Dividend

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"Corporations must do a better job of developing spokesmen who take pride in their expert knowledge, who are willing to be quoted without three paragraphs of qualifications dictated by the legal department, and who are willing to learn the tricks of the trade in media exposure." *See "Is Business News Bad News?" page 4*

Our First Graduating Class Will Celebrate 50th Reunion in May

By D. Maynard Phelps
Professor Emeritus of Marketing

On November 22, 1923 Edmund Ezra Day appeared before the Board of Regents and discussed the establishment of a School of Business Administration at the University of Michigan. On motion of Regent Sawyer the Board voted that it looked with favor on this proposal and would, at its next meeting, receive definite recommendations for its organization. On the Board's December 20th meeting a proposal by Mr. Day, dated December 14, 1923, was submitted to the Regents and affirmative action was taken on the establishment of such a school at the beginning of the next fiscal year, and the appointment of Professor Day as Dean and also as Chairman of the Department of Economics in the College of Literature, Science, and the Arts. The new school was opened for student registration and started operations on September 23, 1924. Two academic years later, on June 11, 1926, the Regents of the University approved MBA degrees for the first 13 graduates and, at the Commencement on June 14th, these degrees were awarded. Now, almost fifty years later, this first class is planning its 50th Anniversary to be held on May 7–9 this coming spring.

There were 13 students in the first graduating class in 1925–26, including three orientals, two Chinese and one Japanese. We have no knowledge of the lives or whereabouts of these three students. Only one graduate, Harry A. Mitchell, is deceased. This would seem to indicate that the possession of an MBA degree from the University of Michigan leads to longevity. Four other students who were in the 1924–25 class, one of whom received his MBA in 1928, will be invited to attend the reunion. So, in total, 13 students who were in the first classes of the Business School may come to this 50th reunion.

There were 15 faculty members in the new school when it opened in the fall of 1924. Many of them were relatively young people who were not much older than the students. Dean Day brought five young people with him from Harvard, Professors Blackett, Elliot, Masson, Mitchell, and Schmalz. Most of the others had University of Michigan educational backgrounds. Six of the initial faculty members are still living, namely, Professors Blackett, Paton, Ross, Griffin, Schmalz, and Tracy. In addition, business administration students had taken a number of courses from people in the economics department, among them Professors Watkins, Taggart, and Caverly. Also the widows of some faculty members, Mrs. Day, Mrs. Masson, and Mrs. Harry Mitchell, the wife of one of the 1926 graduates, are still living. All of these people have been apprised of the reunion and urged to attend if at all possible. So, in total, possibly thirty to forty people, including students, faculty, and faculty wives, who were associated in some manner with the founding and the first years of our Graduate School of Business Administration a half century ago will assemble on May 7, 1976 to renew friendships, reminisce about the Ann Arbor and the University of the twenties, and think of the truly momentous events of the intervening years.

Final plans have not as yet been made for the reunion but the group will probably meet in the Assembly Hall after luncheon on May 7th, go through this structure which was built in 1972, and then have Professor Paton take us through the Paton Center in Accounting close by which is now under construction. It should be nearly finished by next May. Then a coffee hour will be held in the Lounge of the Assembly Hall to which retired faculty members and others who might be interested will be invited to meet with us as guests. Then there will be a dinner meeting probably in the University Club at the Michigan Union. Surely formal talks will be held to a minimum but those in attendance will be given the opportunity to reminisce if they so desire. A photographer will be available for some photographs of the group as at our last reunion in 1945.

On Saturday afternoon, May 8th, the graduates of 1926 and others who were in the 1925 class will go to White Lake as guests of Brad Case for the weekend as we have so many times over the years. There we will engage in a few games of chance and demonstrate that we still remember our training in risk and risk bearing of the twenties. By Sunday afternoon we will be back in Ann Arbor, richer or poorer but not wiser, and the reunion will then be history.

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By Patricia Shontz
Professor of Business Administration

Is Business News

BUSINESSPEOPLE are very much concerned with the quality of business news in the everyday exercise of their job responsibilities. Too often, however, business separates news of itself from its interest in economic information and education. Somehow, economic education is seen as distinct from business news and has come to mean the "big picture." Corporations dream of converting the public into an army of card-carrying zealots defending free enterprise against all enemies. The result is that business approaches economic education as if it were an institutional ad campaign. The message is image, not substance; the appeal is for recognition, not satisfaction of need; the copy appeals to the ego of the sponsor, not the motivations of the market; and the impact is virtually nil.

Perhaps the time has come to abandon the smugness of an institutional ad and begin to see economic education in terms of what business knows best: news of its own products, methods, problems and figures. It should convey this economic information the same way it sells products and services—on the basis of the benefit to the public. And it should address the message to segments of the public not reached by other efforts.

We have all observed a business dreaming of empires and wandering off on the wrong tangent. Then, when a new chief executive officer finally takes over and saves the business by returning it to "what it knows best," we all applaud his stroke of genius. Similarly, corporate effort toward economic education started out on the wrong tangent. It took on the whole of economics, idealized the abstraction of free enterprise, and cloaked the messages in academic prose. Now corporate leaders wonder what went wrong. It is time to return to what business knows best—itself—and let economic education flow as a valuable by-product.

Business news is economic education in the most basic sense of the term. Exposing the public to meaningful business news is essential to increasing the degree of economic literacy. And, fortunately, the news media are ideal conduits for this economic education.

Most Americans learn their economics from the news—articles, columns, radio and TV news and documentaries. Classroom economics is, of course, a worthwhile discipline. But formal education atrophies from disuse and the only way to retain it, supplement it or substitute for it, is through constant reiteration. One of the best ways to reiterate is to use the continuous flow of business news as a means of expressing important economic information.

Consider the nature of business news. It includes reports of profits, dividends, capital expenditures, new product lines, wage settlements, prices, exports, government regulation—the whole gamut of business activity. It is made to order for the requirements of the news media. The media wants new news; business has some every day. The media is oriented to specifics: who, what, when, where, how and why. When business wails that the news media don't feature four-color spreads every Sunday or prime-time documentaries every week on the glories of capitalism, it's because business is expecting ideology from media geared to pragmatism. The expectation of ideological fervor will never be fulfilled, so why not shift the burden of economic education to the dissemination of ordinary, pragmatic business news?

Business would be better served if it concentrated on obtaining news coverage that is, first, more plentiful and, second, more accurate in answering "who, what, when, where and how," and, third, more balanced, informed and thorough in answering "why."

These are tall orders, as those who deal with the media well know. But they are attainable goals, goals that will let business do what it does best, goals that are honest enough to let business admit that economic education is not its burden alone.

How, then, should business go about attaining the goals?

First, the objective of obtaining more plentiful coverage of business (and economic) news forces business

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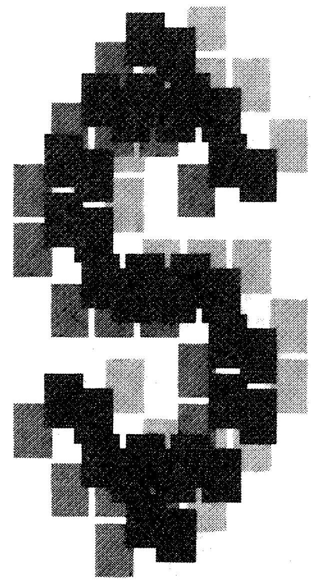
About the author: Dr. Shontz is expert in both economics and the media, having received her Ph.D. in economics from Wayne State University and having been the author of a nationally syndicated award-winning column on economics as well as serving as editorial writer for the Detroit News. She is currently the editor of *The University of Michigan Business Review* and director of publications for the Graduate School of Business. Her article is based on a talk she gave at the Business Roundtable in Chicago.

