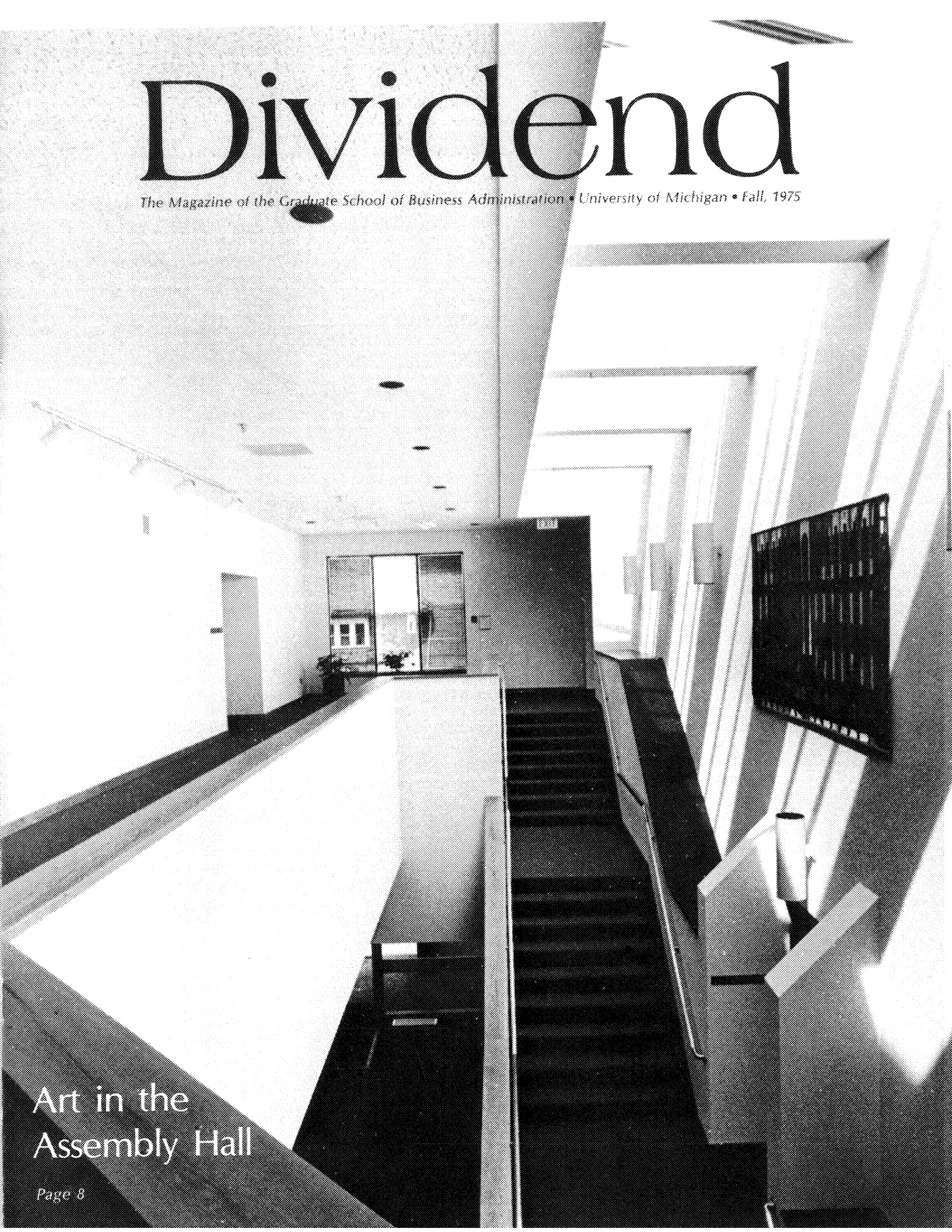


Dividend

The Magazine of the Graduate School of Business Administration • University of Michigan • Fall, 1975



Art in the
Assembly Hall

Expecting to Conduct Business Abroad?

You Should Know About Our

Continuing Education Program!

As several of the articles in this issue illustrate, a knowledge of different cultures and customs is essential for the businessman expecting to conduct business abroad. In addition, executives in international business face all kinds of specialized problems, which may include exports, licensing, investing abroad and/or managing a foreign subsidiary. A continuing education program for international businessmen is provided by the Graduate School of Business Administration under the Institute for International Commerce, a unit of the School.

A series of seminars conducted by the Institute are geared towards the problems that executives in international business might face, whether already involved internationally or just beginning to be. The institute's program gives the executive information and tools with which to make decisions, rather than being exclusively a discussion of broad policy questions. Speakers in the seminars are mostly from the business community, with some faculty, government officials and representatives of the service industries also participating.

Three types of seminars are offered. The first, the functional seminar, discusses activities such as licensing and joint ventures. Typical titles of functional seminars are "Expanding Your Markets in the World Through

Exports" and "Financing Foreign Trade—Exports or Foreign Investments." The second, the geographic seminar, surveys particular economies and the peculiarities of doing business in them. Examples of this kind of seminar are "Marketing in Japan;" "Marketing to the People's Republic of China: A Growing Market with Relaxing Restrictions;" and "Operating in Latin America." The third type of program is concerned with special industries, such as automotive and machine tools, and problems that are of current interest to them. Typical topics include "Reaching and Competing in the World's Markets for Machine Tools," and "Approaching the World's Automotive Markets."

The IIC programs combine the active participation of a small seminar group—usually fewer than 20 members—with the practical, problem-solving approach of the workshop. The seminars provide answers, information, tools, and procedures to help solve problems that the participants face every day.

IIC officials say their workshop approach is different: "Usually a workshop does provide its participants

with practical experience, but at a comparatively low level. While we do provide valuable experience through actual case analysis and other exercises, the language, attitude and scope of IIC programs are all directed toward the individual with the responsibility of seeing his or her company through periods of international expansion or involvement.

"Our participants come from small, medium, and large companies throughout the country—and they are most often chief executives, vice-presidents, upper level managers, analysts or consultants."

The full program of 1975-76 IIC seminars is as follows:

"Expanding Your Markets in the World Through Exports," Nov. 3-5, 1975, and March 8-10, 1976;
"Licensing and Joint Ventures, Ways to Reach Foreign Markets," Nov. 17-19, 1975 and May 12-14, 1976;
"Marketing in Japan," Dec. 1-3, 1975;
"Developing Opportunities in the Middle East," Dec. 10-12, 1975;
"Approaching the World's Automotive Markets," Jan. 19-20, 1976;
"Operating in Latin America," Jan. 28-30, 1976; "Marketing to the People's Republic of China: A Growing Market With Relaxing Restrictions," Feb. 9-10, 1976; "Evaluating Foreign Investment Proposals in the Business Climate of the Seventies," Feb. 23-24, 1976; "Marketing and Investing in Eastern Europe and the

U.S.S.R.," March 24-26, 1976; "Selling in South Africa," April 5-6, 1976; "Financing Foreign Trade—Exports or Foreign Investments," April 21-22, 1976; "Reaching and Competing in the World's Markets for Machine Tools," May 24-25, 1976; "Dealing with the World Automotive Situation," June 15, 1976.

Further information concerning the seminars may be obtained from Frixos G. Massialas, program director, Institute for International Commerce, Graduate School of Business Administration, University of Michigan, Ann Arbor, Mich. 48104, telephone (313) 763-1387.

Another activity of interest to the business community is the International Commerce Reading Room in the Business Administration Library which provides extensive resources in both theoretical and academic aspects of international business, as well as day-to-day information. This specialized material is used by faculty, students and businessmen.

Research in both theoretical and applied aspects of international business is being done by both faculty and graduate students at the Business School. Typical current or recent topics include: multinational product policy, technology transfer, international currency markets, logistics in the multinational firm, selection and training of personnel for international assignments, internationalization of the automotive parts industry, impact of incoming direct investment on the State of Michigan.

For future business executives in the MBA and Ph.D. degree programs, an elective major in international business is offered. The sequence of courses offers instruction in international economics, comparative cultures, international finance, marketing, and general management. This program is designed to give an added international dimension to the strong basic business administration program. Even though these courses are entirely elective, awareness by the student body of their importance is reflected in the fact that half of the MBA students take one or more of these courses.

Dividend

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Vol. VII, No. 1

Fall, 1975

The Brontosaurus Principle

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Why bother to study or be concerned about dinosaurs? We can learn from their extinction, says the author, who then lays out characteristics likely to occur in what he calls the "brontosaurian organization."

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Walls of the Assembly Hall seemed rather blank until the Business School acquired some fine art work, thanks to the generosity of 31 public utility companies as well as several personal contributions.

If You Like to Study, It Is Like Paradise! by Hitoshi Takahashi 12

The author of this article studied here during a two year leave of absence from his bank in Japan. When he returned, he wrote an article for his fellow employees, describing how a U.S. graduate school of business looks to a Japanese student. When one of our faculty presented a seminar at the bank, he discovered the article, and we subsequently had it translated and received Mr. Takahashi's permission to publish it.

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Pictures that show the Paton Center site before groundbreaking; then after the concrete had been poured; and finally, as the steel went up.

Trading in Mainland China by Robert R. Hoffman, MBA '47 16

In 1973, Mr. Hoffman went to China to appraise the potential of the Chinese Mainland market for Marshall Field and Company, of which he is Merchandising Division vice-president. Here is a personal account of the trip.

Beyond Words by Herbert W. Hildebrandt 19

An exchange of letters between a student and professor illustrates the importance of non-verbal cues that exist in different cultures, and how these can affect business dealings between countries.

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B School students win Value Line Investment Contest; PUEP Program marks 25th year; DOR offers three new publications; Michigan business and the need for venture capital; Prof. F. G. Moore and Librarian Mildred Loeffler retire.

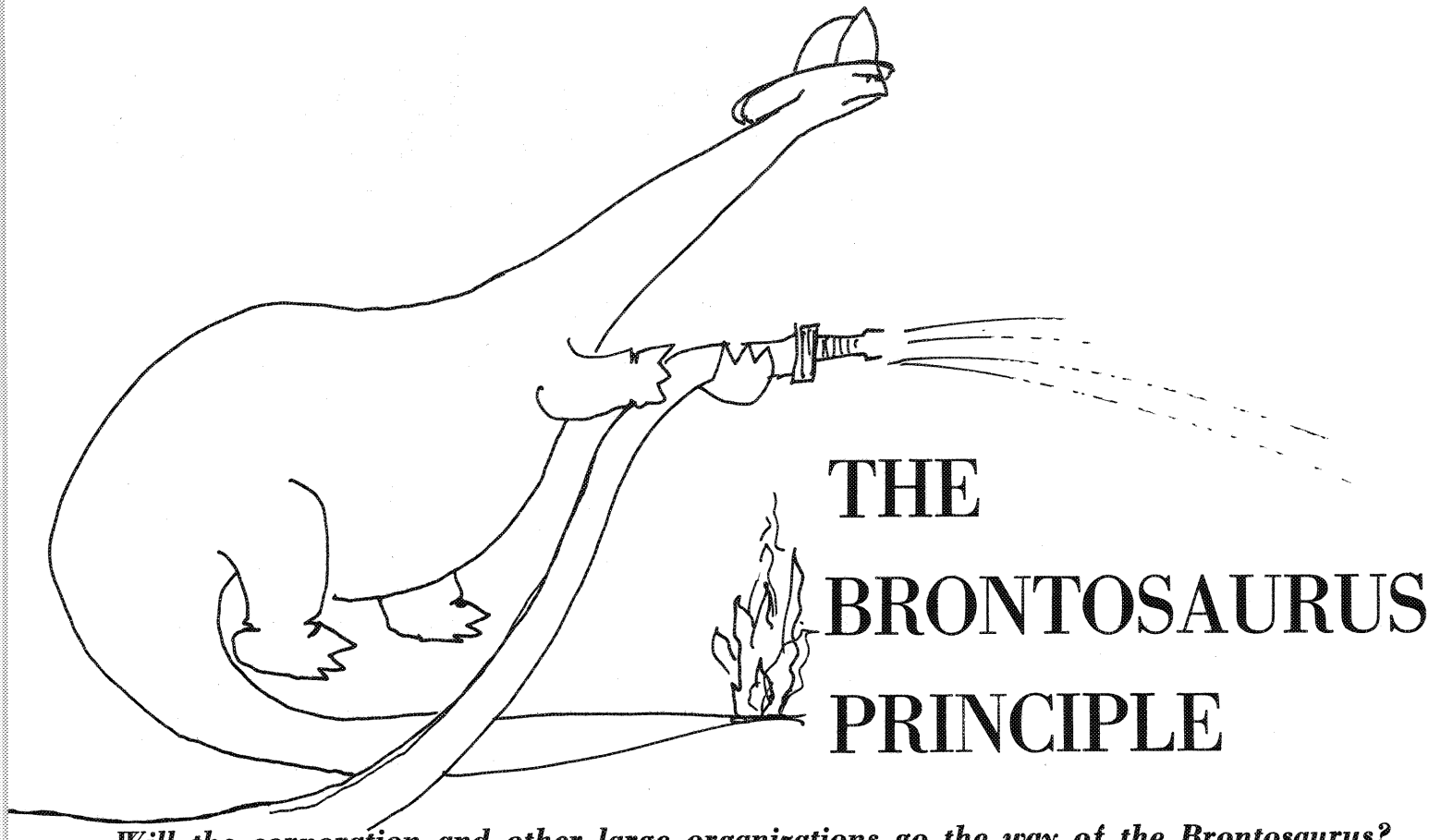
Cover—A hand loomed tapestry hangs over stairway in the Assembly Hall

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THE BRONTOSAURUS PRINCIPLE

Will the corporation and other large organizations go the way of the Brontosaurus?

