officers.

Pierpont served first as the U-M's controller, then as vice-president and chief financial officer from 1947 to 1976. In 1977, he returned to the Business School to teach.

"The directions he helped to set during those three crucial decades of expansion after World War II largely determined the University's present-day size, physical plant, and intellectual caliber," U-M President James J. Duderstadt said as he presented the award to Pierpont as part of the Honors Convocation.

"His creative financing made it possible for the University to erect new buildings and acquire new land," Duderstadt said. "In fact, the North Campus, as well as the Flint and Dearborn campuses, exist today in large part owing to his vision and determination."

As a member of the Business School's Development Advisory Board, Pierpont also actively helped to raise money for the Kresge Business Administration Library and Computing Center. An endowed scholarship fund has been established at the Business School in his honor. •

### • A Chair in Insurance/Risk Management

An endowed chair in insurance/risk management at the Business School is being established under the leadership of William T. Dobson, MBA '48, of the Dobson-McOmbler Insurance Agency in Ann Arbor. "Today, insurance/risk management is perhaps one of the most important and yet least understood of the business disciplines," said Dobson. "The impact of insurance/risk management on the economy is significant. It continues to be a major source of investment funds. Its practitioners are called upon to be more sophisticated and better trained than ever before, and its career opportunities have never been so diverse." An endowed chair in insurance/risk management at the Business School will help to assure that more managers in ever) Held understand the ramifications and complexities of insurance and its impact on their decisions. •

### • The Sanford R. Robertson Assistant Professorship

A new category of professorship has been established by Sanford R. Robertson, BBA '53, MBA '54, a member of the School's Visiting Committee and a principal in the investment banking firm of Robertson, Stephens and Co. in San Francisco. The first use of his commitment of \$500,000 to our capital campaign will be to establish this professorship, which will be for a one-year term, and will provide financial resources to support the faculty members' academic work — teaching and research — in the way he or she deems most useful. The first holder of the Robertson professorship is Youjae Yi, who joined our faculty in 1987 after completing his Ph.D. at Stanford. He has combined a remarkable record of scholarship (eight journal articles in 1991, including one in *Administrative Science Quarterly* and one in the *Journal of Consumer Research*) along with steady improvement in teaching effectiveness. •

# *Among* OURSELVES

## SYMPOSIUM ON TEACHING CORPORATE STRATEGY HELD AT B-SCHOOL

Faculty members from business schools all over the country, including Stanford, Harvard, Wharton, the University of Chicago, Columbia, Dartmouth, and Northwestern, converged in Ann Arbor October 2 - 3 to take part in a Symposium on the Teaching of Corporate Strategy. The Symposium was sponsored by the Center for International Business Education and the corporate strategy department at the Business School.

"We believe there is a need for more opportunities to exchange information, experiences and expertise, both within our own institution and among other leading business schools throughout the U.S.," said Professor Aneel Kamani, chair of the corporate

strategy group at the Michigan Business School. "The teaching symposium is a step toward meeting that need."

Topics covered in the symposium included the teaching of the "core" corporate strategy that is required of all students at the MBA level; the design and delivery of electives in the strategy area; the training of doctoral students; and the training of executives. Much of the discussion focused on improving the quality of classroom teaching. Pankaj Ghemawat, for example, told the group how teaching cases are developed and used at the Harvard Business School, and Aneel Kamani of Michigan demonstrated how innovations in teaching methods and course content in executive

education can be transferred to degree programs. A large quantity of teaching materials was exchanged, and productive, informal discussions took place over meals and during breaks.

Lively debates ensued over broader academic issues that have a direct bearing on the quality of teaching. Many were concerned that a stronger emphasis on teaching at their institutions was putting the research mission in jeopardy while others argued that a synergistic relationship between research and teaching is not only possible but essential. A discussion of doctoral student training also exposed a broad range of opinion, with some arguing that Ph.D. students should receive training

as teachers as well as researchers. Others pointed out that the academic job market continues to reward students who focus on developing their research skills.

More than 60 attended the symposium, which is the second session on teaching to be presented at the Michigan Business School. More than half of the Business School's faculty attended a teaching workshop held here last winter. The program focused on a series of cases exploring the challenges of teaching using a discussion pedagogy, and included four sessions led by eight of the best teachers at the Michigan Business School. •

## *Martha Seger Wins U-M Athena Award*

Martha Romaine Seger, BBA '54, MBA '55, Ph.D. '71, was the recipient of this year's Alumnae Council Athena Award, given by the U-M Alumni Association.

Seger has had a distinguished career as an economist, and in 1984, was appointed by President Reagan to a seat on the Federal Reserve Board of Governors.

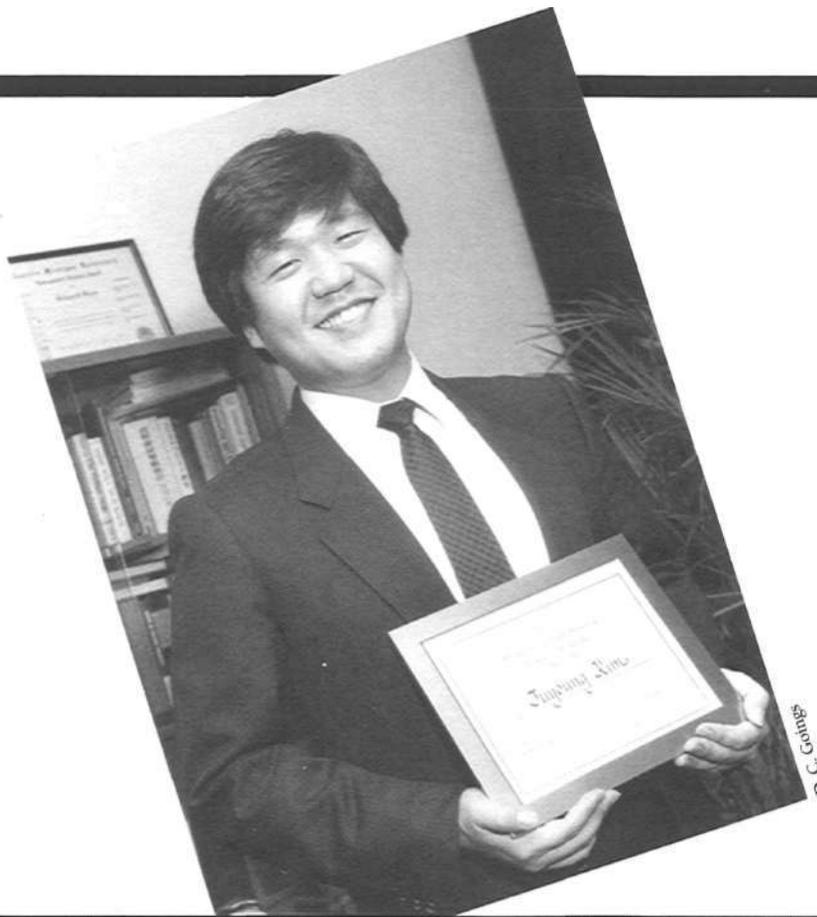
She has many years' experience in commercial banking, and served for two years as state banking commissioner, a post to which she was appointed by then Governor William Millikin. From 1974-76, she was vice president and chief economist for the Bank of the Commonwealth, and from 1967 - 74, she was chief economist for the Detroit Bank & Trust. Although for family reasons she resigned last year from the Federal Reserve Board, she maintains a hectic schedule as a member of the board of directors of eight major corporations and as a fellow at the University of Arizona's Entrepreneurship Center.