Bad News?



to look for ways to motivate the news media to expand the time or space devoted to business. The media wants one thing—a wider audience, whether measured in circulation or ratings. Thus the media will expand coverage if it believes the result will be larger audiences.

Faced with this logic, we would assume business immediately translates its news into terms appealing to the widest possible audience. We would expect profits and dividends to be translated as investor news. Instead, business persists in ignoring investors—millions of people—and reports its financial performance as though it were interested only in the relative handful of financial analysts. We would expect news of collective bargaining and strikes or wage contracts to be addressed to employees and other workers and their families. Instead, the viewing or reading public is exposed to terse "no comments" or rhetoric more suited to outright labor-management class warfare. We would expect price and product or industry news to be stated in terms that are meaningful to consumers. Instead, corporations seem quite content to talk to their peers on these matters, and then complain bitterly when consumers believe everything a Ralph Nader tells them about prices, products and industries.

But, if business were to bury its corporate ego and stop building an image for itself and its executives, business news could become the vital concern of every consumer, employee and investor. And, since every member of the public is one or more of these, the news media would see business news as something very important in building their own vitally important audiences.

Now, assuming we have won more plentiful news coverage, how do we assure the accuracy of who, what, when, where and how? This objective is most easily attained by making certain the facts which business provides—the facts it is in the best position to know—are the same facts reported by the news media. And the best way to have those facts reported is to be quoted.

Most executives enjoy being quoted, especially if they can say something the boys at the club will think is brilliant. But few executives are statesmen who can consistently gain the attention of the press for pious generalities. Rather, executives should see themselves in the role of experts who can answer who, what, when, where and how. The secret of performing well here is to be quotable, to be able to express facts succinctly in terms that are meaningful to wide audiences and in words that produce maximum impact. Corporations must do a better job of developing spokesmen who take pride in their expert knowledge, who are willing to be quoted without three paragraphs of qualifications dictated by the legal department, and who are willing to learn the tricks of the trade in media exposure.

There is an art in dealing with reporters and interviewers. Unless the

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spokesman is trained or naturally talented in closing the gap between the expert—himself—and neophytes—the media—it will be virtually impossible to convey a meaningful set of facts and insure the integrity of quotations. There is also a science in dealing with the media. The timing and length of statements, almost as much as content, determine what the public eventually reads, hears or sees. Unless the news reaches the public, there can be no impact from even the most urgent, elegant message.

The third objective for business news coverage is more balanced, informed and thorough answers to the most important reportorial question, "why." Fortunately, if business succeeds in moving toward the first two objectives—more business coverage and more accuracy in who, what, when, where and how—those improvements will motivate the media to cooperate in achieving the third objective.

When the media become accustomed to dealing frequently with substantive business topics and when they have confidence in their consistent ability to report the specifics accurately, the innate professionalism of media reporters will force them to raise the "why" question and seek interpretive expert knowledge. It is the lack of "why" material which makes most business news dull and uninformative. It will be the addition of "why" material that provides business with its real opportunity to use the flow of corporate news as an effective conduit for economic education.

To take advantage of the opportunity, corporate spokesmen (having established their credentials as experts in answering who, what, when, where and how, and having learned the art and science of dealing with the media) need only be prepared to provide the interpretive answers. Thus, this third objective requires spokesmen who know economics—the rigor not the rhetoric—and who are as comfortable expressing quotable opinion as they are reciting quotable facts.

There are, of course, pitfalls in developing an interpretive rapport with the media. Not every piece of corporate news is pleasant to divulge; not every reporter's questions will provide an opportunity for economic education. Spokesmen who are recognized as sources of interpretive information will not be able to dodge questions on labor strife, product defects, management upheavals and other corporate calamities. Nor will "no comment" be sufficient response—not if business and its spokesmen expect to retain their credibility. Dealing with the media doesn't permit the luxury of selectivity in response. Corporate spokesmen must be prepared for even-handed media relationships, not hand-holding romance when business wants coverage and arm-twisting anger when business wants something buried.

If business can develop this even-handedness, it will have its reward. Corporations will be in a better position to insist on quality of coverage and fairness of treatment because their own behavior sets the precedent. Corporations can and should protest bad media coverage—to the reporter or interviewer, to editors and publishers, if necessary. Business can't get away with an inferior product or service—neither should the media.

As long as business is as fair in its protests (be specific, don't be petty) and as wise in its methods (never get angry, never give up) the credentials and experience built up in achieving the three basic objectives of improved news coverage will reward business when the media is at fault. They, like business, will be prepared to admit and learn from their mistakes.

Having raised the topic of media mistakes, it might be well to turn to the second interpretation of our question, is business news bad news in the sense of media coverage that is incomplete, inaccurate, biased and unprofessional?

Suppose we take the charges one at a time:

First, is business news incomplete? The typical business page or newscast virtually shouts an affirmative answer. The subject that merits the most attention—probably because it's completely automatic—is the stock market. And there is certainly nothing original or distinguished about stock market tables, so there can be nothing original or distinguished about media hiding behind rooms of ticker tape. Even stock market commentary—usually canned wire service copy—is little more than a mechanical ouija board, relating cause and effect to whatever might have happened that day, including nothing whatsoever happening that day.

The next most important item in most business coverage is advice to the investor. It, too, suffers from a predictable sameness along this pattern: "I am an 85-year-old widow, who needs income, has $500 to invest and would like a nice safe glamour stock that will double in value in six weeks." This material is always good for laughs and, therefore, may be valuable comic relief on an otherwise grey page.

Then there are what I call the "one little Indian, two little Indians" stories, devoted to such non-news as reporting the action of each bank as it acts to follow the leader in prime rate adjustments, up or down: Bank Y did; Bank Y didn't; Bank Z hasn't the foggiest idea what's going on. It would be a great service to the public if the media saved the space or the time over a week or two and did a more analytical story, even daring to suggest the direction of tomorrow's prime rate news, not yesterday's.

The remainder of business news coverage tends to consist of local industry stories, too often written for "insiders"; financial statistical stories, usually without useful interpretation; and the business page "feature" story.

What should the media be covering in order to provide complete news? It should cover news of the business firm—performance, people,

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product, industry; it should cover the business of business—technology, managerial methods and problems, and hot issues like OSHA, SEC reporting requirements and the like; it should cover the nation's business—economic outlook, monetary and fiscal policy, international economic relations, legislative impact; it should cover the people's business—taxes, interest rates, inflation, employment, local and regional outlooks and, yes, the stock market.