By Thomas K. Connellan, BBA '64, MBA, '66

Editor's Note: This article is excerpted from a book of the same name, a study of organizational growth and human performance, to be published by Prentice-Hall in 1976. The author is president of The Management Group, Inc., an Ann Arbor based management consultant firm. He has acted as consultant to both large and small firms, as well as organizations in the public sector. Prior to assuming his present position, he was Editorial Director and a Program Director at the Division of Management Education of the Graduate School of Business Administration.

We don't have dinosaurs anymore. You have to visit a museum or a national park such as Dinosaur National Park in Colorado or Utah to see what is left of them. Why bother to study them or be concerned about them?

We can learn from their extinction. Especially the Brontosaurus. Sometimes known as the "Thunder Lizard," it was a pretty impressive reptile in its day (the Mesozoic era). Sixty-seven feet long, it ran about thirty-five ton on the claw. It had massive legs to hold up all its weight. Yet it was a species in a state of decline. Unlike the earlier dinosaurs who had been carnivores with big sharp teeth, the brontosaurus had only peg-stump teeth good for chewing vegetation. It floundered around in lagoons and swamps. It had a very small head, and a baseball sized brain.

It's not surprising then that it became extinct. It simply couldn't manage in the environment in which it found itself. For one thing, the Cretaceous period caused many environmental changes. The rising of

mountains, including the Rockies, changed the flora and the dinosaurs just couldn't adapt.

Reminds me of some large companies I know. Everywhere today we find large organizations in trouble. They design products which have unintended and unforeseen side effects like pollution. They produce junk into the air from capital equipment and plants and make people sick and mad.

They make the people who work in them apathetic, they alienate the young. They attract the attention of government (which itself is a dinosaur) to their weaknesses. The heads of giant bureaus in Washington attack viciously the jugulars of giant corporations because they sense a weakness. Nobody believes in anything anymore. Leaders such as university presidents, corporation board chairmen, prime ministers, presidents, bureau chiefs, and hospital adminis-

trators find themselves besieged.

Will the corporation and other large organizations go the way of the brontosaurus? They seem to be headed in that direction. Everyday the parallel between the giant corporation and the brontosaurus becomes clearer. A principle is at work here: I call it the *Brontosaurus Principle*:

Organizations can grow faster than their brains can manage them in relation to their environment and to their own physiology: when this occurs, they are an endangered species.

This extinction doesn't have to happen to organizations, however. For if they renew and reform themselves they may survive.

During the period when an organism is both extremely powerful and stable, it should undertake several programs. Specifically, an alert organism begins some sort of research and development program. Resting on one's laurels is not difficult: it is easy to become complacent, putting aside the energetic drive and fierce ambitions that brought success. The dinosaur should have thought ahead and decided what changes in tactics and strategy were needed for his long term success. He should have planned adaptations and done so in such a way that their disruptive effect was minimal. He didn't. The dinosaur lived on his success of the past, complacently unaware of changes which were beginning to take place about him.

In addition to initiating some research and development efforts, the dinosaur should have carefully established behavioral patterns which might have bought future flexibility and adaptability. He didn't. Now tremendously large, the dinosaur became fixed in his ways, extremely stable, but not open to ideas on how he might improve his already excellent state of being. He was, after all, ruler of the earth. Who would dare to threaten his existence—enormous beast that he was!

Many organizations today have reached brontosaurian proportions. Gargantuan in size, the brontosaurian

organization of today is an outgrowth from the smaller, more flexible, more adaptable organization of yesterday. The brontosaurian organizations are like their prehistoric cousins. They muddle along through life, wallowing in the swamps, toothless, complacently unaware of the changes taking place about them. While the world changes about them, they pass their time in a motionless torpor not unlike the brontosaurian life style, half way between existence and non-existence. Organization-watchers can easily identify the brontosaurian organization by its definite lethargic business characteristics. However, a word of warning or caution is in order.

The Brontosaurus Principle can strike any organization at any time.

Size is not the sole determining factor of the brontosaurian organization. The brontosaurian disease is more likely to occur in the large company, yet with equal facility it can strike the small firm. It is more likely to occur in the Federal government, yet with equal facility it can hit the local town council. And while it would never, never happen in your organization, it has happened in countless other organizations. Here are eleven characteristics occurring most often in the brontosaurian organization:

1. *Increasing concern with trivia.*

This characteristic is most apparent to those of us who must deal with the Federal government. Activities undertaken by the government are seldom, if ever, abandoned. Policies, procedures and programs which had meaning two, five, ten, even fifty years ago, go on. Each department jealously guards its existence and clutches the mountain of trivia which it has built up over the years. This epitomizes the brontosaurian organization. Once it has lost sight of its main thrust or purpose, it spends its time insuring that the trivia has been done rather than investing that time in redirecting the thrust of the organization. The individual employed by the brontosaurian organization typically searches for something he contributes or does that he might

label important; just as typically, he's hard pressed to find it. He has no responsibilities that are clearly labeled as his because most of the responsibilities have been diffused throughout the entire organization. Since everybody likes to believe that the something he is doing has some importance, the employee turns his full attention and devotion to the perpetuation of trivia. The heart of the job is left untouched by the flurry of activity on the surface.

2. *Assumption of Infallibility.*

An assumption of infallibility permeates the brontosaurian organization, and soon leads to pressures for infallibility: people believe that the organization should not make mistakes. The pressure is soon on each staff member to keep any mistakes from happening. This pressure for infallibility brings with it several dangerous conditions: first, everyone is afraid to make a mistake. And how do you reduce the possibility of mistakes? Simple. Don't do anything. Second, when you do make a mistake, move quickly to cover it up. One small deception leads to another and another; in the final analysis, people are spending most of their time practicing deception to cover up the deception that covers up the deception that covers up the mistake they made a year ago. Numbers and percentages get changed, memos get backdated; five people are responsible for every success, yet no one is responsible for the occasional failure. This leads in turn to problems in perception. Deliberate information filters become established in the organization to weed out unpalatable information. But a leader's decisions are only as good as the information on which he bases them, and in the brontosaurian organization, increasingly he is fed deliberately filtered information.

3. *Deformation professionelle.*

This is an old French phrase which refers to the deforming effect of one's work on one's body or mind. Tennis players, for example, typically have one extremely strong and sinewy arm, larger and stronger than their non-tennis arm. Ballet dancers have legs which are overdeveloped in proportion

to the rest of their body. This malproportion is a result of the individual practicing his profession. Examples of deformation professionelle can be observed in the personnel manager who sees the company as something that exists so that he can process bodies in and out; in the quality control manager who thinks the plant exists so that he can shut the line down; in the engineer who, under the guise of "professional standards" develops products only to please himself without a consideration of what the company or the consumer needs.

Deformation professionelle is more likely to strike in organizations that are functionally decentralized, where objectives become established in terms of "professional standards" for that functional area rather than in terms of objectives that are meaningful to the entire organization. This in turn leads to narrow vision and failure to see the overall picture. Emphasis gets placed on the effort expended, not the results achieved.

4. *Organizational arteriosclerosis.*

Cardiologists explain that arteriosclerosis results when the walls of the arteries harden and become thick, losing their elasticity. Edward N. Glasser of Edward Glasser & Associates of Los Angeles, California, notes that the concept of arteriosclerosis can easily be applied to organizations. He regards an organization's arteries as channels for the continuing flow of new ideas and important information. When an organization's "arteries" become hard and inflexible, this important flow of information and ideas is dangerously impeded, hampering the organization's ability to respond quickly and creatively to changes either in the competitive market or within the organization itself. The simplest decisions take extensive periods of time. In addition, blind adherence to rules is the norm. Staff members in the brontosaurian organization generally refuse under any circumstances to bend, modify, or adapt the rules to particular situations, even when the application of that procedure or rule may be in direct conflict with another corporate policy.

5. *Featherbedding.*

In the early days of the railroads, several men with different skills were needed to look after the engine, and responsibilities were divided among the engineer, the brakeman, and the fireman. However, advancing technology, improving methods of locomotion, and increasing speeds changed conditions drastically. Fewer men and less time were needed to accomplish the same goal. For years, the unions resisted any attempts to remove the unneeded manpower or to change the restrictive agreements which they had earlier made a part of their contracts. This became known as featherbedding.

Unfortunately, the same practice occurs in organizations other than the railroads. It's in the company where managers always look busy but seldom accomplish anything. It shows itself in the salesman who has fewer customers, a shorter product line, and better transportation than he did five years ago but who still keeps his territory at the same size. It was certainly apparent in the case of Peter H., vice-president of a fifty million dollar manufacturing company in Cleveland. His primary responsibility was overseeing the acquisition and growth of divisions within a particular product group—support hose. To assist him, he had an executive secretary and two staff assistants. This worked well while the company was acquiring smaller companies. However, when the acquisition program stopped, Peter still kept his executive secretary and two staff assistants, who had little if anything to do, since they got no new assignments of responsibilities.

6. *Organizational Dry Rot.*

A boat with dry rot, by all outward appearances, is a strong and seaworthy boat, but actually the wood has become brittle and dry and will crumble easily. Dry rot is at work in many organizations. Outwardly, they appear strong and stable. To the casual observer, all appears well.

However, were the casual observer to probe a bit, he would find that despite the organization's strong, secure-looking exterior, it is crumbling from the inside out.

7. *Dysfunctionality.*

It is human nature to tend to repeat behaviors which were successful in the past. In the brontosaurian organization, however, the repetition of past behaviors is carried to an extreme. The organization gets engrossed in reports that no longer serve a purpose, in departments without meaningful direction, and in projects that no longer have any life. A prime illustration of dysfunctionality is when a big organization tries to be just a duplication on a larger scale of the smaller organization it used to be. But many of the functions, structures, policies and ways of delegating responsibility in a small organization simply do not work in a larger organization. Changes have to be made in both size and shape, and the organization that changes its size without changing its shape is in danger of becoming dysfunctional.