After receiving the award, Seger spoke about the U.S. economy, saying that it is strangling its most innovative business firms in bureaucracy and red tape. Not every startup firm can succeed and become a company like Apple Computers, she said, "but we ought to encourage them to try"

Small companies can't put up the collateral that lenders demand, said Seger. Nor can their owners — often one-person offices — make their way through the maze of regulations and paperwork that controls wages and hours, working conditions, and many other aspects of running a business.

"I'm very much in favor of small business exclusion from regulations that affect larger companies," said Seger. "For example, a little bank in a small town in northern Michigan with \$22 million total assets should be regulated in a very different way from the National Bank of Detroit in downtown Detroit. And, we ought to be able to accept that fact because they are so different"

U-M President James Duderstadt called the Athena "one of this University's most prestigious awards," as he presented it to Seger. The award was first given in 1973 when there were few awards of its caliber that women might win. A strong supporter of equality for women, Seger commented, "Publicity goes with this, and I think that does send a message, especially to the younger girls. I really believe in the concept of having a role model" •



## KIM WINS KENDRICK AWARD

Ph.D. student Juyoung Kim has won the annual Milton and Josephine Kendrick Award which recognizes the importance of theoretical scholarly work among doctoral students in marketing. Kim earned bachelor's and master's degrees in business administration from Korea University. His dissertation deals with the effect of brand evaluation on product choices. Mr. Kendrick, who graduated from the University of Michigan in 1929, had a distinguished career with Michigan Consolidated Gas Company before he retired in 1970. He received the U-M's Distinguished Alumni Service Award in 1961.

## How Progressive are Taxes? Conference Experts Ponder the Question

Despite all the rhetoric, the average American family's overall Federal tax burden failed to shrink at all between 1980 and 1993, concluded three members of the Congressional Budget Office who presented a paper on "Trends in Federal Tax Progressivity, 1980-1993" at a conference on tax progressivity held Sept. 11-12 in Ann Arbor.

The conference was sponsored by the Office of Tax Policy Research at the Business School. The paper on tax progressivity was presented by Richard Kasten, Frank Sammartino, and Eric Toder of the Congressional Budget Office; William Gale of the Brookings Institution was the discussant.

The three economists said the average effective Federal tax rate amounted to 23.3 percent in 1980. Today, it is 23.2 percent. The new calculations include not only income taxes — which have shrunk as a portion of the American family's income —

but also Social Security, excise and corporate taxes.

Gilbert E. Metcalf of Princeton University presented a paper on "The Lifetime Incidence of State and Local Taxes: Measuring Changes During the 1980s." Discussant was Robert Inman of the University of Pennsylvania.

Following Metcalf's paper, Lynn A. Karoly of RAND Corporation spoke on "Trends in Income Inequality: The Impact of, and Implications for, Tax Policy" David Cutler of Harvard University was the discussant.

The afternoon session included papers by Robert Triest of the University of California-Davis, who spoke on "The Efficiency Cost of Increased Progressivity" with Gary Burtless of the Brookings Institution as discussant; and Joel Slemrod, director of the Office of Tax Policy Research at the University of Michigan, who spoke "On the High-Income Laffer Curve" with E. Eugene Steuerle of the Urban Institute as discussant.

Other papers presented at the conference included:

- "Tax Progressivity and Household Portfolios: Evidence from the Surveys of

Consumer Finances," presented by John Karl Scholz of the University of Wisconsin-Madison, with Johnathan Skinner of the University of Virginia as discussant;

- "Progressivity of Capital Gains Taxation with Optimal Portfolio Selection," presented by Michael Haliassos and Andrew B. Lyon of the University of Maryland, with James Poterba of MIT as discussant;
- "Perceptions of Fairness in the Crucible of Tax Policy" presented by Steven M. Sheffrin of the University of California-Davis, with Jane Gravelle of the Congressional Research Service as discussant; and
- "Progressivity Reconsidered," by Richard Musgrave of the University of California-Santa Cruz. His paper was followed by general discussion.

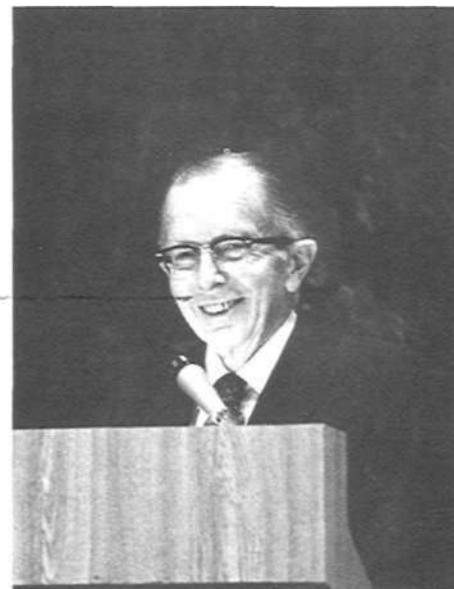
Proceedings of the Conference are available for a nominal fee by writing the Office of Tax Policy Research, Room 2266A Business Administration Building, the University of Michigan, Ann Arbor, Michigan 48109-1234. Also, a lengthy story on the Conference appeared in the *New York Times* Business Day section on October 1, 1992. •



Marina Whitman



C. K. Prahalad



Paul McCracken

## Global Competitiveness Addressed by Panel

A discussion on past and future challenges in the international marketplace was held as part of the festivities surrounding the kick-off of the Business School's \$100 Million Campaign.

Dr. Paul McCracken moderated a discussion between Professors C. K. Prahalad and Marina Whitman on the topic of global competitiveness.

Manna Whitman, distinguished visiting professor of business administration and public policy, called for a commitment to ongoing change in production

methods and public policy. C. K. Prahalad, professor of corporate strategy and international business, advocated a fundamental rethinking of the role of top management in response to what he called a "silent industrial revolution" going on around the world.