Is business news inaccurate? Aside from simple error which is unavoidable and understandable in any human endeavor, business news is often inaccurate because the reporter cannot recognize relevance in facts and, therefore, chooses facts which lead to incorrect conclusions. Or the reporter may not be comfortable with simple arithmetic and, therefore, cannot write accurate statements. Or the reporter is ignorant of economics and, therefore, cannot discern fact from fallacy. Examples are commonplace: The reporter who tells us personal income has increased to a new high but who fails to note it has declined in real terms; the reporter who writes about a state income tax rate increase from 3 to 6 percent and describes it as a 3 percent increase; the reporter who never questions the politician's assertion that higher corporate taxes mean savings in the pocket of the little guy.

Is business news biased? Most certainly—although the bias is not necessarily deliberate. News is supposed to be newsy—it should grab attention, be something of a surprise or even a shock. With all the dull, dreary news that passes for business news, it's no wonder reporters are easy marks for the clever, pithy side of an issue, no matter what its economic merit, as opposed to the staid, over-qualified corporate view, which may be the correct one. Then, too, there is a certain crusader bias in most media people that leads them to accord special favor to the underdog at the expense of the strong. Unfortunately, if the media makes the simplistic mistake of equating "small" with "underdog" and "big" with "strong," it can lead to bias of the worst sort. For example, the oil companies are often described and attacked as "monopolists," when, in fact, no firm has a market share greater than 7 percent. On the other hand, the Mom and Pop store in a small town might be a vicious monopoly yet would never be so identified by the media. To take another example, the media almost always assumes that an individual is right and a company wrong when the two clash. Thus, a company trying to collect past due accounts is almost always the oppressor, while a delinquent customer is always the oppressed, even when a customer uses credit as a means of outright fraud.

Is business news unprofessional? Again, the answer is yes—only this time it may be deliberate! Admittedly, it is difficult for a reporter to develop professional pride in an assignment area that has the reputation of being the media's Siberia. And it is difficult to eliminate the Siberia reputation when business and economic news remains dull and dreary. But some reporters make matters worse by cultivating a kind of perverse pride in a studied ignorance of the material they handle. I call this the "It's all Greek to me" mentality. This kind of mentality leads to incomplete, inaccurate and biased business news coverage.

Professionalism on the business page will require a major effort on the part of the media to establish standards of quality and performance. Most of these standards would consist of a list of perspectives which the business writer must acquire.

The first is theoretical and historical perspective: The professional simply must know his economics, be able to handle accounting and financial material and be able to call upon a sound sense of history in order to interpret news to an audience. The value of this perspective can hardly be overrated, since it is the only source of developing a sense or perspective of the future.

The second perspective might be described as numerical. Writers soon

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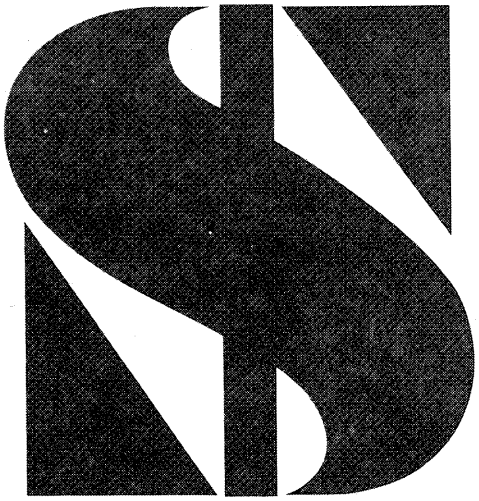

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The Big Problem is How To Decide What to Offer!

A *Dividend* interview with Albert W. Schrader, Director of the Division of Management Education

Editor's Note: In addition to his administrative responsibilities as director of the Division of Management Education, Dr. Schrader, MBA '61, teaches in the management seminars, courses and workshops conducted by the Division. He has previously served as director of the Bureau of Industrial Relations, and was editor of two professional journals, *Management of Personnel Quarterly* and *Personnel Management Abstracts.* His publications include three books and several articles, monographs, and research reports.

Q. *I have heard that there is more money spent by companies to train their employees than is spent on the whole formal public education system of the United States. Is this true?*

A. Yes. There is a growing recognition that there is a need for individuals in business and non-business organizations to acquire job-related abilities and skills that they cannot acquire in an on-the-job setting. And non-degree educational activities of employers are still growing. In our own Division of Management Education we had more than 5,000 participants in 1975.

Q. *Tell me about our Division of Management Education?*

A. Basically, we develop and present short, non-credit workshops, seminars and courses, each of which is directed toward one or more specific goals.

Q. *What specific goals?*

A. One of these goals is implicit in the term "continuing education." As I've suggested, a mark of a professional manager is his recognition that what he has learned in years gone by—either in formal degree programs or on the job—needs constant updating. And that's one of the purposes: to help managers learn what's new and how they can put these ideas to work. For example, organization theory is vastly different today than when I studied it as a MBA student 15 years ago. We have a program titled "Project Management: Designing the Matrix Organization" that describes some of these differences and tells how they can be used to solve some organizational problems that previously had seemed almost insurmountable.

Q. *What are some other goals our programs have?*

A. A second goal is to convey a body of knowledge or to develop a skill or competence in a person.

Q. *How does this differ from the updating programs you've already mentioned?*

A. Our goal here isn't to tell an individual about recent developments in his or her specialty but rather to discuss a field that, for him or her, is an entirely new one. Two examples that come to mind are "Finance for the Non-Financial Manager" and "Marketing for the Non-Marketing Manager." We are now in the process of developing a new program, "Accounting for Non-Accountants." These aren't really designed to update a person but to supplement or complement skills he or she has in other areas.

Q. *You mention "he or she." Do many women come to our programs?*

A. They certainly do. Or, I should say, many more attend now than used to. As recently as three or four years ago we would average about one woman per program. Now we're averaging four or five per program. We have even designed some programs that are specifically on and for women in management.

Q. *What accounts for this change?*

A. I expect there are two reasons. First, affirmative action programs have prompted many companies to promote women into managerial jobs and to train them for their new responsibilities. Secondly, organizations have recognized that their female employees represent a tremendously valuable resource. They're simply using this resource more creatively than they have in the past. It's simply a good business decision.

Q. *What about some other trends in management education? How about the idea of the executive sabbatical?*

A. It's a popular idea. And a good one. But I don't think it will be used very much. For one thing, the individual and/or the company doesn't have that kind of time. Secondly, the company often says there are alternatives to the executive sabbatical—such as the workshops and seminars we've been talking about—and, thirdly, some companies say they can't see the relevance of a sabbatical year to an executive's improved performance.

Q. *Does this mean that our programs emphasize the relevant, that they are "how to do it" programs?*

A. We try to establish and maintain a proper balance for each of our programs. Some do emphasize skill development and in this sense are "how to do it" programs—our workshops on employment interviewing are a good example and so is the one on arbitration—but even here we can't and don't limit ourselves to the "how to's." We also have to explore and evaluate the "why's." We discuss the psychological research that applies to employment interviewing, for example, or the legal aspects of labor relations. These are "relevant" and "practical" of course, but they make the programs much more than sessions on "how to do it." In some of our other programs we place even more emphasis on the "why's" and the "what's" than we do on the "how to's."

Q. *Can you describe some of these programs briefly?*

A. One that may sound the least "relevant" is titled "New Frontiers of Management." Some of the things we look at in that course are work in the future, the anatomy of social pressure, individualizing organizations, control and participation, behavior modification, and philosophical perspectives in the twenty-first century.