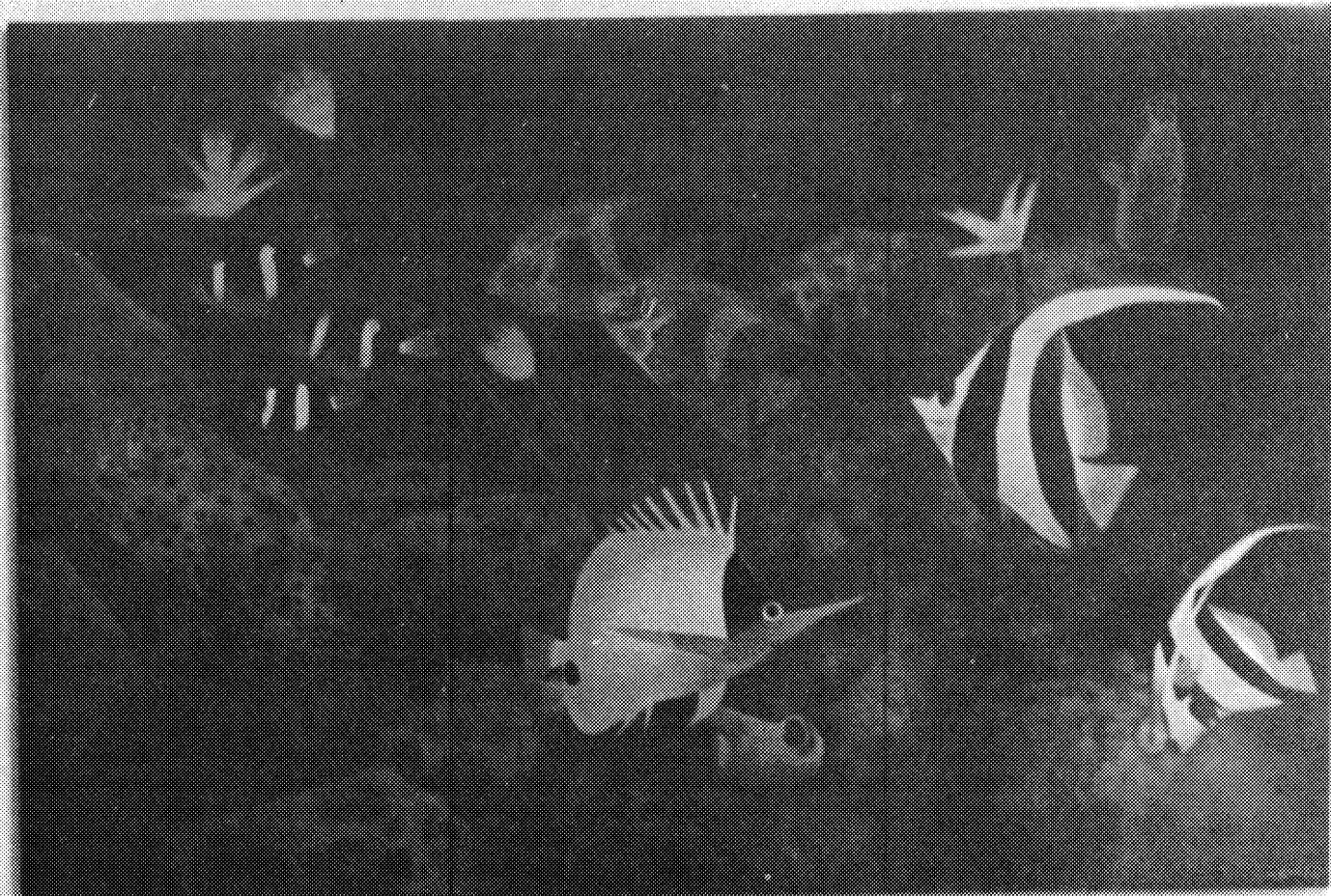
8. *Crisis Orientation.*

The brontosaurian organization is always fighting fires: it seldom causes events to happen; instead events are always happening to it. Typically it is an organization of historians with a clear record of the past and no map of the future. Thus facing to the past is more secure, and staff members are more comfortable working on yesterday's problems rather than searching out ways of capitalizing on tomorrow's opportunities. Rather than diagnosing organizational ills and taking preventive action, the brontosaurian organization treats the symptoms. With bandages and mercurochrome, it covers up the sores, and, feeling healed, marches blissfully backwards into the future.

In fairness, we should point out that crisis orientation is a bug caught from the values of society. We award enormous payoffs for solving problems; little, if any, to preventing them. Thus organizations may end up building very complex solutions to the wrong problem. Clear cut examples of this are found in many Federal

Continued on page 26





THE ASSEMBLY HALL, handsome building that it is, nevertheless has a good many very large and until recently, very blank walls.

Not any more.

Thanks to the generosity of thirty-one public utility companies, as well as two personal contributions, the walls of the Assembly Hall are currently hung with several outstanding works of art.

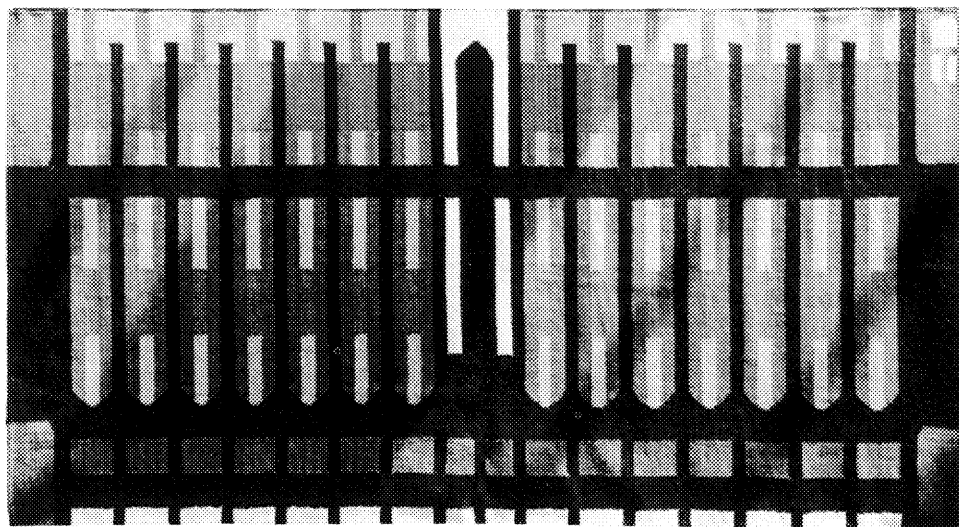
Writing about the art in the Assembly Hall, Ann Arbor News Critic Jean Paul Slusser commented on the hand loomed wool tapestries of David Black, a member of the art staff of Ohio State University, and went on to say:

"One of the best of this artist's work has already been acquired by the U-M's enterprising and forward-looking School of Business Administration to form part of the interior design scheme of the upper corridor in its new auditorium complex. With the aid of private donations, its management has likewise enriched this finely contemporary new building with other well-chosen works of present-day formalist art. These include well structured graphic pieces by Nobu Fukui and Larry Zox, together with a fairly far-out polished bronze low-relief sculptured hanging by Stephen Edlich. A salute to this perceptive new patron of the arts—our own School of Business Administration."

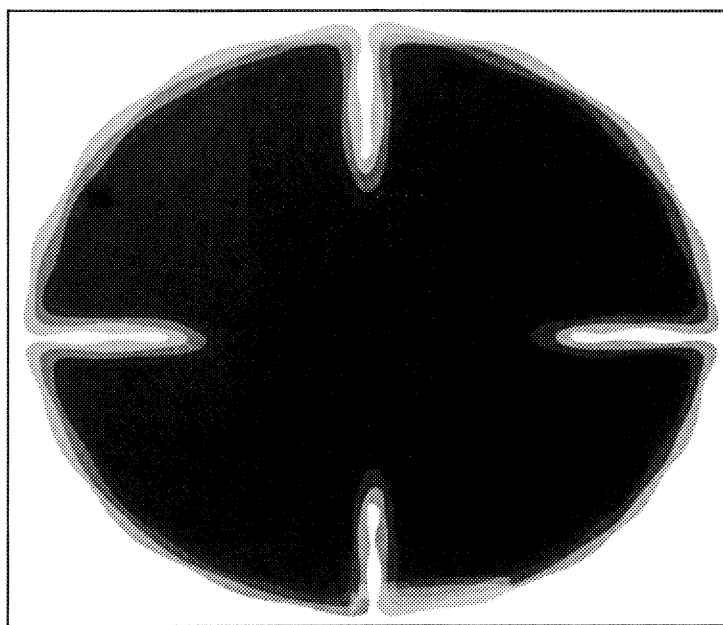
The pieces of art on these pages were chosen by the School's building committee, which includes Dean Floyd A. Bond, chairman, and Associate Dean A. W. Swinyard, with David Ackley of the Lantern Gallery acting as art consultant.

In addition to the four works mentioned above, the School has been presented with a Vietnamese lacquer painting, commissioned by the Vietnam Power Company and created by Thanh Le, Vietnam's lacquer master.

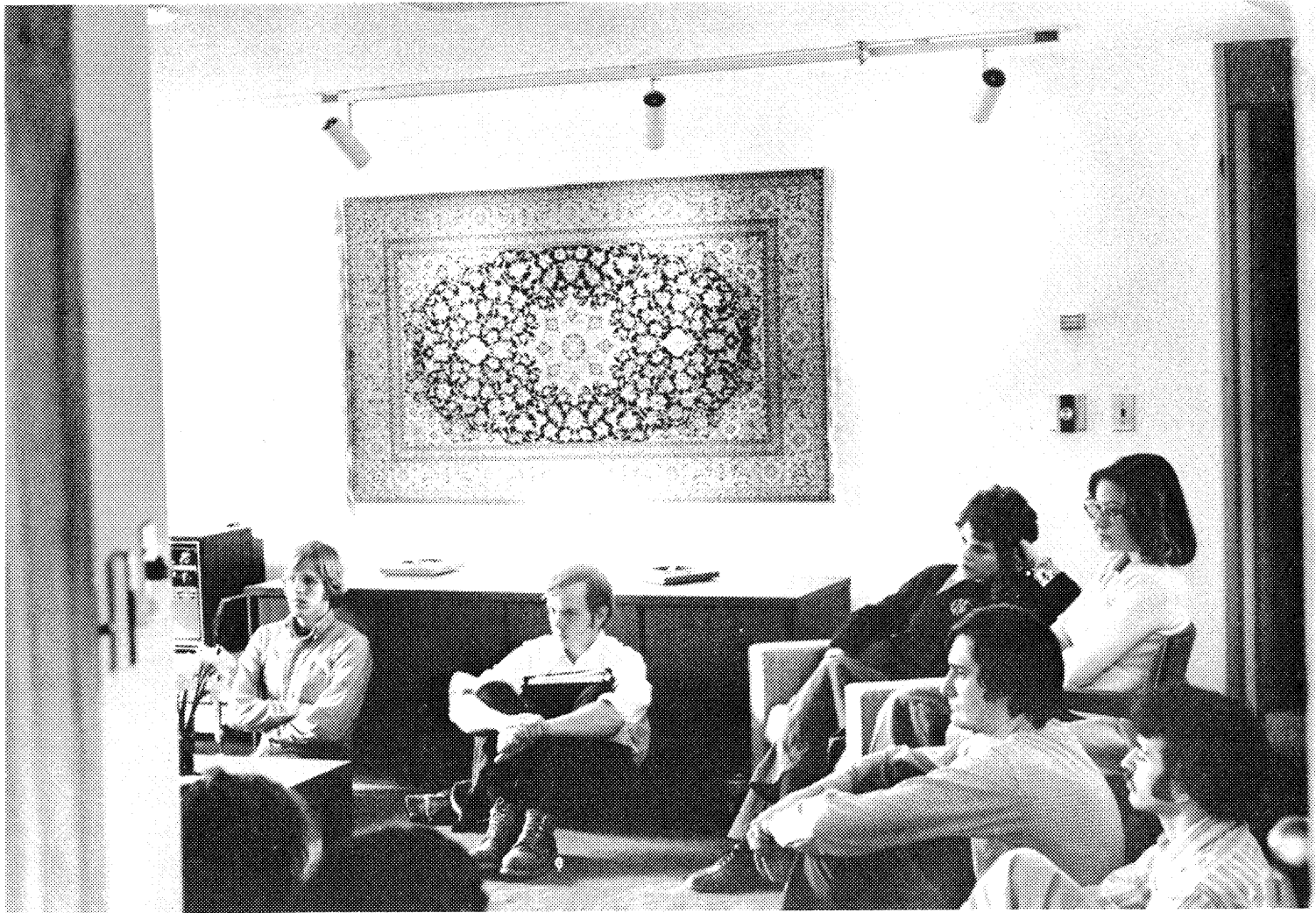
The School has also been the recipient of a beautiful wool and silk Persian carpet made in Naien, Iran, a gift from the Ministry of Water and Power in Teheran, Iran, in recognition of the numerous past participants from Iran in the Public Utility Executive Program.



Art in the Assembly Hall



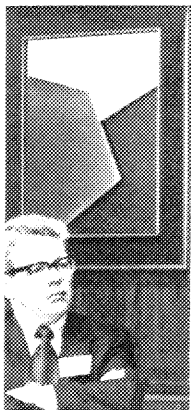
Top of page, hand loomed wool tapestry by David Black. Above, piece by Nobu Fukui hangs by the executive lounge. Opposite page: A delicately colored work by Vietnam's lacquer master, Thanh Le, graces a wall in the executive lounge.





Left, wool and silk Persian carpet made in Naien, Iran, is a gift from the Ministry of Water and Power in Teheran, in recognition of the numerous past participants from Iran in the Public Utility Executive Program. The carpet, which is done in glowing shades of beige, blue and brown, provides a dramatic focal point for the living room of the executive-in-residence suite. It was photographed there during a recent meeting between students and one of our executives-in-residence.

Pictured right, graphic work by Larry Zox hangs over one of the staircases in the Assembly Hall.



Above, polished bronze low-relief sculptured hanging by Stephen Edlich enhances the board room of the Assembly Hall. The highly polished surfaces reflect light differently depending upon the vantage point of the observer (see left.)



If You Like to Study, It Is Like Paradise!

by
Hitoshi Takahashi

Editor's Note: It is rare to obtain a view that others have of us. The following article is an account written by one of our former Japanese students for the house organ of the Fudosan Bank. The author took a two-year leave of absence from the bank to study here for his MBA, beginning in 1972. This article was never meant to fall into the hands of gaijin (the Japanese word for foreigners which means literally outsiders). It simply was an attempt to describe for his fellow employees how a U.S. graduate school of business looks to a Japanese student. The publication was discovered by accident when one of our faculty members presented a seminar at the bank last fall. The article was translated by Mr. H. Ishii, another Business School student, and is used by permission of Mr. Takahashi.