Whitman, formerly a vice president at General Motors, said that while the American manufacturing sector is not in total disorder, there are particular difficulties. "U.S. manufacturers have taken on responsibilities that in many other countries are taken care of by

government and paid for by all taxpayers," she said. This includes the cost of health care, which adds substantially to the prices of American products.

Prahalad showed charts documenting that the U.S. has lost its status as world leader in the production of such commodities as automobiles, tires, consumer electronics, financial services, and heavy equipment. "For the first time in industrial history, intellectual leadership is not in the West," he said. "Industrial revitalization will require — not restructuring, but a funda-

mental rethinking of the management process"<sup>1</sup>

Building blocks of the silent industrial revolution now underway include: customer orientation; reducing the requirements of capital; new business and market development; and focus on global-local capabilities.

"In the last Industrial Revolution, we substituted capital for labor," he said. "In the new silent industrial revolution, the scarce commodity will be competence, not capital." •

## *E. A. Snyder Appointed Interim Director of Davidson Institute*

The work of the William Davidson Institute got underway this summer with the appointment of Edward A. Snyder as interim director, and the establishment of four key committees.

Snyder, associate professor of business economics and public policy, earned his master's and Ph.D. degrees at the University of Chicago, and serves as chair of the business economics group at the Business School.

The educational mission of the Institute, established with a \$30 million private giving commitment, is to help nations around the world make successful transitions from command to market-oriented economies and to assist companies that wish to operate effectively in these transitional economies.

Four committees have been appointed to begin the work of the Institute. They are: the Search committee, which will identify the qualities to be sought in a permanent director and conduct a worldwide search for the director; the Competitive Analysis committee, which will define in detail the Institutes mission and develop the Institute's near term strategy as well as evaluating information on organizations whose goals are similar to those of the Davidson Institute; the Instructional Program committee, which will develop a model that integrates the six-week instructional program to be offered to foreign managers with the Institutes internship program and Institute-supported research efforts; and the Research committee, which will identify research strategies that will generate insightful and practice-oriented analyses of how to manage business relationships in transitional economies.

Office space for the Institute is being created by remodelling the ninth floor of the Business School, and is expected to be completed before the end of the year.

"The goal of the Institute is to become the world's leading center on transitional economies and on solving the business problems faced by companies operating in transitional economies," said Professor Snyder. "To do this, we want to develop intensive, long-term partnerships with foreign enterprises that will become agents of change in transitional economies as well as U.S. firms committed to operating in these economies. "We are now working on identifying a few of these firms, with emphasis on quality rather than on scale." •

Professor Edward Snyder, Interim Director of the Davidson Institute, • is pictured in the ninth floor area as it is undergoing remodelling to become the office space for the Institute.

## 20 Dutch Managers Study Here in the Executive MBI Program

Twenty Dutch managers studied here for an intensive four-week period this summer as participants in the Executive MBI program, developed as a joint venture between the Michigan Business School and Erasmus University of Rotterdam, The Netherlands.

MBI stands for Master of Business Informatics, and the Executive MBI program trains experienced managers to solve interdisciplinary and complex practical management problems in which information systems and technology aspects play an important role.

This is the third year of the joint program. Participants spend four weeks here in the middle of their two-year degree program. Their program here included sessions on U.S. law with information technology applications, strategic marketing planning, venture capital finance and investment, strategic management, technology in the future work place, total quality management, and a brand management simulation.

In addition, the group heard special presentations on business and the environment, emerging patterns of competition, economic reform in Eastern Europe, technology in support of the "new organization," ethics, and global trends. They also went on tours and saw demonstrations of some of the new models for using information technology.

"This year's curriculum reflects our goal of providing a diverse and challenging program responsive to the interests and expertise of the class," said Elaine K. Didier, director of information resources, who directs the Michigan part of the MBI program. •



Professor Karl Wieck (left) receives the new Senior Faculty Research Award from Dean White.

Gregory Fox



The Eugene Power Award for Junior Faculty Achievement went to Assistant Professor Taylor Cox (left).

Gregory Fox

## TWO NEW AWARDS HONOR FACULTY ACHIEVEMENT

Faculty achievement at both the junior and senior levels is recognized by two new awards established this year.

• **The Senior Faculty Research Award** recognizes outstanding achievement in research by a senior faculty member. The first recipient of the new award is Karl Weick, Rensis Likert Collegiate Professor of Organizational Behavior and Psychology, who joined our faculty in 1987. Professor Weick was honored in a striking way in 1991. For the first time in the history of the Academy of Management, one person — Professor Weick — received both the lifetime achievement award (which had

been given only eight times previously) and the award for the best article of the current year. The Irwin Award for Scholarly Contribution to Management — given for lifetime contributions to the study of management — was given to Professor Weick, along with the award for the best article of the year to be published in the *Academy of Management Journal*. The prize-winning article was entitled "Theory Construction as Disciplined Imagination," and was cited as a path-breaking description of the thinking processes theorists use to gain an understanding of managerial behavior.

• **The Eugene Power Award for Junior Faculty Achievement** enables us for each of the next five years to honor a non-tenured member of our faculty for overall contribution and accomplishment. The

# Business Week Names Prahalad as a Top Management Guru



The award for Junior Faculty Achievement was made possible by a gift from the Power Foundation, and is named for Eugene B. Power, former regent and founder of University Microfilms, Inc. He is pictured here at the awards dinner.

award, which includes a generous honorarium, was made possible by a gift from the Power Foundation, and is named for Eugene B. Power, former U-M regent and founder of University Microfilms, Inc. The first recipient is Taylor Cox, assistant professor of organizational behavior and human resource management. He joined our faculty in 1988, and through a series of scholarly papers (including six refereed journal articles this year) has carved out a position of expertise on the subject of cultural differences in work organizations. In addition, he is one of the founding faculty members of the Minority Summer Institute. •

C. K. Prahalad, professor of corporate strategy, was named one of management's top "gurus" in the cover story of *Business Week's* August 31, 1992, issue. "A brilliant teacher at the University of Michigan, Prahalad may well be the most influential thinker on corporate strategy today" said John Byrne, who wrote the *Business Week* story.

"Prahalad says executives too frequently think of strategy as 'fit' instead of 'stretch.' Companies plot strategy on the basis of their ability to match their existing resources with their ambitions," said the *Business Week* article, going on to quote Prahalad as follows:

"If they fit, however, there's no opportunity for creativity and innovation because you're scaling down your ambitions to fit your resources," says Prahalad, who advises AT&T, Kodak, and Philips. "Only when your aspirations and desires lie outside your resources does creativity occur, because you have to invent new ways of competing and change the rules of the game."