Q. *I can see that the seminar doesn't confine itself strictly to management.*

A. It doesn't limit itself to what has traditionally been identified as management. But, then, these traditional limits just don't apply anymore. So many things happen in the world that affect management in one way or another—changes in technology, changes in social values, or economic and political changes—but managers are often so busy in their jobs that they don't get a chance to stop and think about these changes and what they mean. This is another goal we have—just to give people a chance to pause and think. An opportunity to step back from the fray for a moment, a chance to consider thoughtfully the process they're involved in on a day to day basis.

Q. *Are people able to meet this goal in our programs?*

A. Yes, I think they are. I recall one incident that supports my belief. One Tuesday noon I dropped in on one of our classes—it was "Management of Managers"—to join the group for lunch. The conversation at our table was dominated by one person who talked on and on in an excited way about the morning's session. He talked about what the instructor had said, about his classmates' views, how he agreed with some of them and disagreed with others, how the topic applied to him and his company, and what he was going to do when he returned to his job. Then, as he caught his breath, he realized that everyone else at the table was silent, that he hadn't given anyone else a chance to talk. He blushed slightly and then explained to us, "You know, I've never in my whole career spent so much time thinking *only* about management. It has been so stimulating I guess I had to get my enthusiasm off my chest." I think his statement is both typical and revealing. He had, as of that moment, spent less than two full days in the program. And yet, this was the most time he had ever spent thinking about his profession. If we are able, as we were in this instance, to meet our goal of giving people a chance to think, I feel we have fulfilled an important function.

Q. *Do our programs have other goals?*

A. Yes, there is one that, in a sense, is an exact opposite of the one I mentioned earlier, that of providing continuing education. For many who come to our programs, they aren't participating in continuing education at all. For them, it is an initial education.

Q. *Who are they? And what is it that they study for the first time?*

A. They're people who have been thrust into a supervisory or managerial job. They have previously been engineers, salesmen, or nurses, for example. Now they are chief engineers, sales managers, or head nurses. Now they are managers. Never before have they had to supervise others, and never before have they had the need or the opportunity to learn how to meet the challenges of this demanding new role.

Q. *Can you describe what these workshops are like?*

A. Yes. In these programs we feel we have two responsibilities. First, to impress upon these new managers that the whole definition of successful job performance has changed for them. In the past, their ability was measured in engineering, sales, or nursing terms. Now, they have to recognize that success isn't measured by how well they can do these things, but rather how well they can get things done through others. Without this recognition, there's a high probability they will fail in their new job simply because they will continue to do the work themselves instead of delegating.

Q. *What else goes on in these programs?*

A. We attempt to help the individual acquire and develop the abilities he'll need in his managerial role. Abilities like planning, decision making, identifying a managerial style that is appropriate to the situation, and appraising performance.

Q. *That sounds like a pretty tall order.*

A. It is, but we have two things going for us. First, we have good students. Recognize that the people who come to our programs are the good, talented, successful performers from progressive, successful organizations. They're not the marginal performers who are here to get back on the track. Secondly, we have excellent teachers, both from our own faculty and from throughout the country. When you put these two elements together in a classroom, it's a rewarding experience for student and teacher alike.

Q. *Is teaching in management education very different from teaching in the MBA program?*

A. It certainly is. For one thing, the students are very different. They bring years of experience to the classroom and as you speak to them they are constantly weighing what you say against the back home situation they'll be returning to in a few days. If what you say is inconsistent with the "real world," they're quick to let you know. This kind of interplay forces both the student and the instructor to question themselves as well as each other; when they disagree, who's "right?" Which way should it be? It becomes very clear that there is seldom a "right" answer, a neat checklist one can follow in a mechanical, methodical way. The real value of these sessions is that the student is able to identify problems more clearly, see that there are many different solutions to it, and learn how to analyze a situation to figure out which one he should implement.

Q. *The programs we have been discussing are relatively short—from two or three days to a week long. Do we have any programs that are longer?*

A. Yes. We have two one-month programs that run during the summer: The Executive Development Program and the Public Utility Executive Program.

Q. *What is the function of these programs?*

A. They are designed to help people function effectively at the general management level. We want them to keep the entire company in mind when they make decisions.

Q. *Does this represent a new perspective for these people?*

A. Often it does. Heretofore they have typically been concerned only with getting the most out of the unit they head. A sales manager, for example, wants to maximize sales. And he won't hesitate to promise his customers quick delivery if that's what it takes to make the sale. Back at the plant, the production manager has a different goal—to control manufacturing costs, let's say. One way he can do this is by scheduling as little overtime as possible. And then, in comes a big rush order! If either of these individuals is to succeed in meeting his goal, it's at the expense of the other. It's the job of the general manager to recognize that such a situation exists and then to resolve the dilemma in a way that maximizes benefits for the entire company, not just one unit within it.

Q. *How do you develop this perspective? By showing what each group in a company does?*

A. That's part of it. But it's more than "here's what your counterparts elsewhere in the company do." We have to go on to develop some familiarity with various decision making concepts—accounting as a means of measuring and communicating financial information, for example. Or how statistics, the computer, and modeling can be used to make forecasts. Next we talk about the economic and social environments within which a company operates and how those environments affect the decision making process. Finally, we spend a great deal of time on implementing decisions. It's here that we consider the company's human resources. Our overall thrust is on effective resource management. Managing human resources is especially challenging at this level in the organization.

Q. *What factors should a company consider when deciding whether or not to send an individual to management development programs?*

A. It would be helpful for the company to ask itself what goal it wants to fulfill by sending the individual. If that goal is inconsistent with the program's goal, there's a good chance everyone will be disappointed in him for failing to appreciate the ideas discussed, his classmates may be annoyed by his "inappropriate" contributions to the session, and his company will conclude the program was a bad one, a waste of time and money.

Q. *I have seen articles in the business press expressing some skepticism about the value of management education. Do you find this to be true today—particularly in a time of economic hardship for many corporations?*

A. No. In the last year the number of man days of instruction we provided—a figure I watch very closely—was just about the same as the previous year despite economic conditions.

Q. *Why do you think that is?*

A. We stay in close touch with those who use our programs. Because we are self-supporting, we must be responsive to the market. We are continually evaluating our programs in several different ways.

Q. *How?*

A. Every participant makes a written evaluation of every program, so that we get feedback on every one. Also, one of our staff (we have 30 full-time staff members) sits in on every program. And, we travel a lot and visit those who have attended our programs. This information helps us immensely. They tell us what their problems and needs are, advise us of the kinds of programs we should offer, and tell us what value they have gained from sessions they have attended in the past. That these methods are effective is shown by the fact that about 90% of our business is repeat business. Of course, it's not only this self-evaluation that prompts companies to use our programs.

Q. *What are some other reasons?*

A. We have excellent facilities—the Kalmbach Management Center and the School's new Assembly Hall. More importantly, though, it is the faculty's involvement in and commitment to management education. Many of the Business School faculty teach in management education programs and there is a faculty committee which oversees all our activities. This is our assurance of quality control. That the programs are what you would expect of the University of Michigan, that they meet University of Michigan standards.

Q. *Aren't there a lot of other groups that run management education programs around the country? Are we in competition with them? How do we differ from them, if at all?*

A. We are quite different than most. In fact, this fall I attended a meeting of directors of management education programs and found that none of them were exactly like ours.