I came back to Japan after studying in the Graduate School of Business Administration at the University of Michigan for two years. I would say that I could scarcely graduate from it. I would like to describe my experience although it was beyond description.

What Is The Business School?

First of all, I would like to explain the curriculum of the Business School to make it clear what American business schools teach students and what kind of people they plan to send into society. Although there are hundreds of business schools in the United States, I would be correct in

saying that each school has a different approach rather than that every school teaches the same subjects by same methods.

Generally speaking, Harvard and Stanford are famous for case method and training generalists. On the other hand, MIT is famous for training specialists. University of Michigan, where I studied, can be classified as in-between from my impression.

The following courses are core in the University of Michigan:

First Year

First Term: Accounting, Statistics, OBIR & Computer.

Second Term: Finance, Marketing, Policy & Control.

Second Year

Third Term: Business Economics

Fourth Term: Business Policy

Most of the courses in first year are core courses and they are basic courses for second year. The beginning of courses in the first term is very basic as graduate level thinking by common sense in Japan. It may be because students have a wide variety of backgrounds. It ranges widely from students who studied physics to students who were drafted for three years and came back to school again.

Students study their majors mainly in second year. Among the two core courses in second year, which I mentioned before, Business Economics includes not only theoretical studies such as criticism

of Marxian analysis, but also Galbraithian theory to give students some ideas such as technostucture and economic growth, inflation, monopoly, poverty problem, labor union movement, oil problem and discrimination to understand the environment surrounding the American economy.

An annual report of a certain American huge bank has a column about the employment situation of minority groups, and credits allowances to the companies which are managed by minority groups. Of course, these situations do not deny the fact that objectives of corporations is profit maximization.

Business Policy, which was a core course in last term, concentrated on case studies, which had sometimes two hundred pages. I studied various cases such as long-run planning of one of the top five American insurance companies and allocation of salesmen of pharmaceutical companies. Case studies are used in almost all of the courses, not only in this course. From the objective point of view, I was surprised at the extent which a company can provide internal information to outsiders. It includes detailed financial situation, costs, and personnel management which cannot avoid giving private information of a company. It is unthinkable in Japan. In my opinion, this difference derives from employees' attachment to a company ("My company") in Japan.

On the other hand, it is quite natural that this kind of case method is ranked quite high from the point of view of teaching methods.

Hard Schedule Beyond My Imagination

After coming back, I was asked the impressions of the Business School by many people. I answered to them, "If you like to study, it is like Paradise. If you do not like it, it is like Hell. To make a story short, all you have to do are just studying." It would be better not to say which way I belonged to. Anyhow, we foreign students had a language handicap until the end. Especially on the first year, I just studied day in and day out. I could not go to concerts because I had an assignment. I could not go to a party because the due date of a paper was the next day.

My report to the manager of my personnel department after two weeks when the School began was as follows:

"There are no Saturdays and Sundays in my calendar because of hard schedule."

At first, I thought that my studying would become easier if I was accustomed to English and American way of life. But it was a dream. The same hard schedule continued until the end because of increasing amount of readings and tougher contents of classes.

There is another reason why I had hard time until the end. Contrary to the Japanese system, the School flunks out students if they cannot get the minimum requirement. The University of Michigan is notorious for this system. As a matter of fact, several of my classmates, including Japanese students, were flunked out after the first and second terms. Realizing the situation, I came to the conclusion that the best way was to study long enough to compete with American students. Furthermore, the fact that credits which are required in the Business School are sixty, which are more than twice than the other departments, made me busy all year long.

On the other hand, American students have to have hard time, too, because salaries depend upon their grades in the School to some extent. They study very hard and their sense of rivalry is extremely aggressive. Things sometimes happened which were incredible to me, because usually Americans are easy-going.

For example, some important parts

of books for papers in the library were stolen by a student who did not want other students to see them. Microfilms of annual reports of certain companies were lost and they were returned after the due date of a paper. It seems to me that they do everything to make differences from other students. These kinds of things are just unbelievable for the leaders of American business in the future.

These were only a part of my life. There were American students who took care of me very well as a foreign student and some of them are happy-go-lucky.

Case Study Teaching Method

MBA's study basic subjects in the first year and major courses in the second year. In other words, a student who studied psychology in an undergraduate school, majors in finance and begins to have a professional sense after two years.

Although we are told to have a professional sense as a businessman in Japan, it is quite hard to realize it from the beginning.

American business schools have a system of teaching business administration which is theoretical as well as pragmatic. Students who finish their studying in them have a sense of professional and social reputation as being already partly established for them.

I would like to emphasize the roles of case method at this point. As I mentioned before, case study method is widely used in business schools.

From my impression, one of the important roles of the case study method is to give students the idea of real business situations in classes. Although there are some students who worked before, the other students can get experiences of real business which would take them a few years otherwise. More importantly, students get training to make decisions from the points of a president of a small firm, a treasurer in a big firm, and a staff of marketing through the discussion in a group and in class.

MBA graduates who are professionals of business work in the particular field in which they majored in business schools. I would say that they are nice partners as well as strong rivals when I think about doing

business in my future in Europe, the U. S. A., Asia, and Middle East with them.

As for the professors, their experiences in real business world are very important. It is quite different from Japanese professors. Especially associate professors and assistant professors make great efforts to keep up with real world by working as advisers in corporations during summer. It is just like "one stone kills two birds," because they can keep in touch with real business activities simultaneously. In case of business schools, they are not ivory towers, but typical cases of industry-university cooperation.

I cannot help admit the depth of layer of businessmen in the U. S. where business schools play very important roles. I think about the lecture by ex-Michigan professor who is playing active part in business now and an example of a young professor who left Michigan and is working for a bank in Chicago for getting some experiences.

Did I admire the U. S. too much? The agreement among Japanese students in the School was that all American students are not intellectual, but we have to admit the power of American businessmen as a group who graduated from business schools because there are no business schools in Japan.

There Is a Way If You Study Hard

Although I wrote too much about the School, my life in the U. S. was just a life in the School. But I have no intention to discourage people to study abroad in the future. At the end of the first term, I had Christmas vacation. I wrote one of my friends a Christmas card saying that although I had to study every day, I was amazed that I could do things one way or another. This is my real feeling. I got the lowest grade in a class once or twice, but I was sometimes ranked very high. There is a way if you study hard.

I majored in international finance and I believe that my various experiences in the Business School in two years are stepping board for my future.

Paton Center Progresses!

REAL PROGRESS is being made on both the construction and the financing of the Paton Accounting Center according to Dean Floyd A. Bond. "Excellent progress has been made to date, yet both have a considerable way to go before they will be completed."

The pictures on these pages were taken at various stages of the construction process. The immediate objective is to enclose the building before cold weather sets in. Completion of the construction, furnishing, and equipping of the structure is anticipated by June of 1976.

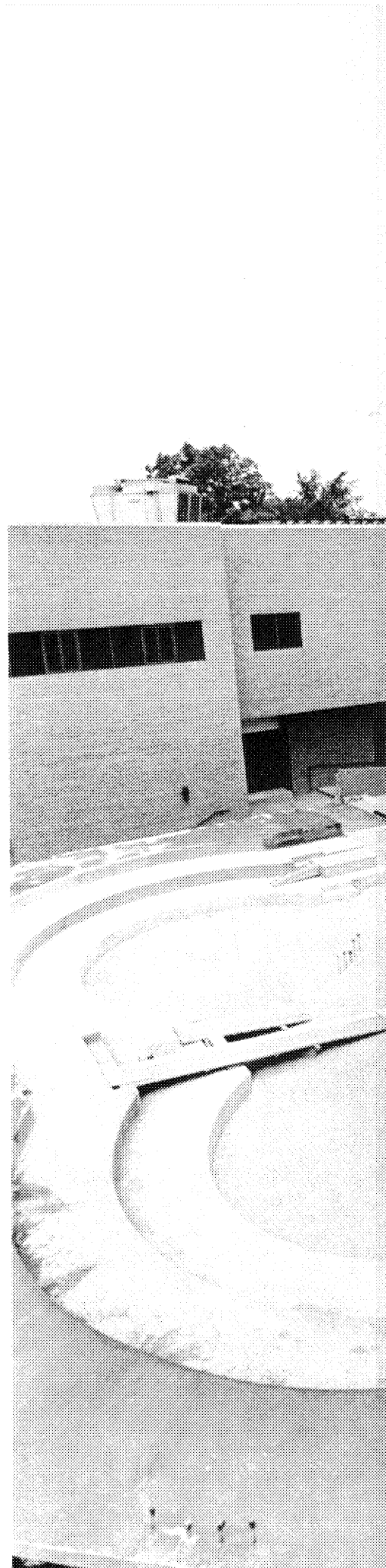
The building, located next to the School's Assembly Hall on Hill Street at Tappan, will cost \$1,200,000. Contributions to date amount to \$850,000, leaving \$350,000 yet to raise. Alumni and friends of the School who wish to make a contribution may send their gifts to either Professor of Accounting Walter Kell or to Dean Bond.

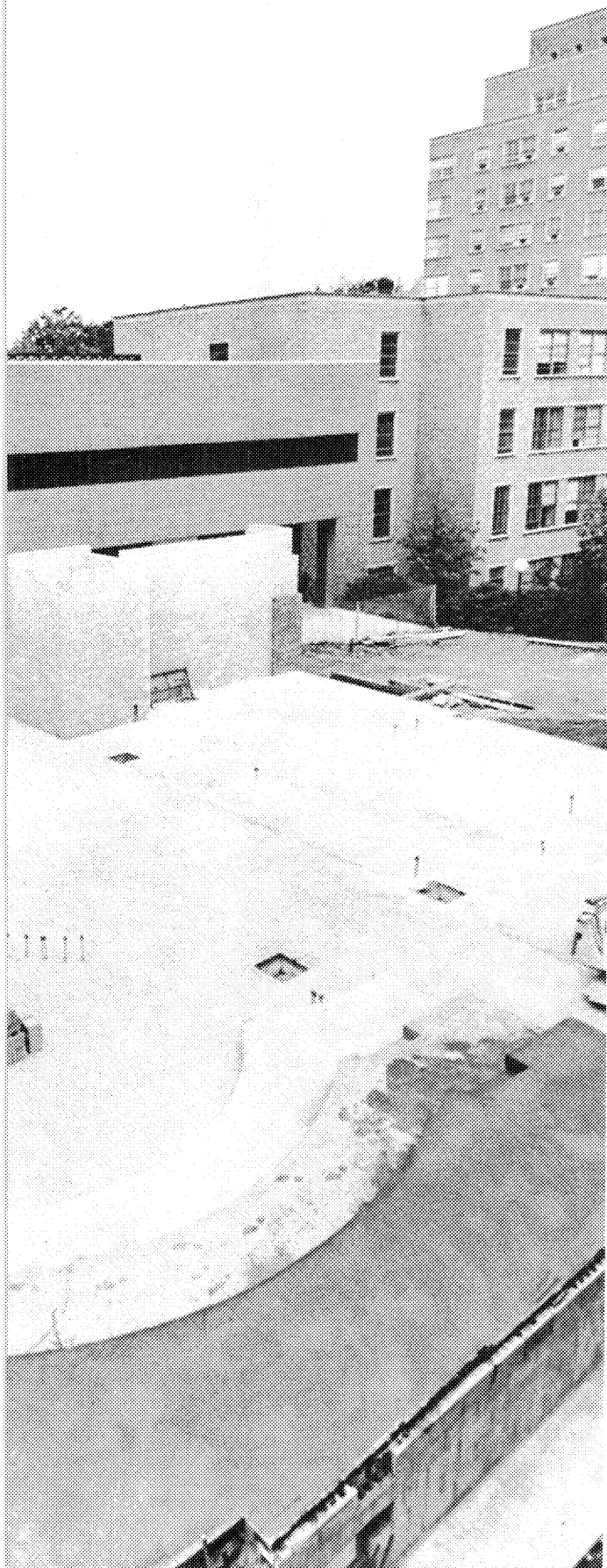
Gifts by Michigan residents qualify for the Michigan Income Tax *credit*. All gifts are *deductible* for federal income tax purposes.

Thus a gift of \$400 by a Michigan resident filing a joint return might save \$200 on his Michigan income tax as well as the reduction in his federal tax.

This does not mean of course that donations from residents of other States are any less welcome!

The Faculty and Administration of the School will deeply appreciate your help in completing the financing of this well-planned addition to the School's physical plant. The facility will be fully used throughout the year.