"To foster that sort of thinking," *Business Week* continues, "the professor urges companies to focus on their 'core competencies' — what they do best and what differentiates them from the competition. Then, he says, companies should search for ways to expand beyond their existing resources through licensing arrangements, strategic alliances, and supplier relationships. A case in point: Apple Computer Inc's

alliance with Sony Corp. to manufacture Apple's highly successful Powerbook line of computers, which linked Apples knack for designing easy-to-use products with Sony's miniaturization and the manufacturing know-how necessary to make compact products.

**"Thanks to the freshness of his ideas, India-born Prahalad is regarded as the most influential thinker on strategy since Harvard business school's Michael E. Porter — no slouch as a guru himself."**

— *Business Week*

"Thanks to the freshness of his ideas, India-born Prahalad is regarded as the most influential thinker on strategy since Harvard business school's Michael E. Porter — no slouch as a guru himself."

Prahalad is the author of "The Multinational Mission: Balancing Local Responsiveness and Global Vision" (Free Press, 1987). A book outlining

his thinking on strategy, titled "Competing for the Future," is expected in 1993.

Prahalad is a member of the core faculty of the Executive Program, and teaches in the Advanced Human Resource Executive Program and the Manufacturing Executive Program as well as in the School's MBA Program.

Two of Prahalad's articles, co-authored with Gary Hamel, (Ph.D. '90 in international business — now at the London Business School) won the McKinsey Award, given to recognize outstanding and readable articles in the *Harvard Business Review* that contribute significantly to top managers of businesses and are likely to have a major influence on their actions. For 1989, a panel of distinguished leaders selected "Strategic Intent," which appeared in the May-June, 1989 issue, as their first choice. In 1990, their article, entitled "The Core Competence of the Corporation," published in the May-June, 1990 issue of the *Harvard Business Review*, was selected to be the second place winner of the McKinsey Award. •

# ClassNOTES

## •S3

**Robert E Schwindt, MBA '53,** has been elected Director of Corange LTDA-London — the worldwide organization that leads Boehringer Mannheim operations in diagnostics, pharmaceuticals, orthopedics and biochemicals. He writes that he retired from his duties as CEO and president of Boehringer Mannheim U.S. Holdings, Inc., but continues as chairman of the board directing USA operations. Before joining Boehringer Mannheim in 1985, he held a number of staff and management positions in both the USA and Latin America with Union Carbide Corporation.

## •SB

**John T. Thomas, BBA '57, MBA '58,** is a partner and director of Ward Howell International, Inc., a multinational executive search firm with 50 offices in principal cities throughout the world. He has recently been included in the first edition of *Who's Who in Advertising*. For some time he has also been listed in both *Who's Who in America* and *Who's Who in the Midwest*. These listings reflect his many activities in and for consumer goods companies throughout his 30 plus years in marketing management and consulting. Thomas has been re-elected chairman of the board of the Winnetka Youth organization, which runs a drop-in and counseling center serving teenagers in the North Shore suburbs of Chicago.

## '53

**Alan K Stonex, MBA '59,** has retired from General Motors after 33 years of service. He began work at Chevrolet Willow Run and did a stint as a financial senior analyst and statistician at GMAD central office in Warren, Michigan.

At the time of his retirement he was Salaried Personnel Administrator at the GM Corvette plant in Bowling Green, Kentucky. He is active in Bowling Green, where he is a member of the board of directors of United Way of Southern Kentucky and a member of the Mayor's Commission on Employment and Disability Issues and the Citizens' Advisory Council on traffic safety. He is also vice chairman of the Warren County (Ky) Tomorrow Commission. When he lived in Michigan, Stonex served as mayor of Brighton for four years and on the SEMCOG executive committee. His wife, Marianne, is employed at Fruit of the Loom World Headquarters in Bowling Green.

## '67

**Daniel Redstone, B. Arc. '65, MBA '67,** has been appointed to the State Board of Architects by Michigan Governor John Engler. The Board provides for the registration of persons practicing architecture, sets qualifications for registration and prescribes penalties. Daniel became president of Redstone Architects in 1986. The firm has completed a large amount of work on university facilities, medical facilities and corporate office buildings, and has won praise for its adaptive reuse work on the historic Stroh River Place Apartments and Townhomes, and the major expansion and renovation of Walsh College in Troy, projects on which Redstone served as principal-in-charge.

**James G. Stanley, BBA '66, MBA '67,** joined Sierra On-Line as executive vice president of sales and marketing in July, 1992. Sierra is a leading creator, manufacturer and merchandiser of entertainment and educational software. Before joining Sierra, James was senior director of marketing at Ernest and Julio Gallo Winery and general manager of the Chemical

Products Division of Crown Zellerbach. He writes that in 1989 and 1991 he completed the Ironman Triathlon World Championship held in Kona, Hawaii. He is married to Linda (Swayze) Stanley (Mich. BA '67) and they have two sons. They live in Modesto, Calif.

**William C. Handorf, MBA '67,** has been appointed a director of the Federal Home Loan Bank System's Office of Finance. The Office is fiscal agent for the 12 regional banks and raises about \$100 billion annually in the domestic and Euromarkets. He is one of three directors. Handorf, who received his Ph.D. from Michigan State, is a professor of finance and real estate at the George Washington University in Washington, DC. He is also editor of the National Council of Community Bankers' "Corporate Finance Letter" and the capital markets editor of the "Bank Portfolio Strategist." Before joining the ranks of academia in 1975, Handorf held a number of positions, including that of a commercial lending credit analyst with the National Bank of Detroit, a regulator with the Federal Home Loan Bank Board, and a consultant to Deloitte & Touche and the Federal Insurance Corporation.

## >68

**Richard Carl Jensen, MBA '68,** is regional president of Boatmen's National Bank in Clayton, Missouri, and writes that his son Arjay is now a student at Michigan. He says he and his wife are actively collecting contemporary sculpture and he serves as chairman of the Collections Committee at Laumeier Sculpture Park.

**Red Maynard, MBA '68,** has been appointed to the newly established position of Continuous Improvement Recognition System (CIRS) Manager

The Korean Michigan Business Club met in Seoul in March. Gunter Dufey, professor of international business, was able to attend the meeting. Pictured with him at the restaurant are (left to right) Sang-Tim Choi, who received his Ph.D. in international business in 1984 and is now a professor at Hanyang University; Yoon-Dae Euh, Ph.D. international business, '74, who is now Dean of Academic Affairs at Korea University; Professor Dufey; Sangkee Min, Ph.D. international business, '76, now a professor at Seoul National University; and Taeyoung Chung, 1991 Ph.D. in international business who is now a professor at Hong Ik University.



at Ford Motor Company. As such, he will be responsible for directing the launching and maintenance of the CIRS system, which was launched at Ford of Mexico recently. It is expected to take two to three years to completely integrate CIRS into the worldwide Ford corporate systems. Orientation/awareness sessions are progressing throughout the company. Before this appointment, Red was manager of Engine Manufacturing Development Operations, Engine Product and Manufacturing Engineering, Powertrain Operations.