Q. *How are they different?*

A. Some of them function in a consulting or quasi-consulting capacity. We function only as educators. Some universities offer their programs through extension services rather than through their schools of business. Some have highly developed executive development programs but very little seminar activity. Some have many seminars but no executive development programs. Some serve only a local area; others—including Michigan—serve a national audience.

"So many things happen in the world that affect management in one way or another—changes in social values, technology, or economic and political changes—but managers are often so busy in their jobs that they don't get a chance to think about these changes and what they mean."

Q. *Are there other differences?*

A. Yes. Some places emphasize new legislation. They might hold workshops on "What the Occupational Safety and Health Act Means to Your Company." We don't—partly because others do, and partly because we want to spend our resources where we believe they will be most effective.

Q. *What about size? How do we compare with others in terms of numbers of students?*

A. We are certainly not the largest. We held about 225 programs in 1975 and these were attended by a little over 5,000 people.

Q. *Why are we smaller than some?*

A. It has to do with our target population. Our programs are not addressed to a mass audience. They are almost exclusively for middle and upper levels of management. This isn't snobbishness but simply a reflection of the School's basic purpose and the faculty's capabilities. Other universities may direct their efforts at large groups of foremen or non-supervisory employees. They may have one-day programs attended by three or four hundred people. We limit enrollment to thirty in our seminars and fifty in the longer, summer programs. Our programs have a different purpose and a different character than those held elsewhere.

Q. *Do we ever hold programs for specific companies?*

A. Not for individual companies, but we do have programs for specific industries. Examples are the Public Utilities Executive Program, the Michigan School of Banking, and the new Public Finance Institute.

Q. *What is the Public Finance Institute?*

A. It has to do with the Municipal Bond industry—a tremendously important field right now. Michigan was selected by the Securities Industry Association to design and present a program for professionals and managers in public finance. Some of the objectives of the Institute are: to enhance understanding of what effect economic forces have on securities markets; to develop an awareness of how municipal and governmental bonds are analyzed; and to broaden the understanding of the financial tools used to evaluate issues and of the financial structures of the firms that allow the issues to be marketed.

Q. *Tell me about the Public Utility Executive Program.*

A. This program—the first of its kind—is a particularly important one in that public utilities have been faced with some major challenges in recent years: the energy crisis, massive capital requirements, government regulation, environmental factors, and a growing demand for services, for example. It has become apparent that the industry's traditional strengths, engineering expertise and new technology, can't be expected to carry the burden alone. There must also be talented,

Continued on page 28

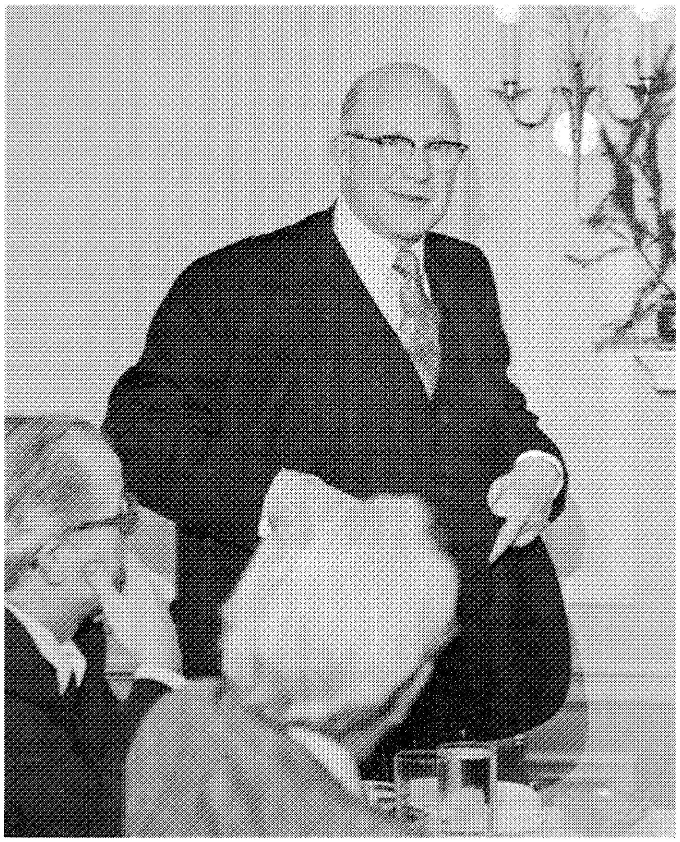
Visiting Committee Holds Fifth Annual Meeting

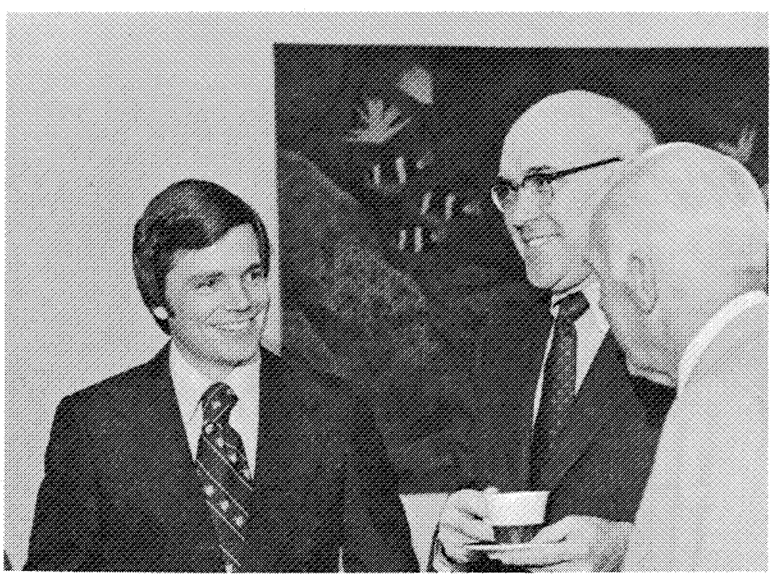
The steady growth of enrollment at the Business School, the various degree programs, affirmative action, alumni contributions, the School's image, management education, and plans for the future were among items on the agenda for the fifth meeting of the School's Visiting Committee, established by Dean Floyd A. Bond in 1970. The Visiting Committee consists of top corporate executives who visit the School annually to hear up-to-date news of the School's plans and activities; to discuss various ideas and suggestions with the Dean and members of the administrative staff, and to exchange views with the faculty.

This year members of the Committee gathered at the Dean's home in the evening of December 4 for a reception and informal discussion. The next morning they began an all day meeting in the board room of the Assembly Hall. Two hours were allotted for lunch at Inglis House with the full professors of the School. After lunch, each member of the Visiting Committee made some informal comments about either the view from the chief executive's chair of his particular company or some issue that he personally felt deeply about. These comments were followed by informal give-and-take between the chief executives and the faculty.