Trading in Mainland China

A personal account of a visit to Canton Trade Fair in 1973

**By Robert R. Hoffman, MBA '47
Vice-President, Merchandising Division
Marshall Field and Company**

Editor's Note: In 1973 when the People's Republic of China allowed a few Americans to attend the Canton Trade Fair, one of the attendees was Robert R. Hoffman, MBA '47, Vice-President, Merchandising Division, for Marshall Field and Company. Hoffman's purpose in making the trip, accompanied by one of Field's buyers, was to appraise the potential of the Chinese mainland market for Marshall Field and Company. His account of the trip, part of which appears here, "started out as a letter to my wife and kept growing." We thought the personal aspects of his descriptions of his negotiations with the various Chinese representatives would interest *Dividend* readers.

After months of correspondence and special trips to the Chinese Liaison Office both in Ottawa, Canada and Washington D.C., we finally received visas permitting us to attend the Canton Trade Fair. The designated train pulled out of Hong Kong at 7:00 A.M. the morning of our departure. It took until late afternoon to travel the approximately 100 miles to Canton, mostly because of the bureaucratic delays involved in shifting to the People's Republic's train at the border. After walking into China at the border town of Shumchun across the famous LoWu

bridge, we pulled into Canton about 4 p.m. Our Canton hotel rooms were assigned to us in Shumchun, and I turned up in Room 1866 of the Tung Fang Hotel which proved to be on the 8th, not the 18th floor.

Our Fair orientation late that same afternoon occurred in a special area set aside on the fourth floor of the old hotel building. There we were greeted by a charming 18-year old Chinese girl who gave us our Fair ribbon identification, invited us to a dinner reception in the hotel that night and to a gymnastics exhibition following the dinner in a special building across the street. At the conclusion of our meeting with her, I asked if I might take her picture. She immediately replied, "Yes," but then said she would discuss the matter with her "comrade." She moved to a sofa nearby and had a lengthy discussion of this serious question with a somewhat older woman. Upon her return she said it was decided that it would be all right to take her picture, "next time." I could only conclude that the act may have had some effect on their current preoccupation with "equality," and no one is to get individual attention, since everything is in the name of the Chinese People's Republic. I found the nervous strain of constantly dealing with the unknown very fatiguing. I have rarely been so tired. I went to bed at

8:50 p.m. and slept soundly until 5:00 a.m. when I was awakened in the heart of this city of 3,000,000 by of all things, a rooster crowing outside my window.

After arriving at the Fair, we quickly caught on to the Chinese approach to trade. First we were met by a receptionist-type dignitary, primarily an interpreter, who escorted us to a table and immediately plied us with tea and cigarettes. Depending on the category of merchandise, he asked us all sorts of questions about both us, personally, and our line of business. At some point he appeared satisfied and disappeared to return with another individual who was the factory representative. He appeared to be the actual manager of the operation from which we were buying, although nobody was ever identified as number one. They were all dressed in variations of the Mao uniforms, all drab, and all unpressed. Next came the making of the appointment to open negotiations. They usually wanted it the "day after tomorrow," and we were forever pressing them to make it "tomorrow," which they were willing to do. We made four appointments for the second day and in addition found a couple of places dealing in one-of-a-kind artwares where they were willing to quote prices on the spot.

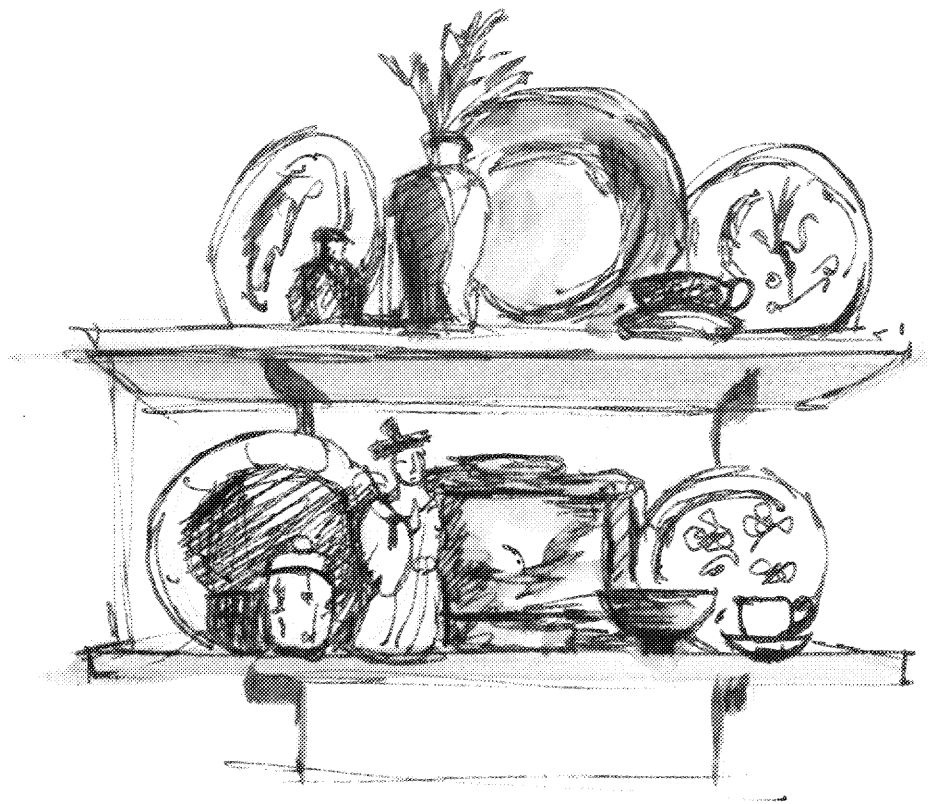
When we got to the Fair the second day we had several appointments

arranged with a number of representatives from factories around China, mostly in Peking, Shanghai, and Tientsin. There was no fast way to accomplish the negotiations. They simply proceeded at their own mysterious pace.

Our first contact was with a Chinese porcelain factory representative, whose second language turned out to be German, not English. We therefore negotiated the contract with his factory in German much to his pleasure and mine. There seems to be an extra rapport in the communications when two foreigners converse in a third language which is the mother tongue of neither of them. The negotiation consisted of our making a list of style numbers from samples of his porcelainware set around on shelves in his discussion room. Throughout we were proffered endless cups of tea as usual and Chinese cigarettes (made in Shanghai). Investing in a tobacco company over here would be a good move. I have never seen anywhere such a high percentage of smokers of all ages. I almost felt guilty for being a non-smoker. Maybe it's because Chairman Mao smokes and doesn't disapprove. [We were greeted at the border coming in by a huge picture of Mao on the wall of the railroad station, cigarette in hand.]

After we selected each style number there was a lot of rustling through a worn catalog full of pages of rice paper in which their prices were recorded in handwritten Chinese calligraphy. Then a price would be announced, and we would note it down. All of this was usually done in the presence of three people, the factory representative, his right hand man who made notes on everything we said of interest to them, and the interpreter. There was absolutely no way to tell from appearance who was the top official.

Our other three appointments all proceeded in more or less the same manner, and there was usually some reference to China's desire for friendship and more trade in the future. They, at times, seemed to be more interested in learning from us about the merchandise acceptability than in selling it. Also, in no case did



we ever get anything remotely resembling a sales talk. However, if we did not elect to buy, they appeared very interested in finding out why.

In dealing with a rattanware factory representative, it was as though he had taken a shovel and piled all of his samples into the corners of his discussion room. At one point he suddenly turned to me and said what sounded like, "Well, how much you buy?" To which I replied, as diplomatically as possible, "Well, that depends on the price." At this western line of reasoning he broke into gales of laughter leaving me wondering where I had gone wrong. Of all the people we dealt with, we thought he was the most interesting, definitely the fastest thinker and mover, and we were able to negotiate a very satisfactory contract with him. It was our impression that it would not take him very long to learn western ways of doing business. By late afternoon time was growing short, and we were beginning to worry whether we would really get all the contracts back in time to sign them. They invariably asked for an extra day that we didn't have, but they were willing to compromise.

We managed to handle the contracts

for porcelainware, bamboo accessories, cloisonne, and rattanware on a make-appointment-on-Monday, negotiate-on-Tuesday, and sign-the-contract-on-Wednesday basis. We expected to have some problems with the needlepoint, because it was in a different building across the park. However, we got to them late Tuesday afternoon, and after we explained we were leaving Thursday morning at 7:30 a.m., they agreed to see what could be done on Wednesday afternoon.

When we arrived in their "discussion room" we found a mountain of disorganized samples of both petit-point and needlepoint piled on chairs. Together we rooted through it all, sample by sample, and made the necessary notes of our choices. Then the prices were quoted and, without comment, we systematically went through and drew a heavy line through the ones in our notes which were out of line. By this time we were getting glassy-eyed from looking at the detailing, and the whole atmosphere of the negotiation changed. They were very insistent about knowing why we didn't want to buy the items crossed out. So, we went

back through the pile, and item-by-item, told them where the colors or patterns were wrong for our market or where the price was out of line. In the cases where the price was out of line we related it to another item in their selection, and they then asked us what we thought the right price should be. In every case where we restated a price they accepted it, and we bought the item.

In the final stage of the needlepoint negotiation, we ran out of time to come back to sign the contract. We had already decided to try to get them to mail it to us. We suggested this, and they agreed to do it. After getting all of the details of how to return it by mail after they had been careful to find out how to mail it to us, we arrived back at our hotel after dinner late in the evening only to find that they had already delivered it to the floor desk. They had written a note asking us to sign it and leave it for them to pick up, which we did. It seemed to us that someone had decreed no negotiations were permitted other than in person at the Fair itself.

The buying of the fine artware was in a class by itself. It fell into two categories: cuttings of jade, rose quartz, malachite, rock crystal, coral amethyst, tiger eye, lapis lazuli, and ivory; and old or antique art objects. Each cutting was in its own closed box, and there were mountains of boxes stacked around the discussion rooms. The old and antique pieces were in another building across the park. In this case there was less delay in getting a price quotation, since the goods did not have to be manufactured. I found one individual who seemed willing to quote prices to me and started at random to ask for some on the jades. It was obvious at the outset that their prices were all over the lot and that you would have to spend several days on these categories alone to make an intelligent decision at these prices and to be able to study the items with enough care. By far the largest number of offerings were in "new" jade which is relatively inexpensive (around \$500 for an eight inch Kuan Yin figure) and much less desirable than the other jades. However, there seemed to be enough pieces of good quality in both real

jade and other stones to make a special trip, provided they learn to price realistically as in the case of the needlepoint. The antique porcelains were also easy to price but even the Japanese were not buying at the prices offered.

Another little piece of action that is worthy of note is an experience we had in one of the discussion rooms. I think it was the one involving cloisonne enamelware. During the introductory phase of the negotiation the factory representative looked at my card and said, "Chicago—that must be a small village. I have never heard of it. (at least *somebody* in the world doesn't invariably link us with Al Capone!). I have only heard of Seattle, San Francisco and Washington." He was incredulous when I told him that Chicago was one of the largest cities in the United States.

Another incident comes to mind relating to Hong Kong. While in Hong Kong before going to Canton, I was in the wood carving section of the China Arts and Crafts Store run by the People's Republic of China when I noticed an American and his wife having a rather heated discussion with one of the girl clerks from the People's Republic. Apparently he had dropped and broken a wood carving and was objecting strenuously to the fact that she expected him to pay



for it. She was becoming upset more and more visibly as he tried in a most undiplomatic manner to explain how we do it "in the States." She finally called the manager, or I should say committee member in charge, and next they were seated on a sofa while the committee member quietly maintained his stand that the offender pays. (This carving was in the \$20.00 price range.) I waited to see the outcome from a discreet distance. Our friend paid.

Later, as I was crossing the border at Shumchun, I picked up a copy of a book with a red cover (offered on a book rack free of charge in many languages) entitled "Quotations from Chairman Mao Tsetung." At various times while in Canton I read parts of it. On page 256 it stated, "The Points for Attention are as follows:

- (1) Speak politely
- (2) Pay fairly for what you buy
- (3) Return everything you borrow
- (4) *Pay for anything you damage."*

I guess those store employees in Hong Kong were picked for their high ratings on the teaching of Chairman Mao. It also seems to explain the total lack of worry you feel about having anything stolen from your room. They were forever displaying cabinets full of lost and found items, including cash.

On the final morning we were up at 5:00 a.m. as usual. After our final breakfast of ham and eggs, etc., we climbed on to the bus and were driven to the railroad station. On the return trip everything seemed to take about half as much time, and when we arrived back at the border at Shumchun, I will have to admit to a feeling of relief when, after all of the check points for passports, visas, and customs were safely passed, we finally walked past the armed guards back over that covered bridge to the Free Territories of the British Crown Colony of Hong Kong. A final dramatic contrast greeted us at the Hong Kong ferry. After many evidences in Canton of the total pre-occupation with material equality, such as cash lying freely exposed in an open lost and found case in the hotel, we looked up at the stack on the ferry and saw printed in Chinese and English, "Beware of Pick Pockets!"