3"70

*C. W. Jewell, MBA '70,* has just been appointed Director Energy and Project Finance-Asia of General Electric Capital and will be moving to Hong Kong from Greenwich, Ct., where he currently lives.

J.72

*John Hollett, BSE '67, MBA '72,* writes us that he worked for Crowley Maritime Corporation for the past 15 years and is now heading up the quality process for Inchcape Shipping Services, a subsidiary of U.K. distribution/marketing cor-

poration for North America. It's a major ship agency company with 53 offices in North America. While at Crowley he was VR Middle East in charge of the Kuwait oil spill cleanup of over 5 million Bbls. from April to Sept, 1991. Based on Crowley's involvement with the Exxon Valdez cleanup, King Fahd called on Crowley to head up this major effort. Approximately \$85 million was spent on the project. Hollett is currently based in Philadelphia.

*Rear Admiral Jack Kavanaugh, MBA '72,* was selected for Admiral in Dec. 1989, and recently completed a tour as deputy comptroller of the Navy. He is now Director of Supply Operations and Readiness/Fleet supply officer for the U.S. Atlantic fleet. His current job entails making logistics policy and supporting the logistics pipeline for 228 ships of the fleet, currently deployed to the Persian Gulf, Red Sea, Mediterranean Sea, Caribbean drug wars, Hurricane Andrew and in phases of operational training to relieve existing ships on deployment. Logistics support includes fuel, food, ordnance and spare parts. He currently lives in Norfolk, Va.

'76

*Doug Shufelt, MBA '76,* is director of the Cranston Print Works in New York City, where he has worked ever since graduating from Business School. He writes "We are a mid-size textile and chemical company with the distinction of being the largest printer of fabrics in the world. Formerly owned by the Rockefeller family, the company is now employee owned after a 1987 leveraged buyout." He is responsible for the export department and for merchandising the off-goods. He says he enjoys the challenge of working in New York City's garment district. He also keeps in touch with Steve McCormack, MBA '76, who is now a vice president of 3-1 Capital Corp. in Boston. He and his wife recently had their first child, a son named Richard, and moved to a new house in Duxbury, Mass. Doug also tells us that with the pending completion of the NAFTA agreement, John Pfeil, MBA '76, has decided to revive his sun tanning centers in Acapulco. His new concept, "Siesta Salons" provides full service recreational activities for travelers and business executives.

# Class



Gregory Fox

*William L. Aamoth, BBA '76,* joined TRW in May 1992 as assistant treasurer, international. He is responsible for all funding, capital structure management, foreign exchange, and rate risk management for TRW's overseas subsidiaries. He and his wife and daughter live in Solon, Ohio.

*Susan Detwiler, MBA '76,* is president of S.M. Detwiler & Associates, Inc.-The Information Connection. Her company is an independent information provider serving the national business community. She says, "Regardless of the questions we're asked, as long as it's a legitimate business request, we research the answer." Over the years, the company has created databases of literature searches, provided background research on potential acquisitions, and written complete overviews of new markets. Their sources range from government experts to almost 1,000 electronic databases. Since so much of the company's work is in the healthcare

industry, they created a research tool entitled, "The Detwiler Directory of Medical Market Sources" which is useful to research staff at various companies. Susan's husband, Mark, is also an entrepreneur, selling used and collectible records. They have two children and live in Warsaw, Indiana.

## '-7B

*David A. Conder, MBA '78,* announces the formation of David Conder Enderle & Sloan, Inc., a new firm which focuses on actuarial and employee benefit consulting for pension, profit sharing, 401 (k) and retiree medical plans. The company will specialize in plan design and on-going consulting support, actuarial valuations, and financial management consulting. Conder was formerly a principal and a lead consulting actuary at Towers Perrin Forster & Crosby. He has 14 years consulting experience and is an associate of the Society of Actuaries, a

*M* Celebrating their 50th Reunion this year were members of the class of 1942, who attended our Emeritus Reunion in June. Pictured clockwise from top right, they are: Harold M. Levinson, James E. Keenan, Wilbur K. Pierpont (Ph.D. '42), William M. Kramer, Elizabeth Wurster, Herman E. Erke, Robert Swinck and John P. Strouss. All received their MBAs in 1942 with the exception of W. K. Pierpont, who was a Ph.D. graduate that year.

member of the American Academy of Actuaries and an enrolled actuary. He and his wife live in Chicago.

## "'79

*Brian P. Smeenk, MBA '79,* was recently appointed senior vice president, government affairs, of the Human Resources Professionals Association of Ontario, a volunteer professional association of over 6,000 members who are active in the human resources field. He is responsible for liaison with the government of Ontario regarding its many initiatives in the areas of labor law reform, pay equity, etc. He also maintains a busy law practice representing employers in labor and employment matters. He is a partner in the Toronto firm of Winkler, Filion & Wakely.

## •SO

*Mark Levin, BBA '80,* has become Of Counsel to the Seattle law firm of Bogle & Gates, and has also been named one of the first of two recipients of a Blakemore Foundation Grant for advanced Japanese language study. From September, 1992 to June, 1993 he will be enrolled at the Inter-University Center for Japanese Language studies in Yokohama, Japan. Mark is a 1983 graduate of Yale Law School and a 1990 graduate of the University of Washington Asian Law Program, specializing in Japanese law.

*Jeff Smith, MBA '80,* is a partner in Andersen Consulting based in Grand Rapids and Detroit, specializing in serving large consumer and industrial products clients with business and systems integration assistance. He and his wife and four daughters live in East Grand Rapids.

*Maxine Lans, MBA '80,* a lawyer at Sidley & Austin, Chicago, has become the legal editor of *Marketing News* magazine. As an attorney, she specializes in intellectual property and employment law.

*John Andrew Capuano, BBA '80,* has been named head of the Employee Benefits Consulting Group of Plante & Moran, the largest accounting and management consulting firm based in Michigan. He is a CPA and a CFP, and has worked at Plante & Moran as auditor and financial planner, and in 1985 was promoted to associate. He and his wife and two daughters live in Grosse Pointe Farms.

*Richard L. Pigott, MBA '81,* has been named president and chief operating officer of Spring Arbor Distributors, the largest distributor in the world of products for the Christian retailing industry, with sales in excess of \$150 million per year. Richard joined Spring Arbor in 1985, and before his new appointment served as senior vice president of operations.