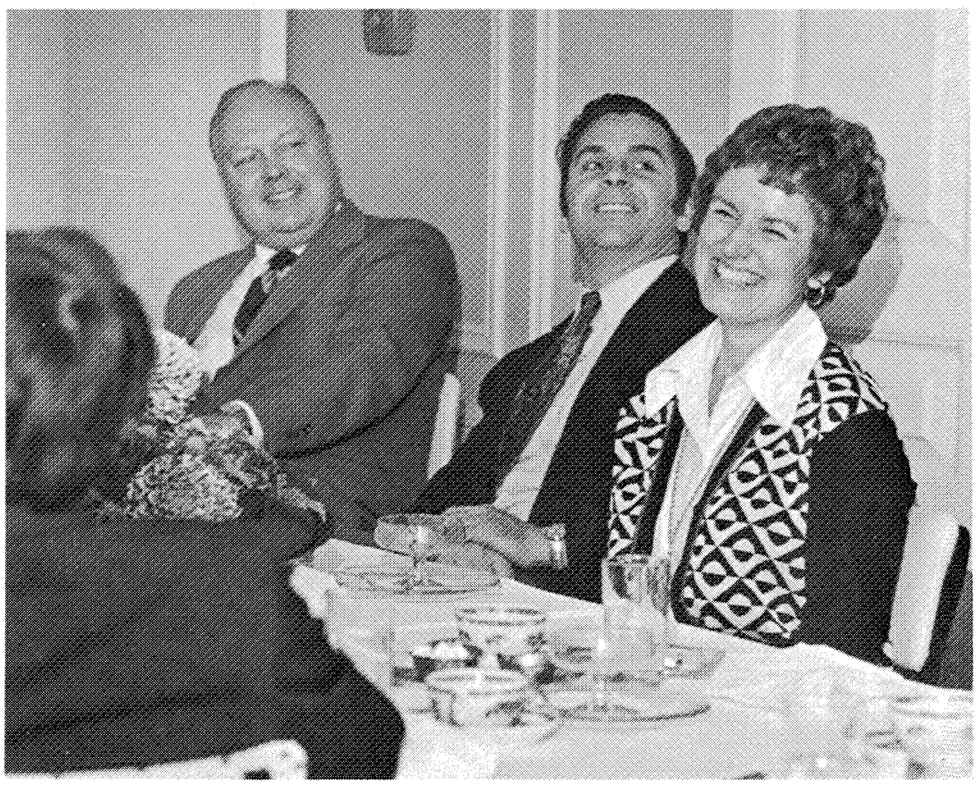
Membership on the committee is well balanced both functionally and geographically. All fourteen members are or recently have been chief executive officers of their firms.

Pictured clockwise starting from the picture directly below: 1) H. Glenn Bixby, former chairman of the board of Ex-Cell-O Corporation; 2) Ross J. Wilhelm, professor of business economics, listens intently to comments being made by Lynn A. Townsend, former chairman of the board of the Chrysler Corporation; 3) Donald C. Cook, chairman of the board of the American Electric Power Company, Inc.; 4) James Klee, director of placement (left) chats during a coffee break with R. T. Parfet, Jr., chairman of the board of the Upjohn Company and Raymond T. Perring (right), former chairman of the board of The Detroit Bank and Trust Company.



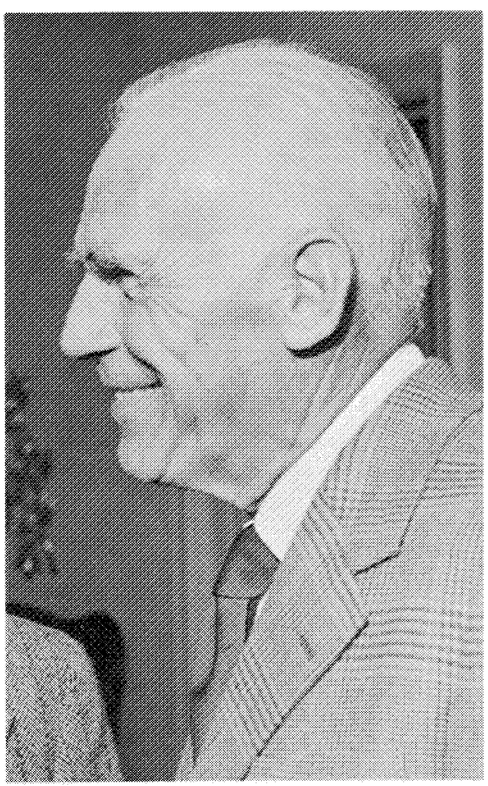


Photos by Virginia Geren



Left, Donald C. Cook, chairman of the board of the American Electric Power Company, Inc., is pictured making a few informal remarks to the Visiting Committee and faculty members after lunch at Inglis House.
Below from left: 1) Clayton G. Hale, chairman of The Hale & Hale Company 2) Ward L. Quaal, president of Quaal Associates (left); George Andrews, visiting professor from Oberlin, Ohio; and Elaine Palmer, assistant to the Dean 3) Raymond T. Perring, former chairman of the board of The Detroit Bank and Trust Company 4) Paul McCracken, Edmund Ezra Day University Professor of Business Administration. Members of the Visiting Committee who are not pictured here include: Peter B. Clark, chairman and president of The Evening News Association and publisher of The Detroit News; R. E. Dewar, chairman of the board, S. S. Kresge Company; R. C. Gerstenberg, former chairman of the board, General Motors Corp.; James R. Martin, chairman of the board, Massachusetts Mutual Life Insurance Company; H. Bruce Palmer, vice-chairman, Council of Better Business Bureaus, Inc.; and Walter E. Schirmer, chairman of the board of the Clark Equipment Company.

William E. Schiller, former chairman of the board of the Hershey Foods Corporation.



Interviews with several couples, both members of whom have MBAs, give some insights into the joys and intricacies of dual career marriages.

MBA^2

By Pringle Smith
Editor, *Dividend*

"We sometimes go a whole week without seeing or talking to each other for more than an hour a day," says Ann Peterson, MBA '75, account manager for The Cyphernetics Corporation in Wheaton, Illinois. Her husband, George, who also received his MBA from the Business School last spring, is a machinery planner for the FMC Corporation in Chicago. Their life style, that of the dual career marriage, is one being chosen increasingly as women opt for career and family life as well. As one MBA in marketing put it: "Believe me, a woman who studies for an MBA has a desire to work in her blood and it does *not* go away after marriage."

To discover more about how couples manage when both are committed to careers, we talked (via questionnaire) to seven couples with MBAs from the Business School and four studying towards their MBAs here. Their comments were supplemented by insights from a questionnaire the Placement Office sent to recently graduated MBA women, asking (among other things) for their ideas on combining career and marriage. What emerged was a picture of people who are very, very busy—at times, *too* busy, as they are the first to admit—but who wouldn't have it any other way.

Over and over the dual career couples spoke of the heightened "togetherness" their situation brings them. Said one husband, "You have someone you can talk to on your level. You can come home and talk about business and discuss matters with your wife as a colleague and equal partner, knowledgeable in like matters who can offer helpful insights." Peter Greko, a development engineer at General Motors currently studying toward his MBA at night explains, "When my wife and I were both working as engineers, we were able to discuss our problems and aid each other in coming up with solutions or altering the design. The same will apply when we obtain our MBAs." (His wife, Alice, has a degree in engineering physics and is currently enrolled full time as an MBA student in the Business School.) Another MBA woman wrote of her marriage, "We have a lot in common. It's very easy for each of us to understand the time demands that the job puts on the other. While our individual expertise lies in totally different fields, our general backgrounds are similar enough so that we can actually enjoy work related discussions."