Beyond Words

By Herbert W. Hildebrandt
Professor of Business Administration

Non-verbal cultural differences can be important to understand if you are doing business abroad, as this exchange of letters illustrates.

Enroute in Middle East

Dear Professor:

I'm puzzled.

My company is sending me to visit several of our foreign subsidiaries; I'm preparing to work in our international personnel office, but along the way strange things happen.

Sure, I remember the exchange rates, international marketing, pricing, balance of payments, and the host of problems we talked about in class. But out here it's different.

Take hand holding.

In the Arab cities I've visited I've seen some men walking through the city, holding hands. That unnerves me; makes me wonder if I've missed some cultural variation. I'm trying to be broad minded, but I'm puzzled.

And then many Arabs wish to stand so near to me. While visiting our own subsidiary, I kept backing up but my colleagues moved in closer. That same thing happened at a party. One Arab employee asked me if I were afraid of him, or if he smelled badly. I said no, but it's uncomfortable to have people stand so close to me.

I feel crowded in upon. It seems that my concept of space—and it seems that space does communicate—is different. Some persons stand so close that their breath bathes you. I'm just not used to that.

One day in class you quoted Thoreau; I think it came from *Walden*:

"If we are merely loquacious and loud talkers, then we can afford to stand very near together cheek by jowel, and feel each other's breath; but if we speak reservedly and thoughtfully we want to be farther apart, that all animal heat and moisture may have a chance to evaporate."

Who was that anthropologist that did research on olfaction as communication? Sorry I forgot. Your quizzes were tough; we said your rough exterior covered a heart of flint.

Hope to hear from you soon.

Sincerely,
Dana

Enroute to Germany

Dear Professor:

Have you heard about Beirut's spite house? I saw it. But you must know that while Arabs don't mind being crowded by people, they sure wish a view of the outside. They seem to wish for high ceilings, and large rooms.

Well, this neighbor got turned off by neighbor number two and built a wall so high that neighbor number two could no longer see the Mediterranean from his house. The darn

wall, about four stories high, just stands there, cutting off the view of the guy behind it. I'd sue. I'd shout.

Speaking of shouting, my mother told me not to. But our Arab employees must have a different idea. Do they speak loudly! In my ear, at me, everywhere it seems. I probably came on weakly because I just couldn't change my cultural habits.

Got to leave; we're about to land.

Hurriedly,
Dana

Ann Arbor, Michigan

Dear Dana:

Your experiences are interesting. I received your letters in close succession.

Shame, for forgetting the name of Edward Hall who has done much research on proxemics. Remember that term? It's the study of space in various cultures and sub-cultures. And from your letters that's what you're experiencing.

Olfaction as communication here in the U.S. is taboo. We're basically bland; we mask our odors because our culture avoids smells. In marketing you learned about products which disperse, neutralize, kill, dilute, weaken, soften, break, dull, and even absorb smell. In the Middle East there is less masking—in other countries as well. When a Mid-East business

colleague seems to push in on you, to him this is natural, and culturally acceptable.

I know about your spite house!

Between Beirut and Damascus, it is said, is a high wall which completely encircles a house, the wall being built not by the owner, rather by the neighbor adjoining it. To cut off visual space is a severe put-down in the Middle East.

A study by Watson and Graves in 1966 empirically validates differences in perception of space between Americans and Arabs. Holding hands, among men, is not uncommon in the Near East. Touching is a way of communication.

Enough for now. I wish you success in your business travels. I'd be interested in hearing from you further.

Cordially,
Professor H.

Russelsheim, Germany

Dear Professor:

It was good to hear from you; your letter reached me. Thanks for the comments on proxemics and the importance of space as a communicator. I promise to read more on my return.

German business is DIFFERENT. But what's happening to German manners? Push, shove, cut in line in front of me, even when getting on a bus. I'm not very good at German, but I'm sure they thought I was a meek American. I thought changing classes at 10:00 was crowded! That was Sunday School compared to the climate here.

I was lost the other day: totally, frustratingly. Why can't the Germans name their streets as we do? Here I was in Munich, arrived at the Bahnhof and decided to rent a car. First mistake. The second was assuming that the streets kept their same names from beginning to end. They don't.

It took me two hours, innumerable mistakes, and two liters—of beer—to find our subsidiary's office. The street had changed names three times. Give me straight streets, four corners with street signs, anytime.

But I'm in love with wine and song, German that is. Why one union I heard about has in their contract that

all workers must have ¼ liter of wine with lunch.

I won't forget what happened several days ago. I was met in Frankfurt by a driver who then took me to the second floor of our subsidiary's office. We walked down a long hall. Every office door was SHUT. Tight. None were open. (Kind of like some professors trying to hide from their students.) Then we came to one door and knocked, before going in.

No where in the States do I know of an office where all doors are shut.

Sincerely,
Dana

Stuttgart, Germany

Dear Professor:

No note from you.

Well, I got my first chewing out by a subsidiary general manager, no less. My mistake was using an informal *du* in place of the more formal *sie*. I just couldn't remember the verb form to go with *sie* and so said to hell with it.

You just don't speak to strangers with that informal address. In my opinion the Germans are stuffy, their meetings are overly formal, and they want the last letter of the law adhered to. Are we too casual? Too informal?

Germans seem to be concerned about distance. I now know what you meant when you told the story of the German newspaper editor who came to the U.S. and had his visitor's chair bolted to the floor to keep a proper distance and to keep Americans from moving it about.

I can't help feeling that Germans are a private people. They're con-

About the author: Dr. Hildebrandt, professor of business administration and professor of speech, has a long standing interest in communication, both verbal and non-verbal. He is the author of numerous articles on communication in business and industry, and his current primary research interest is in intercultural communication. Before coming to the Business School in 1970, he served as Secretary of the University and Assistant to the President at the University of Michigan.

cerned about space and distance, keeping the other guy separate, physically and psychologically. Maybe that's why officials close their doors, and why most German homes have fences around them. Our doors and fences are probably flimsy by German standards.

So. I'm leaving Germany. It's been great here. But I wish we'd have spent a bit more time in class speaking about proxemics. Hope to be home in a month.

Sincerely,
Dana

Ann Arbor, Michigan

Dear Dana:

Two letters from you, all in a short span.

You're correct. Germans, in their cultural view, consider our doors weak, inefficient, unworkable, highly penetrable, and, put in houses which are poorly built, unsubstantial, and good for perhaps only two generations. Their homes, often of cement blocks, last for eternity. By German business standards we're a bit sloppy and inefficient. Doors for Germans are boundaries. Edward Hall once quoted a German as saying, "If our family hadn't had doors, we would have had to change our ways of life. Without doors we would have had many, many more fights . . . When you can't talk, you retreat behind a door. . . . If there hadn't been doors, I would always have been within reach of my mother."

I guess we view a closed door differently than a German businessman. He is a orderly person, precise, meticulous. An open door is just too exposing, unbusinesslike. Interviews I've had with American expatriates working in Germany suggest they have feelings similar to yours: of being left out, conspired against. Not so, from a German point of view.

Americans are more casual, that is, in the eyes of other cultures. Our language doesn't have a formal and informal *you*. We quickly move to first names, omit titles readily. You probably have seen the German business card: it usually states the business title and the highest degree earned. That's important.

I personally feel a nice gentle ego massage in Europe; there I carry the

Professor-Dr. title in one breath. Here I'm a Mr., and called a lot worse. You remember my exams.

Omitted from your notes is mention of the German business report. Pick one up if you can. They're thorough. Some of the most supported and detailed statements I've ever read are done by German businessmen.

This whole concept of space is viewed differently in Europe. I don't know whether you got to Paris, but there the street names too change several times in their course. But in Paris most streets lead to the core of the city. Or, some would say, that's where they start. When you get to Japan, I'll be interested to hear your perception of how the Japanese number their streets, houses, and places of business.

I guess it's safe to conclude that space, how it is handled and man's place in it, is affected by culture.

Missing also in your notes is the concept of time as a cultural-communication factor. You may have noticed that in the Middle East where concepts of time are treated rather informally. Be patient, if you have not been so already. Keeping you waiting—even in your hotel for a phone call—is not disrespect, rather suggests that some cultures have a more informal view of time.

I may have put on my professorial hat in this letter, but the footnotes I have given you may help you understand the German cultural-business environment a little more.

Cordially,
Professor H.

Tokyo, Japan

Dear Prof.

Thanks for your mini-lecture. Agreed, the Middle East does view time informally. It took me awhile to realize that no disrespect was intended by asking me to wait for an appointment.

I did adapt to the formality in German business, and also to the delightful informality of a Bierstube.

Can we have lunch when I get back? Please bring your wife. I'd like to discuss cultural communication a bit more. And, what I really need is a list

"Between Beirut and Damascus is a high wall that completely encircles a house, the wall being built not by the owner but by the adjoining neighbor."

of readings to which I could turn for some more help.

Let me tell you about travel in Japan. I was interminably lost. My intent was to visit our Japanese subsidiary for a couple of days, interview some Americans there, and work on American expatriate problems. The only trouble was that my cab driver had difficulty finding our subsidiary.

The conclusion I draw is that space is viewed differently here in Japan. Our streets, for the most part, are similar to grids, with consecutive house numbering. In Japan it's different. Here just the intersection is named, but not the streets running off from it. And then the houses on some streets are numbered according to the order in which they were built. It's hard for me to get around.

I learned another thing: patience.

Here I am in our Tokyo office, listening, listening, LISTENING while round and round we go, without even talking about the reason for my visit. Frustrating. Do all Japanese businesspersons take so long to come to the point? My generalization is unfair because younger Japanese do seem to reach the point quicker. But the initial frustration is real.

I hope you're in when I get to Ann Arbor.

Sincerely,
Dana

Ann Arbor, Michigan

Dear Dana:

I can't give you a lecture on the space around us, but you're seeing in the real how different cultures view space. Read Ardrey's *The Territorial Imperative* when you get home; pick up Hall's *The Hidden Dimension*; wander through Watson's *Proxemic*

Behavior: A Cross-Cultural Study. Then see me too.

We measure other cultures by our own bias. We seem to feel that we're in step; others are not. It's not a question of who's right or wrong, rather who is doing the measuring and by what cultural criteria. *Faux pas* by businessmen abroad are numerous: not because of technical incompetence, but because of unpreparedness in adapting to a foreign culture.

Tune in your senses during your last month of travel: you'll see that even time communicates, as does smell, touch, dress, voice, body motion. Who was it who said, "By a man's fingernails, by his coat-sleeve, by his trouser-knees, by the callouses of his forefinger and thumb, by his expression, by his shirt-cuffs—by each of these things a man's calling is plainly revealed." Any good reader of Sherlock Holmes would recognize induction at work.

I must go. I'm an erratic writer. Your notes have been refreshing and informative. Yes, we'll have lunch. My wife will join us.

Sincerely,
Professor H.

San Francisco

Dear Prof.

Finished my initial draft of the report to my home company. It's a bit long, but I included a section on cultural differences which could affect American expatriates going abroad. You should be pleased.

I can't get out of my head Sinatra's lyrics in "I'll Do it My Way." Beautiful. Haunting. But in our dealings with foreign businessmen in their culture, we've got to bend a bit more. I knew I blew it a few times because I judged from my perspective. My cultural bubble was punctured a couple of times. With good reason, I say.

Now then. Just don't stand there. Search out your notes; I need some footnotes and references for my report. And, I've got to dust off my prejudices.

Cheers. Lunch is on you.

Very sincerely,
Dana

P.S. No matter where I went, I was always treated as a lady.

Among Ourselves

An informal collection of items, including news of the faculty, of alumni, and of the school, and assorted other information, opinion or comment that we think will interest you.

Three Students at Business School Score in Value Line Contest

Three Business School students selected stock portfolios that averaged almost 66 per cent return on investment during the past year. The result was that the three earned the first place prize for the University of Michigan in the Value Line Intercollegiate Contest in Stock Market Judgment. The prize, a check for \$2,500, was sent to the University of Michigan by Value Line as an unrestricted gift for scholarship or other purposes.

The winning students are Robert Hersh and Jan M. Hufnagel, who tied for seventh place in the national contest and who each received a check for \$100 from Value Line, and Deborah Lynn Downie, who placed 102nd out of some 21,000 entries.

The students based their entries on a portfolio selection project included in a securities class taught by Raymond Reilly, associate professor of finance. Students in Professor Reilly's class had four major assignments: complete analysis of an industry of the students' own choosing; analysis of securities of a firm within that industry; comparison of several approaches to stock portfolio construction; and finally, selection of 25 stocks in the contest, using results learned in the previous exercises.