*Philip M. Comerfordjr, BBA '81,* recently joined Chartered West LB, Limited, as a vice president specializing in cross border mergers and acquisitions. Chartered West LB is an international merchant bank based in London, with offices in Dusseldorf, Berlin, and New York. Philip and his wife Betty live in Larchmont, New York, and have two children, Sarah Elizabeth, born in May, 1992, and Philip III. They are the grandchildren of Philip M. Comerford, BBA '52, MBA '53.

*Charlie Raffin, MBA '81,* was recently promoted to product director at the Ortho Biotech Division of Johnson & Johnson. He is responsible for leading market development efforts on the use of recombinant human erythropoietin in various surgical patient applications. Evidence suggests this new therapy may reduce blood transfusions and improve

patient recover). He writes that Johnson & Johnson is the world's recognized leader in sales and application development for erythropoietin, a drug developed from research in biotechnology.

*Ashok B. Hargunani, MBA '81,* is manager of CAE NVH and sound quality at Ford Motor Company, where his responsibilities include intensifying use of computer simulation tools in vehicle development to improve product NVH quality. He says the Hargunani family is turning into a computer family at Ford. His wife, Kann, does computer aided technical illustrations in body engineering and his son, Andre, did a summer internship doing computer aided packaging.

*Sudeep Budhiraja, MBA '81,* writes that he has relocated to Riyadh, Saudi Arabia, where he works for the Saudi American Bank.

## 'BE

*Scott C. Finerman, BBA '82,* has been elected the 80th president of the City Club of Cleveland. He is the youngest president in the Club's history and the first CPA to serve in that capacity. The City Club is best known for its Friday Forums — the longest continuously running forum of its kind in the country. The Friday Forums are broadcast on 145 radio and two television stations. Scott is a partner in the regional CPA firm of Cohen & Company.

## Sam Zell Zips Along European Roads with Zell's Angels

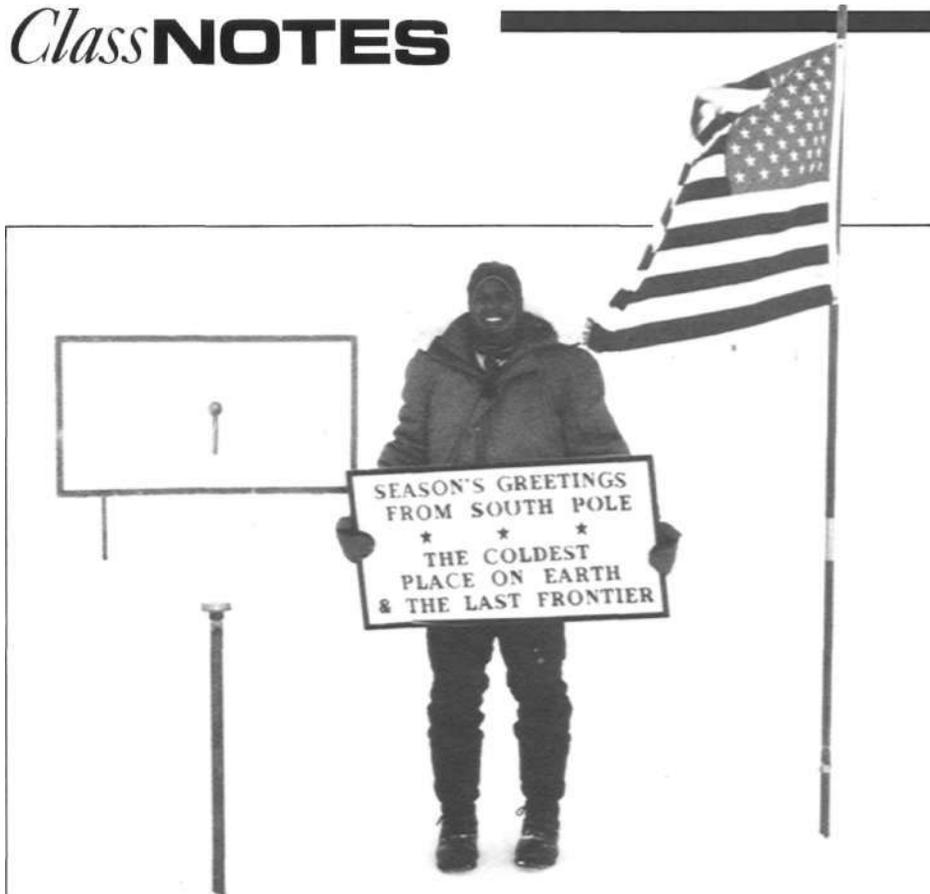
The July 20, 1992 issue of *Forbes Magazine* carried an article called "Zell's Angels" which detailed the adventures of Richard Stem, the *Forbes* senior editor and self-described "bom again biker" who went along as a guest with Sam Zell and his "Angels." This group takes to motorcycles each year in search of different highways and roads to conquer and this year covered nearly 3,000 miles in two weeks, going from Athens, Greece, to Basel, Switzerland via Italy

The group is led by Sam Zell, founder principal and chairman of Equity Financial and Management Company, and a good friend of the Business School. (In fact, he was at the Business School in October to lead a Deans Seminar here in which he discussed entrepreneurship, building a business, and taking risks. A large and appreciative crowd of students listened intently to his presentation in Hale Auditorium.)

Many of "Zells Angels" — all of whom are highly successful middle-aged businessmen — have ridden with him through Nepal, Thailand, New Zealand, France and Spain on their annual motorcycle adventures.

Said the article in *Forbes*, "For us hard-chargers the daily grind averages six to eight hours on often tortuous roads. But at days end the Angels seek the best creature comforts, often dining at starred restaurants and sleeping at \$400 a night hotels. Nowhere, despite our road attire, are we refused — in fact, we often get royal treatment. Money talks many languages."

Zell maintains controlling interest and resides as chairman of the board of various corporate affiliations which include Great American Management and Investments, Inc. (GAMI), an agricultural chemicals and manufacturing firm; ITEL Corporation (ITEL); and Nucorp, Inc. (NUCO), an insurance, oil and gas company. All of these companies are publicly traded firms headquartered in Chicago. Zell also maintains controlling interest in Consolidated Fibres Inc., a manufacturer of thermoformed plastic packaging.



## Robert McFarland, BBA '83, Worked for a Year as Physician in die Antarctic

"As much as I've always enjoyed the call of adventure, I never anticipated the kind of adventure that came on my watch as Medical Officer for the U.S. Antarctic Program. I wouldn't have missed the experience for the world," writes Robert McFarland, BBA '83, who completed his M.D. degree at New York Medical College in 1989, did a surgical internship at Portsmouth Naval hospital, and then volunteered to serve as researcher and physician for the scientists working in Antarctica for the National Science Foundation Polar Program.