Most couples saw this added dimension to their relationship as a major advantage to the dual career marriage—but many also spoke of the benefits of the wife having a "non-family" existence of her own. One bank official said simply, "The biggest advantage of a dual career marriage for me is the freedom to be myself—to have the independence of creating a life for myself in addition to having a relationship with my husband." A husband commented gratefully, "I don't have to worry about the 'bored wife' syndrome a lot of career-oriented men have to deal with." And a busy woman advertising executive wrote, "I think it's healthier for a woman to develop her career potential because it places fewer burdens on the relationship. It seems to me that a non-working wife is more demanding of her husband's time and emotional support, because he is the locus around which her life revolves. This must be very draining on a husband because he has the dual pressure of work and family."

Another advantage of the two career marriage was pointed out by Phyllis Goodman, MBA '72, who is a part-time college instructor in Overland Park, Kansas where her husband, Chip, MBA '72, works as a senior market research analyst. She wrote, "If one of us wanted to try a new career, the other could keep the family financially afloat." Another

MBA couple hedged their career bets when one of them took a moderate risk position in a large firm and the other a high risk position in a small firm. This way, they said, they could "have some fun in our careers and not wonder where the next meal was coming from." The advantage of two salaries was mentioned frequently by dual career couples, who spoke of the pleasures of being "relatively free of money problems," although, one husband grumbled, "everybody thinks you are rich."

Along with the expressions of satisfaction, however, members of dual career marriages specified several disadvantages. Nearly everyone listed "not enough time together" as a prime drawback. Others mentioned the feeling of being "out of the main stream." Wrote one MBA, "My husband and I are somewhat outside the typical ideal of the American family, so some people dislike us or feel uncomfortable with us," and another remarks, "It is often difficult to relate to other couples leading such very different lives—there are times when I don't always know what to talk about with them."

The Nitty-Gritty of Housework

A third disadvantage—one that brought forth a good deal of heartfelt discussion on the part of both husbands and wives, revolved around the question of housework. Although many of the husbands believe that housework should be shared equally, comments indicate that it often doesn't work out that way in practice. One wife explained it this way: "I think that men are generally less interested in doing things around the house because of their backgrounds. In our society this has been the woman's job. So an additional challenge to both husband and wife is to understand each other's standards or minimum requirements and reach some kind of compromise. If the husband doesn't feel the dishes need to be washed after every meal, and the wife does, then she will have to settle for dishes lying around and a mess sometimes, if she doesn't want to fall into the trap of doing everything. I think though, that when both people are interested in their careers, the fanatically fastidious housewife which the media attempt to bring out in us (as well as the perfect cook whose goal in life is a compliment on a meal) won't have a chance to emerge." Another wife observed, *"I* consider that housework should be shared equally, but my husband does not always act accordingly. I

Dennis and Pat Schumaker met at an Ohio State University football game when they were assigned adjoining seats. At that time Dennis was getting his master's degree in mechanical engineering at Ohio State and Pat was in the last term of her MBA in operations research. Now Dennis is working as an engineer at Bechtel Corporation and going to school for his MBA at night, and Pat, who is now a CPA, is working for ADP Cyphernetics in Ann Arbor.

Bill and Barbara Birkett, MBAs '70, are pictured at home with their young son in Fairport, New York. Bill is now teaching estimating and production in the School of Printing at Rochester Institute of Technology, and Barbara is working part-time running a small typesetting business which the Birketts hope to expand. Before their son arrived, Barbara worked as a staff supervisor for the telephone company.

unfortunately find that if some things aren't done by me, they may never get done. We are, however, in the process of finding a housecleaning service. The responsibility will then become a monetary one, shared by both of us." That housework may often be "shared" according to who can stand the mess the longest is confirmed by a systems analyst who says, "Unfortunately I end up doing most of the housework because a) I'm more critical of our surroundings b) he works much more overtime than I do, and c) he doesn't like to do it. Let me add that I dislike this situation intensely."

When commenting on housework, several husbands explained uneasily that although they believe tasks should be shared equally, their wives are more talented at housework. "We both consider that all tasks or chores should be shared equally," asserts one husband. "This sounds nice but it doesn't quite work in practice. We were both raised in a world which delineated the responsibilities of a man and woman in marriage. As an example, since I was raised on a farm, I was expected to help my father with his work, and so I developed an understanding for mechanical equipment. When one of our cars breaks down, it isn't my wife who repairs it. I'm responsible for the cars because I have a better understanding of automobiles. A similar argument can be made for housework. Basically, although we share equally in the housework or whatever other tasks are involved, there is a division of responsibility. As a result of this division, the responsible partner does more work in that area. Furthermore I have less time for housework which also explains why my wife does more housework."

Who Supports the Family?

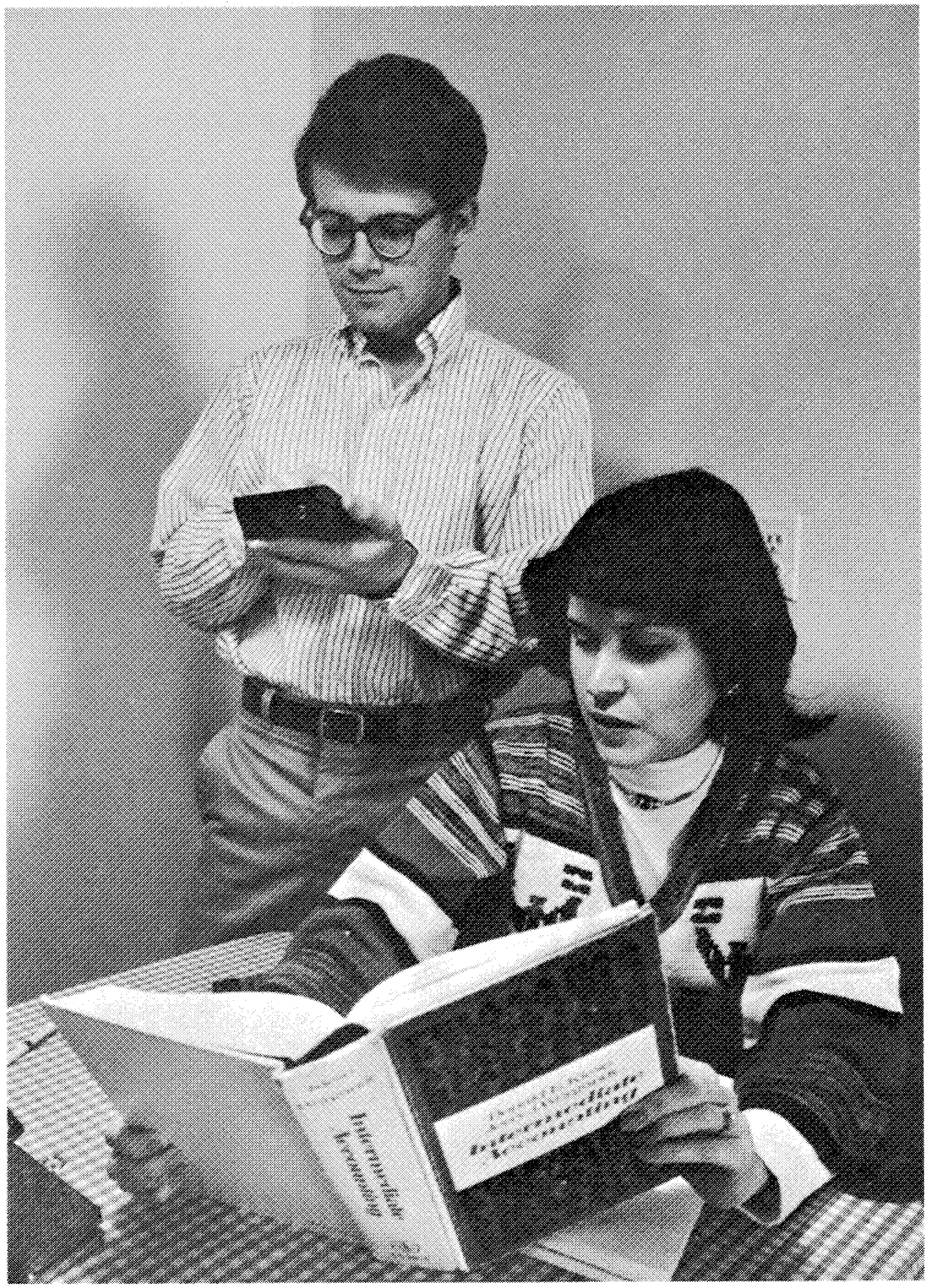
The question of who is responsible for the support of the family did not cause nearly as much comment as the question of who is responsible for housework. None of the couples differentiate between "his" and "her" money, so long as the total is enough to pay the bills. Some spend one salary and bank the other. At one time or another either partner in many of the marriages was the sole financial support of the marriage, and several of the pairs commented that each should be prepared to support the family if the needs demand it. Most couples pointed out that "support" is not always financial. "We attempt not to differentiate between remunerative and non-remunerative work," writes Chip Goodman, whose wife works part-time now that they have two children. "Under present circumstances we believe it is to our advantage for me to be employed full time and my wife part-time." Says another husband, "If there are young children to be raised, a successful effort at this is sufficient contribution."