The Value Line contest required students to select one stock from each of 25 preassigned "risk" groups, to assure that each portfolio among the 430 colleges and universities repre-



A great many stock market professionals would envy the record established by the three Business School students pictured above, who were winners in the Value Line Intercollegiate Contest in Stock Market Judgment. Their portfolios (their investing was done only on paper, however) averaged almost 66 per cent return on investment during the past year, highest among 21,000 students entered. Pictured from left are Professor Raymond Reilly, in whose class the portfolio selection project took place; Jan Hufnagel; Robert Hersh and Deborah Downie. Their efforts made the University of Michigan the first place winner, and Value Line sent the University a check for \$2,500 as an unrestricted gift.

sented would have the same risk level. The period during which the selections were evaluated was from

Nov. 20, 1974 to May 7, 1975.

The U-M entries showed a percentage return of 65.781.

PUEP Program Marks Its 25th Year

More than 2,000 individuals from nearly 500 different electric, gas and telephone companies in 20 countries have participated in the 4-week summer Public Utilities Executive Program since it began twenty-five years ago. This year, 53 companies sent representatives from the U.S., Jamaica, Honduras, Venezuela and Iran, according to figures released by Albert W. Schrader, director of the School's Division of Management Education. The average age of the participants was 43, and the attending group included engineers, accountants, lawyers, public relations specialists, financial specialists and a variety of middle and upper level management employees.

"The program is designed," says Schrader, "for executives who have 'arrived' at the point in their job responsibilities where the need for specialization is giving way to a stronger need for broader-based expertise. We teach these individuals to manage their respective operations keeping in mind the needs and responsibilities of the entire company of which they are a part. They, as individuals, may never have to run their companies, but, after they complete the program, they will understand all facets of operating a public utility."

The program curriculum focuses on five broad areas of enterprise economics, financial administration, human relations, management functions and public utility regulation. Within those areas, a faculty comprised primarily of U-M Business School professors conducts detailed classes on subjects such as accounting, economics, industrial relations, finance, law and marketing. Participants are required to study, more in the manner of college age students than is required in many continuing education programs for executives; and are usually expected to report on new ideas and information when they return to their companies.

Sam R. Poe, program participant and manager of advertising and public relations for Central Illinois Public Service Company in Springfield, Illinois commented on his company's

attitude, and that of many others, toward being as 'up front' as possible in reporting to the public. "Power companies have had their problems, and we're still going through transitions. If we're going to state our positions well, we've got to know as much as possible about ourselves. You can't be 'up front' unless you know everything that goes on behind the scenes. This sort of program is vital for people who are making decisions."

Schrader predicts that more and more of the smaller public utility companies will start to take advantage of the program. "Three things keep our program right on top of what's happening in public utilities—evaluation and feedback from participants, constantly refreshed input from our faculty and yearly monitoring by our industry advisory committee. While most of our participants in the past have been from large utilities, I think this kind of relevant curriculum will prove to be extremely valuable to companies that may lack the size or experience to deal with changing trends entirely on their own."

DOR Offers Three New Publications

Autumn publications by the School's Division of Research offer new studies on a diversity of economic fronts. Antitrust is the focus of *Industrial Market Structure and Performance* by Daryl Winn, (Mich. Business Studies I, No. 2 [new series], cloth, 226 pp. \$12.00). It reports on a statistical analysis of the relation between market concentration and the actual performance of economic units over an 8-year period. Winn's study investigates the question: "Is the observed association between high market concentration and above-average profits the result of direct causality or is it the result of multicollinearity among several factors?" Specific factors other than concentration which Winn examines are growth, firm size, business risk, and

distortions caused by the use of historical costs in accounting. The book is based on Winn's dissertation for the doctorate, which he received from U-M GSBA in 1973. Programming of the computer analysis for the study was done by Kathleen Goode of the DOR staff, and the study itself forms part of the School's general inquiry into competitiveness in industry. Winn, now associate professor of business economics and public policy at the University of Colorado, is on leave this year to study the structure and performance of the oil industry for the Federal Energy Administration.

Professor James Scott, the School's Sebastian S. Kresge Professor of Marketing, in another new DOR book, sets forth a strategy for marketing cable television in major urban areas. Scott explores cable TV's problems and potential and concludes that a package of services which will give cable a competitive edge over other forms of entertainment is needed to support the investment required to expand cable into major markets. Primary among the extra services are the many possible two-way interactive capabilities which provide unique appeal as supplements to premium entertainment for new subscribers. Scott's study includes case histories of several cable industry experimenters. (*Cable Television: Strategy for Penetrating Key Urban Markets*, a Mich. Business Report, paperback, in preparation.)

Minority economic development and the economic effects of multinational corporations are other issues examined in DOR books presently at press, to be available this fall. *Black Economic Development: Analysis and Implications* is an anthology collected by William L. Cash, Assistant to the University President, and Lucy R. Oliver, doctoral student in the School. Publication has been sponsored by the Institute for Science and Technology. (430 pp., soft cover, \$8.50) *The Economic Effects of Multinational Corporations*, edited by Werner Sichel, Mich. Business Paper No. 62, contains papers by six noted authorities. Further information on these publications is available from the Division of Research.

Why Don't Companies Born in Michigan Grow More?

If Michigan could supply more venture capital for small, innovative businesses, it would help create the kind of business community needed to resist economic ups and downs and also shore up the state's sagging job market.

This is the conclusion of David Brophy, associate professor of finance, who recently analyzed the relationship new firms in Michigan have with the state's financial community.

"The primary goal was to find out why companies born in Michigan over the past two decades have not grown more, for the fact is too many have just been surviving and coping, rather than expanding," he said.

Brophy reported that his research shows financing has not been difficult in the earliest stages of these companies' lives. "Seed money" is readily available.

"The trouble usually arises later, when 'bridge financing' becomes necessary," he said. Bridge financing refers to the money needed between a company's start and its first issue of registered securities to the public.

"And therein lies the heart of the problem—those 'other sources' in Michigan are practically nonexistent," Brophy observed.

Noting that the companies themselves are partly responsible for their problems, mainly due to weaknesses in financial management, Brophy said some of the blame must also be attributed to "certain serious deficiencies in the structure of Michigan's financial community."

"Specifically, Michigan lacks adequate representation by those types of financial intermediaries best suited for making and managing this kind of investment, namely, venture capital investment companies, small business investment companies, business development corporations, and locally based investment banking and brokerage firms," he said. "Additionally, commercial banks are limited by regulation—and by preference—in conducting bridge financing."

Brophy said that technology-based

companies in particular have reacted to this financial void in Michigan in three ways: they have gone out of business, which happened only rarely, or, more often, they became stunted, generating no profits, jobs or new products.

The third way?

"They simply moved to a more accommodating state," said Brophy, whose three-year project, which was initiated by the Industrial Development Division of U-M's Institute of Science and Technology, has resulted in the recently published book "Finance, Entrepreneurship, and Economic Development."

In studying the experiences of similar companies in other states, Brophy found that some "have recognized the economic potential of technology-based companies and have sought them out and encouraged their formation and development to maturity." He cited San Francisco, Palo Alto and Boston-Cambridge as areas succeeding in this activity.

Brophy believes that unless action is taken, other states will continue to lure firms that could contribute to Michigan's economic development by expanding its industrial base at a time when new, high-value export industry is sorely needed. He recommended several steps that could be carried out through the combined efforts of Michigan's government, innovative firms, business, labor, and financial community, and educational and research institutions.

"Before the problem can be dealt with directly, it must be recognized and understood," Brophy said. "Toward that end, I think the governor, through the appropriate state agency or appointed commission, should arrange hearings and conferences where the involved individuals and groups can present their evaluation of the issues."

"In order to keep Michigan competitive with other states, there must be a significant increase in the economic development activity of the state government, particularly in the identification of opportunities for new, high-productivity industries. This support must be complemented and influenced by strong participation by

representatives of business, labor, finance, and education."

Noting that Michigan has only a half-dozen venture capital companies, all of them relatively small in resources, Brophy said a concerted effort should be made to encourage the establishment of venture capital investment companies. He also said the state government should examine the initiatives taken by other states in creating incentives for the formation of such firms. The active involvement of the business and financial community must be enlisted in this effort, he added.

Copies of Brophy's 200 page report are available at \$5 each from the Industrial Development Division, University of Michigan, 2200 Bonisteel Boulevard, Ann Arbor, Mich. 48105.

Dean Bond Hosts Annual Reception and Dinner in Honor of the Faculty

Every autumn as the school year starts, Dean Floyd A. Bond hosts a reception and dinner especially in honor of the faculty. The occasion also serves as a way to introduce and welcome newcomers to the faculty.

This year after the dinner, a surprise performance by "The Friars," a student singing group, enlivened the evening.

Newcomers to the faculty this year include: George Andrews, visiting professor—actuarial science; Richard D. Boley, assistant professor of accounting; Robert W. Haessler, visiting associate professor of policy and control; Richard A. Johnson, assistant director of admissions; Thomas C. Kinnear, assistant professor of marketing; Michael W. Maher, assistant professor of accounting; Ellen R. C. Pomeroy, assistant director of student services; James S. Reece, associate professor of policy and control; N. Adam Rin, assistant professor of management science; Richard J. Rogalski, visiting assistant professor of finance, and Richard G. Walter, visiting assistant professor of finance.

The reception and dinner were held at the Michigan League.

Three Students Receive Russel A. Pointer Real Estate Scholarships

Three students at the Business School have been awarded Russel A. Pointer Scholarships in the amount of \$1,000 each. Selection of recipients is based on a combination of academic ability, performance experience or potential, and dedication to a career in real estate. The three students are Lynne Hanson, David Treadwell, and Allen Williams.

The scholarships are provided through income from a memorial fund established in honor of Russel A. Pointer, a prominent Saginaw area realtor known nationally for his devotion to real estate education. He developed the University of Michigan Certificate Program in Real Estate to be one of the best and most complete real estate education programs in the nation. The fund was established by his colleagues in the Michigan Association of Realtors and is administered by the 10 member Russel A. Pointer Scholarship committee.

Lynne Hanson, the first woman to receive the scholarship award, is an MBA student at the school. While working toward her BBA degree, she managed a local apartment building. David Treadwell, who is a senior in the BBA program, is a licensed realtor with experience in selling and appraising. Allen Williams, a second year MBA student, is president of the School's Real Estate Club and is employed part time as a sales manager for an Ann Arbor Realty company. He is also a licensed realtor.

Members of the Russel A. Pointer Scholarship Committee include: Charles Hornauer, Eldon Andrews, Richard Fletcher and Edward Hacker, all realtors and former presidents of the Michigan Association of Realtors; Joseph Bell, realtor; Richard Phileo, current executive vice president of the Michigan Association of Realtors and Editor of *Realtors* magazine; Mrs. Connie Dub, realtor and former president of the Women's Council of the National Association of Realtors, and Norman Stockmeyer, realtor. Karl G. Pearson, professor of business administration, serves the committee in an advisory and consultative capacity.



Professor Frank Moore

Professor F. G. Moore and Librarian Mildred Loeffler Retire

After 20 years with the GSBA faculty, professor of management Franklin G. Moore has retired. This spring at the meeting of the Midwest Division of the Academy of Management, Professor Moore was honored for service to the academy, which he helped to found. He is the author of four books on management and production control which reflect extensive industrial experience.

He has served as consultant to the vice president of Link-Belt Co. on executive bonuses, and as consultant to many industrial firms, including Florsheim Shoe, Elgin Watch, Roper Stove, International Harvester, Illinois Malleable Iron, Erie Lackawanna Railroad, National Screw and Manufacturing Co. and Seiberling Rubber Co. He also taught numerous courses for business executives sponsored by colleges and management organizations.

Prof. Moore spent the year 1959-60 as a consultant to the Organization for European Economic Cooperation, in which capacity he taught courses and seminars in various European

countries. He taught in 1967 at Stichting Bedrijfskunde in Rotterdam, Holland, and served as consultant at Canterbury University, Christchurch, New Zealand, in 1966 to assist in the development of course programs in industrial administration.

Mildred B. Loeffler spent 28 years with the School, 15 of them as Director of the Library. She earned her Master of Library Science degree at Michigan, one course at a time, while working full time at the U-M graduate library and then at the Business Administration library. In addition to her skillful direction of the library's volume growth, she has seen to the addition of many films and microfiche materials, including the 10-K reports of the Securities Exchange Commission and an outstanding collection of annual reports.

Dayton Hudson Chairman K. N. Dayton Delivers Seegal-Macy Lecture

The third annual Seegal-Macy lecture was given October 30 by Kenneth N. Dayton, chairman of the board of the Dayton Hudson Corporation. Dayton Hudson is a publicly held, national retailing firm that operates department stores, low margin stores, specialty stores and shopping centers.

The Seegal-Macy lecture series, according to Dean Floyd A. Bond, was established to expose business students to the dynamics of marketing. Funds for the series were contributed by Herbert Seegal, president of R. H. Macy & Company, in honor of his mother, Rose Seegal, and the late R. H. Macy, founder of Macy's. Companion lecture series have been established at two other graduate business schools—Harvard and Stanford.