Dr. McFarland provided medical care to some 300 men and women engaged in operations and research at McMurdo Station on the shore of the Ross sea. He says Antarctica is one of the windiest and driest places in the world. Winter winds usually blow at speeds of 60 to 80 knots, and the temperature can reach 130 degrees below zero. He also spent six weeks at the South Pole filling in for another physician, and says at the South Pole "the temperature made McMurdo feel like the Bahamas"

While at McMurdo, he not only performed fairly routine tasks, like setting broken bones and treating lacerations, but he also orchestrated the medical aspects of an extremely hazardous midwinter evacuation flight for a gravely ill patient, the first rescue required at McMurdo in 24 years. While there, he also worked on a research project involving a study of the effect of prolonged isolation and lack of sunlight on people in a close community.

He is now a radiology resident at San Diego Naval hospital.

(This item was excerpted from an article written by Dr. McFarland for the *Chironian*, the Alumni Magazine of New York Medical College.)

' S 3

*Victor Ney, MBA '83*, is vice president, administration, for Penguin Key Food Supermarkets in Woodmere, New York, and writes that his son, Jeremy Binder Ney was born on April 4, 1992.

*Bill Gay, MBA '83*, has moved to Williamsburg, Va. as a result of a promotion and transfer. He is now national accounts manager for Chesapeake Corp.

*Eve M. Tai, BBA '83*, writes that she returned to Madison, Wis. in 1990 after taking a year in Paris for a personal sabbatical. Since then, she's been employed at the Madison AIDS Support Network as director of volunteer services. She says, "The job and AIDS demand everything the Michigan B School, advertising, Mom & Dad and Dr. Ruth have ever taught me" She adds that she has been dancing with a lively jazz group called "Synergy" and has performed throughout Madison and in New York City with "many temperamental but brilliant musicians." She is also publicity and development director for the company, and comments that jazz offers a great balance to the demands of her job.

' 8 4

*Jeff Mattfolk, BBA '84*, has been promoted to senior manager-audit at Deloitte & Touche and has moved from the San Diego office to the Boston office. He now lives in New Hampshire with his wife Beth and two sons.

*Mary L. (Reed) Trash, BBA '84*, has moved to Ann Arbor with her husband, Bob (Michigan Med School '84) who has joined Ann Arbor Cardiology Consultants. She is now working at the Ann Arbor branch of Society Bank, providing employment support, training and development, and general Human Resources administration. She writes, "After seven years with the May Department Stores in Cleveland and St. Louis, and a one year stay in Indianapolis, we are glad to be back in

Ann Arbor and hope to see and hear from old friends as they wander through town."

*Bruno Piperno, MBA '84,* has accepted a partnership in Business Value, an Italian consulting firm specializing in feasibility studies, evaluations, and general management consultancy for manufacturing and service companies. He and his wife Celeste have three children and live in Rome. Bruno formerly worked for Andersen Consulting.

*Diarmuid Boran, MBA '88,* has recently been promoted to director, corporate business analysis, within the treasury organization of Marion Merrell Dow Inc. The corporate business analysis team analyzes acquisitions, divestitures, licensing and co-promotion opportunities from a financial perspective. He was formerly an associate product manager in new products marketing, responsible for developing marketing platforms for several of the company's new products.

*Charles C. Conaway MBA '84,* has been named senior vice president - pharmacy for CVS, currently the third largest drugstore chain in the U.S. Chuck will oversee all aspects of the pharmacy business, including purchasing, managed care, legal and pharmacy management information systems. He was previously with Reliable Drug Stores, Inc. as executive vice president and chief operating officer. He and his wife and two daughters will be moving to Rhode Island from Indianapolis.

' S B

*Paul D. Engel, MBA '85,* was married to Maria Stellato in March and now lives with his wife in Hasbrouck Heights, NJ. At the beginning of the year, he formed the firm Engel, Fantuzzo, Shroff & Co., which offers accounting, valuation, computer and financial consulting services to banks, businesses, and individuals. Previously Paul was a vice president of Daley-Hodkin Appraisal Corp. in charge of valuing businesses, inventories, and intellectual properties.

*Vince Barker, BBA '85,* writes that he was recently granted a Ph.D. in business policy and strategic management from the University of Illinois at Urbana-Champaign. He is currently an assistant professor at the University of Wisconsin-Milwaukee School of Business.

'B7

*Mark Hodgson, MBA '87,* was recently promoted to advertising manager of the Interactive Television Product Group at Hewlett-Packard company. He writes, "This is a new market for HP so it is a very exciting place to be." He was previously advertising manager for the installed-base of HP's commercial business systems division.

*Mark S. Wright, BBA '87,* was recently promoted to manager in the audit department of KPMG Peat Marwick in Detroit, where he works primarily with manufacturing and insurance clients. He and his wife Lillian live in Farmington Hills.

*William B. Robinson, MBA '87,* is vice president of Russell Miller Corporate Finance, Inc. in San Francisco, where he manages a small group of mergers and acquisitions professionals involved in middle market transactions around the U.S. They serve principally as intermediaries, representing either the buyers or sellers of companies and from time to time locating or raising financing for management buy-outs or other purposes.

>S8

*J. Frederic Nemenski, MBA '88,* is a senior development engineer at General Motors proving ground, where he supervises the design of computer systems used at GM for automotive emissions and fuel economy testing.

'89

*Matthew Kenkel, MBA '89,* recently joined Bankers Realty of Farmington Hills, Mich, as a 50% owner

and associate realtor. Bankers Realty is a residential and commercial real estate brokerage operation specializing in Oakland and Wayne counties. He writes, "The exhilaration of self-employment far outweighs any risks and uncertainties inherent in the business."

*Thomas P. Weeks, MBA '89,* recently accepted the position of business analyst on the executive council staff at Detroit Edison. He and his wife, Jean (MSW '88) are expecting their first child in December.

*Judybara, BSIE '82, MBA '89,* recently completed a six-week automotive retail internship with Suburban Motors Company, an automotive mega-dealer in Troy, Michigan, before starting a new assignment as the product planner for midsize passenger cars with General Motors' North American Export Sales organization in Detroit. She writes that she is vice president of the board of directors for the Williamsburg of Michigan condominium association in Birmingham, Mich., and also enjoys playing croquet with the Detroit Croquet Club at the Riverplace Inn in Detroit.

## Deaths

*Ralph]. O'Hara, MBA 35,* died of cancer on May 21. He spent most of his business years with Burroughs Corp. in Detroit and later in San Jose, California. He is survived by his wife, Helen Barr O'Hara, two daughters, and five grandchildren.

*Pauline (VanSchoick) Noyes, BBA '58,* died August 9, at her home in Fairfield, Ct. Surviving her are her husband, Androus D. Noyes, two sons, two brothers, one sister, and several nieces and nephews.

## *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 48109-12347 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.