Mr. Dayton joined Dayton's in 1946 after military service in World War II and graduation from Yale. He was elected vice-president in 1954 and executive vice-president in 1965. With the formation of Dayton Hudson Corporation in 1969, he was elected president, and in 1974 he was elected chairman of the board and chief executive officer.

The Brontosaurus Principle

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government programs. How much better it would be if government programs spent less time and money building solutions and put more into diagnosing problems correctly in the first place! This done, they would find many problems aren't worthy of complex solutions but could be solved instead by very simple means.

9. *Random harvest technique.*

This technique was recently demonstrated to me by Mike M. executive vice-president of an auto supply firm infected with many of the brontosaurian illnesses. Arriving in his office about nine o'clock, Mike started to dictate a letter to a key customer in response to a sizeable order intended to extend over the next 18 months. Pondering how to word the letter to best assure that the contract was signed, Mike scratched his head. He noticed he needed a haircut and recalled his 2:30 appointment with his banker. Knowing how the conservative banker frowned upon anything except the most conservative of haircuts or dress style, Mike decided to get a haircut while it was still on his mind. He left the office and started to the barber. On his way to the barber, he remembered that his car was dirty and needed a wash. He started into the structure to pick up his car and noticed that there was only one Wall Street Journal left in the rack. He purchased it and casually glanced to see if there was anything interesting on the front page. Headlines there caught his attention and he noticed a blurb about a decrease in the price of gold on the London Exchange. Having recently purchased a sizeable block of stock in a gold mining company, he became worried what impact this decline would have on the value of his stock. He stepped to a nearby pay phone and called his broker. The broker, in turn, gave him a tip on another stock which Mike immediately went to check out. He called a customer acquainted with the "hot tip" company to check on the information. The customer couldn't help but did want other

information on an order he had recently placed with Mike's company. He was, in fact, irate that he hadn't received it and it was due that day. Mike promised to call him back: he then returned to the office to check with his shipping department. On his way to shipping, he noticed several workers standing idly around. Demanding why they were standing around, he learned that they had run out of material to process. On the way to the plant phone, he met his boss who wanted to discuss an overtime problem. As they walked out of the plant together, the boss received a message delaying him, so Mike went to lunch alone.

Time had served no purpose: by the end of the morning Mike hadn't dictated the letter, hadn't gotten his



hair cut, hadn't called the customer back, hadn't found out about the material shortage, and hadn't discussed the overtime problem. He had expended time and energy for an entire morning without a thing to show for it!

Time is an organization's key resource. The management and utilization of time is a critical factor in organizational success: but in the brontosaurian organization time is wasted and misdirected.

10. *Satisfaction with the Status quo.*

This seems to grow worse as companies add organizational levels. When there are only two levels in an organi-

zation and an idea is submitted that seems good, there is only one other level through which the idea must pass. When, however, we add a third level, the problem gets more complicated. In this three level organization, two people already have had a chance to veto an idea coming from the bottom of the organization. As level after level is added to the organization, the chances of an idea surviving and surfacing at the top are very small. An idea proposing change could take four or five months before it works its way up through all the levels of the organization and back down again through a myriad of committees. To avoid being accused of or feeling rejected for making errors in judgment, employees end up submitting to their bosses only those ideas which they are almost absolutely sure of being approved. Living with the status quo seems easier.

11. *Stilted language and jargon.*

The brontosaurian organization uses jargon to impress, confuse, and bewilder. Having little of importance to accomplish and less yet in terms of responsibility, the staff of the brontosaurian organization finds itself turning to the use of language which only it understands. Through this, the simple becomes complex, and meaningful communication is sacrificed.

The age of dinosaurs ended not after a short two-week period, but after a brown-out time when they eventually died out and gave way to other more productive forms of life. The brontosaurus couldn't adapt to his changing environment, but can the behemoth organization of today adapt itself to changing conditions? For many, the answer is no. They are giant, arthritic tortoises—ponderous in their movements and slow in their ability to adjust to a new situation. But for other organizations, the answer is yes. They are organizations whose corporate eye is firmly focused on the future. They are filled with goal-oriented individuals interested in making things happen. With only an occasional backward glance, they are pressing ahead, recognizing the fact that they must be ready to adapt to change if they are to survive.

Faculty News

Gunter Dufey, associate professor of international business, is back in Ann Arbor after spending a good part of his sabbatical year traveling and lecturing in the Far East and Western Europe, where he also met with many of his former students. He also spent part of his sabbatical year with the treasury department of the Clark Equipment Company to further familiarize himself with international financial management in "the real world." During that year, he also published two articles: "The Random Behavior of Flexible Exchange Rates: Implications for Forecasting" (with Ian H. Giddy) which appeared in the Spring, 1975 issue of the *Journal of International Business Studies*, and an article on corporate financial policy under floating exchange rates which was published in Italian in the *Proceedings of the International Fiscal Association*.

Douglas A. Hayes, professor of finance, was awarded the Distinguished Service Award for contributions to the Michigan Bankers Association educational program, at the annual convention of the organization held this summer at Mackinac Island.

Thomas J. Schriber, professor of statistics, participated this summer in a two week IBM-funded seminar on the use of interactive computing in management education. The seminar brought participants to a level of operational skill in the use of APL (A Programming Language), a relatively powerful third generation computer language which is widely regarded as "most likely to be the prototype for future languages." An interactive (that is, terminal-based) language, APL can be used to express compact algorithms over a whole range of business and scientific applications. The leading commercial vendor of the language (Scientific Time Sharing Corporation) reports that 80% of its billings for the language are for commercial use, with the remaining 20% applying to use in the engineering and scientific community. The seminar was patterned after a series of six similar IBM-funded faculty seminars which Prof. Schriber directed at Michigan over the past

five years. Topic of the Michigan seminars was algorithms, their FORTRAN implementation, and their business applications. Prof. Schriber is contributing a paper entitled "Interactive Optimization of a Production System" to an APL applications monograph being published by UCLA.

Claude Martin, associate professor of marketing, was co-chairman of a conference on Electronic Funds Transfer Systems sponsored this fall by the Detroit Chapter of the American Marketing Association. He also discussed his research on EFTS at a recent payment systems symposium held in New York and attended by more than 500 bankers and retailers from throughout the country. His research into EFTS is the result of his sabbatical leave during winter term, 1975, and reports on his research will be published in *Business Horizons* and the *Michigan Business Review*.

William K. Hall, associate professor of policy and control, has published an article entitled "Why Risk Analysis Isn't Working" in the Fall, 1975 *Journal of Long Range Planning*.

Mary C. Bromage, professor of written communication, spent the summer crisscrossing the country conducting three and four day seminars for government auditors on report presentation. Among the groups for whom she gave seminars are the U.S. Departments of Commerce, Labor, Agriculture, Treasury, Interior, and Health, Education and Welfare as well as the U.S. Army, U.S. Customs, U.S. Postal Service and the Small Business Administration. She also has published a review of Edwin Newman's book, "Strictly Speaking" in the July issue of the *Michigan Business Review*.

Thomas Kinnear, assistant professor of marketing, delivered a paper entitled "Marketing Management in the Public Sector: Problems and Opportunities" at the Canadian Association of Administrative Sciences meeting in Edmonton, Alberta. He is also co-author of "The Great Canadian Basic Marketing Text: A Normative Statement and Review of Segal, Boone and Kurtz," to appear in the fall issue of the *Canadian*

Marketer (Journal of the Canadian Chapters of the American Marketing Association) and is also co-author of "Evaluation Research: Its Role and Applications in the Program Management Process," in *Optimum* (the Journal of the Bureau of Management Consulting).

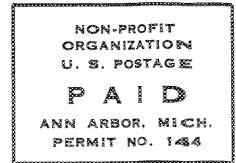
Roger L. Wright, associate professor of statistics, returned this summer from the Netherlands Econometrics Institute in Rotterdam, where he spent four months studying their methods of applying econometrics to interregional economic problems. He is currently working on a book tentatively entitled "Fundamentals of Business Research."

Karl Pearson, professor of business administration, has published an article entitled "Industrialized Housing" in *The Appraisal Journal* for July, 1975. A second edition of his book "Michigan Real Estate" has been published by Prentice-Hall, Inc. with complete revision and with the inclusion of the new Michigan Land Sales Act. Prof. Pearson recently gave a speech before the Georgia Realtors Institute on "The Decline and Fall in Apartment House Investment."

Arthur F. Southwick, professor of business law and of hospital administration, spoke on "Perils and Pitfalls in Writing Medical Staff Bylaws" before an audience of more than one hundred physicians, hospital administrators and trustees at a medical staff conference held at St. Barnabas Medical Center in Livingston, New Jersey. He also spoke on "The Medical Staff in Legal Perspective" at the Mid-America Hospital Medical Staff Conference in Fontana, Wisconsin.

Patricia Shontz, professor of business administration and director of publications, has completed three film lectures for "Energy, Technology and Society," a TV college course funded by the National Science Foundation. The films, produced through Wayne State University, are being broadcast on Channels 7 and 56 in this viewing area and are being distributed nationally. Dr. Shontz was also given the first annual National Alumni Achievement Award by the University of Detroit at their alumni conference this summer.

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Faculty News

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Edwin L. Miller, professor of industrial relations, and *John A. Fossum*, assistant professor of industrial relations, both presented papers at the annual meeting of the Academy of Management in New Orleans in August. Prof. Miller presented "A Study of Expatriate American Managers' Perceptions of Managerial Traits and Capabilities of their Subordinates and Superiors" and Dr. Fossum presented "Subgroup Validation by Sex; Clerical Aptitude and Performance," and, with co-author Michael Moore, "The Effect of Perceived and Actual Inputs on the Recognition of Over and Underpay Inequity Without Experimental Induction." All three papers will be published in the *Proceedings* of the meeting.

Donald H. Shadden, Arthur Young Professor of Accounting, has been elected academic vice-president of the American Accounting Association for 1975-76. In this capacity he will serve on the Executive Committee of the organization and will also work with seven different AAA committees and groups. He has also been elected one of six directors of the American Taxation Association, a new organization of professors and practitioners interested in income tax education and research.

Michael W. Maher, assistant professor of accounting, is co-author (with Kavasseri V. Ramanathan and R. B. Peterson) of an article entitled "Strategic Goals and Performance Criteria in CPA Firms," to be published in *The Journal of Accountancy*.

Alfred L. Edwards, director of the Division of Research and professor of business administration, delivered a talk entitled "Shrinking Dollars—A Shrinking Black Economy" at the fifth national symposium on The State of the Black Economy. He has also recently been named a member of an advisory panel for the U.S. Department of Commerce Office of Minority Business Enterprise.

The Statistics and Management Science group had many representatives who presented papers at the annual meeting of the American Statistical Association this summer. Papers were given by *William J. Wroblewski* and *W. Allen Spivey*, professors of statistics and management science, and *Richard W. Andrews*, assistant professor of statistics and management science, as well as by two current Ph.D. students, *C. Ansley* and *R. Simonds*, and eight Ph.D. alumni. *Richard J. Rogalski*, visiting assistant professor of finance, also gave a paper at the meeting.

Carl H. Fischer, professor emeritus of insurance and of actuarial mathematics, spoke on the financing of social security at a conference held this summer on The Economics of Aging, sponsored by the Institute of Gerontology of the U-M and Wayne State in cooperation with the U-M Extension Service.

James Wheeler, professor of accounting, has been appointed chairman of the Committee on Federal Taxation of the American Accounting Association. This committee is

charged with preparing and presenting testimony before Congress on tax reform proposals.

Vern Terpstra, professor of international business, testified before the International Trade Commission (formerly the Tariff Commission) on the U.S. posture in the international round of trade negotiations being conducted in Geneva, Switzerland. This summer, he presented a paper at INSEAD (the European School of Business Administration) near Paris on his research on "Product Policy of Multinational Firms." This was the first European meeting of the Academy of International Business. Also this summer, professor Terpstra attended "The Soviet-American Trade Symposium" sponsored by the American Marketing Association and held in the USSR. While there, he met with Soviet officials and American businessmen in Moscow.

Paul W. McCracken, Edmund Ezra Day University Professor of Business Administration, recently spent two weeks in the USSR as a guest of the Institute of U.S. Studies, Academy of Sciences of the USSR. Apart from formal conferences at the Institute, in government, and at Moscow University, he and Mrs. McCracken traveled from Leningrad well east of the Ural Mountains into Siberia. The trip was concluded with two days of conferences at the headquarters of the Organization for Economic Cooperation and Development in Paris.

D. Maynard Phelps, professor emeritus of marketing, is the author of a book, *Product Management*, which has been translated into Spanish and published under the title, *Dirección de Productos*. The book was initially published by the American Marketing Association.