## CALENDAR

### *January 15*

BBA Student-Alumni Forum at the Business School

### *March 12*

Meeting of the Business School's National Campaign Committee

### *March 26*

Spring meeting of the Alumni Society Board of Governors

### *April 2*

Meeting of the School's Visiting Committee

### *April 9*

The Annual Scholarship Dinner

### *May 6*

Spring meeting of the Corporate Board

### *May Date to be Determined*

Reception in Paris inaugurating the European Michigan Alumni Club (EMAC). For more information, contact Alexander Hardy, president, 17 Cranmer Court, London SW3 3HN UK - Telephone (071)584-0086

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# "Business has a huge impact on society. By giving to the Michigan Business School, we're helping the School continue as an agent for creative and positive changer

Jeanne Wilt, MBA '89  
Former Senior Analyst, Union Pacific Railroad  
and as of November 1, 1992,  
Director of Alumni Relations at the  
Michigan Business  
School.

**"I believe business can always benefit from an infusion of reality and integrity. Michigan is in an excellent position to do just that.**

"Michigan was in many ways the perfect school for me. It combined an excellent general business education with a down-to-earth attitude. I'm grateful for the people and ideas I discovered in Ann Arbor. Also, I continue to be impressed by the holistic approach the School is taking toward business education. The Dean, faculty, and staff are building an integrated, cross-functional approach to business problem solving. They're working hard to create degree programs that reflect reality by emphasizing quality, teamwork, human resource management, community involvement, and ethics.



**"I've contributed to the Business School's scholarship fund every year since I graduated.**

"The seeds for my decision to give were planted when I was a student. I was fortunate to receive a J. Ira Harris Scholarship, and I remember Mr. Harris speaking at our graduation about how one day it would be our responsibility and privilege to help a new generation of students, just as others had helped us. I took his words very seriously. Also, I've always regarded education in general as being extremely important, something in which we all have a stake. For that reason, I give to my undergraduate college and my high school as well. However, I reserve my largest gifts for Michigan — because I feel closest to the Business School.

**"I'd like to see business managers look beyond profits and shareholder returns, to the broad moral and social issues of business and our responsibilities as professionals.**

"Business has a huge impact on society. It affects the structure and quality of life in many different ways. It determines how people use their time and talents. We need business professionals who have a broad understanding of their role in society and can function as effective leaders. By giving to Michigan, we support the future of business by helping the School create necessary and positive change."



**For more information on giving options and opportunities, we invite you to contact the Business School at (313) 763-5775.**

The University of Michigan  
School of Business Administration  
Room 2215  
Ann Arbor, Michigan 48109-1234  
(313) 763-5775

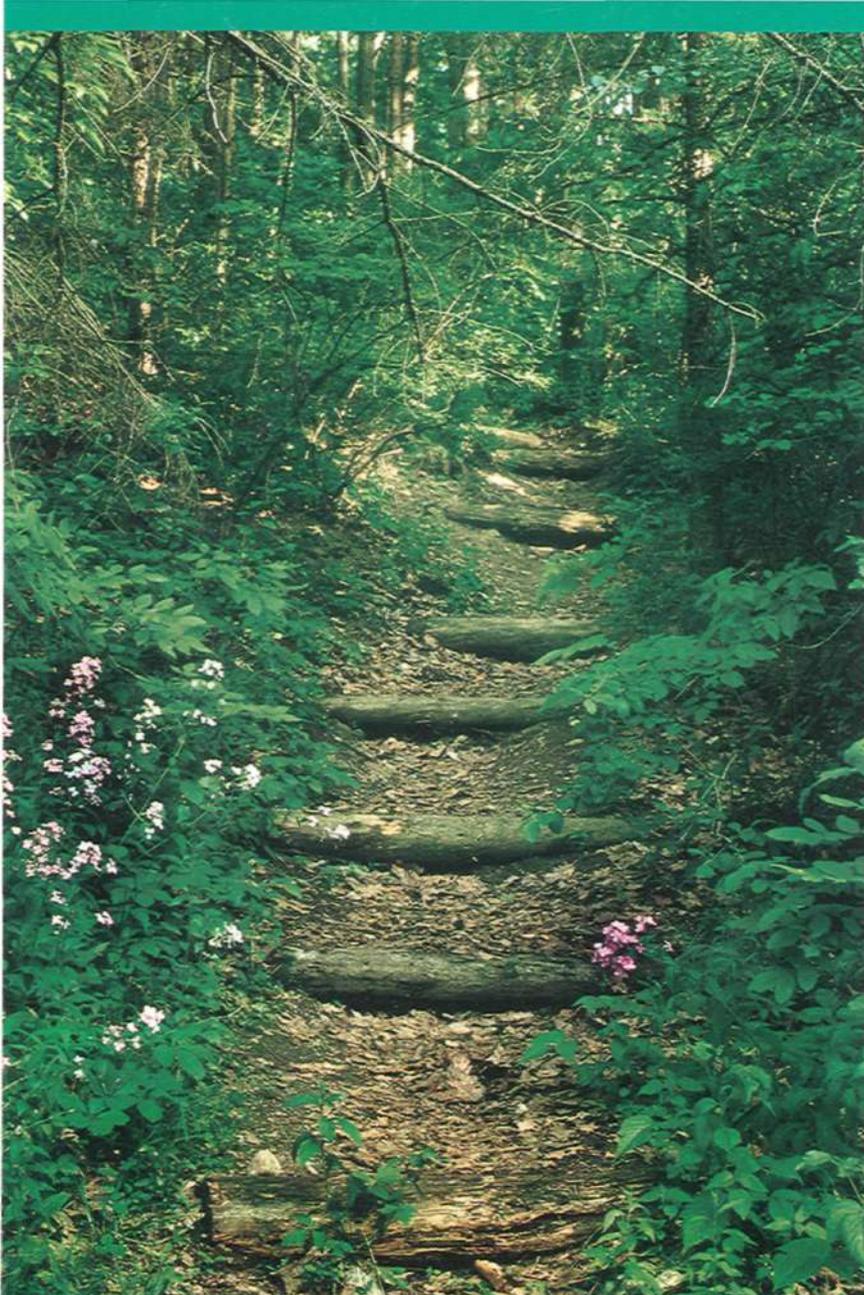
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## *The Corporate Environmental Management Initiative*

A new program, envisioned by the Business School and the School of Natural Resources and Environment, aims to take leadership in the increasingly challenging and urgent field of environmental management. Two important gifts—one from Jo Ann and Stuart Nathan, and one from the McGraw Foundation, have created a strong beginning for the implementation of this program which will enable business students to become better informed about environmental issues; and natural resources students to achieve greater understanding of the business world.

In a special section beginning on page 19, we go into more detail about this new program, and print a variety of other articles that bear on the synergy between business and the environment.