The Question of Children

The subject of children—whether to have them, when to have them, and how to raise them—proved to be a major issue. Of the eleven couples, only one said they definitely did not want children; three already have children, and two expect to have them. The other five pairs are in various stages of indecision on the question. "God knows it's a real problem," agonized an MBA woman who asked to remain nameless, "one I haven't worked out in my mind. I used to think I'd go on working and have a housekeeper, but now I am not sure. If you live 80 years and it takes two years of sitting at home to raise a child, it seems ludicrous to want to work and give up all the joys of seeing this little person develop in order to continue the career. I guess I'll just have to see how I feel, and before having a child make sure that all options are open. That is, if I want to go back to work in six months, I'll be able to, and if I decide to stay home for 1, 1½ years, I'll be able to do that too."

What, indeed, *is* the correct mix between parenting and career? One woman who described herself as undecided about children (though her husband wants them) said, "Who really can answer that question? It certainly depends on many factors regarding the situation that both of us will be in. The problem is that too many people underestimate the tremendous responsibility that two people assume when they bring a child into the world. It's fashionable nowadays to say that one won't have children or have one and stick it in a day care center, not really realizing the significance of their actions. Though I really believe day care centers are vital for my future, I would not *neglect* my child."

Remarks of MBA women who have children indicate that all the soul-searching of those who don't is justified. "Babies are a much bigger strain on a career than is marriage if you believe, as I do, that a mother should raise her own child," writes a marketing MBA with one child who adds, "I think I have found an answer in part-time public relations free lance work. The problem is waiting for projects to come up. I have waited almost a year for the one I'm working on now. Baby sitters are expensive and good ones hard to find in the daytime. I *hate* being at home although I love being a mother. Somedays I almost wish I weren't so achievement oriented but that feeling always passes. Combining marriage, raising a baby and a career has been for me very frustrating, but I want all three so I'll continue to juggle and struggle to make it work."

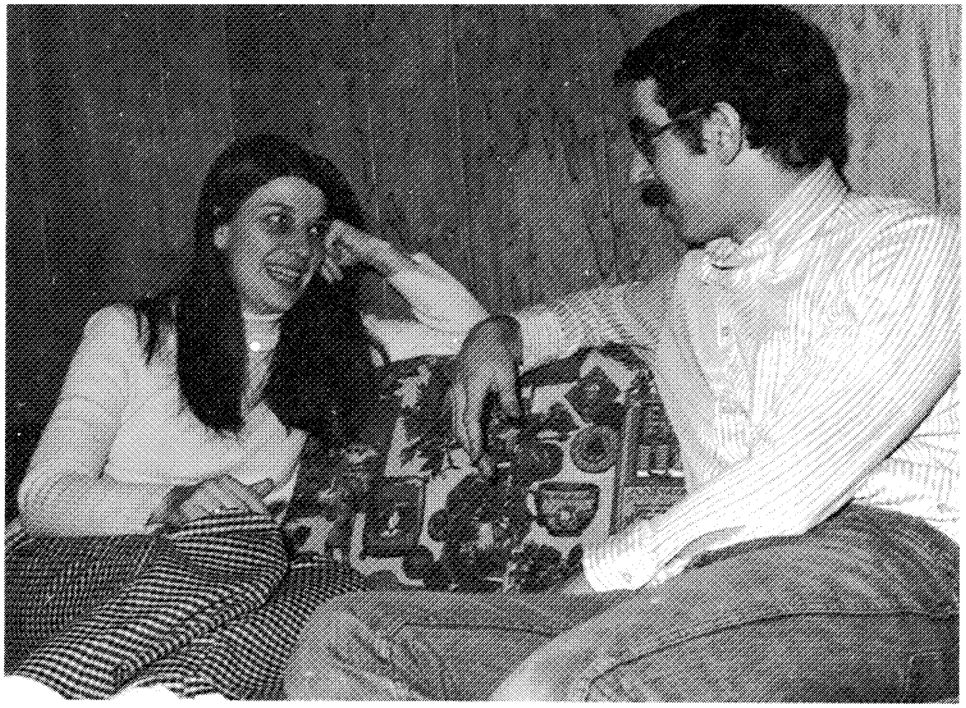


Randy and Sharon Meadows, both 2nd year MBA students, are taking their third accounting course together this term. After graduation, they plan to head for a big city where both can get desirable jobs.

Juggling and Struggling

One answer to the "juggling and struggling" is part-time work and flexible scheduling. Sandy Kramer, MBA '72 and her husband, Jack, MBA '74, Ph.D. '75 see no problem in combining children and career because their teaching roles will make flexible scheduling possible. Writes Jack, who is now an assistant professor of accounting at the University of Texas at Austin, "My wife will be in a doctoral program for at least the first 3–4 years of our child's life which will enable one of the two of us to be at home at most times." Sandy is now in a doctoral program in accounting at the University of Texas after working full time as a commercial lending officer while Jack finished his Ph.D.

The possibilities flexible scheduling would offer both parents are wistfully mentioned by a mother now working part-time. She says, "Since both my husband and I have our MBAs I would prefer a situation where we could share a position and share child rearing and home responsibilities. He feels that a 9–5 job doesn't leave enough time to spend



Chip and Phyllis Goodman received their MBAs in 1972, now live in Overland Park, Kansas, where he is a senior market research analyst and she is teaching part-time at community colleges. The Goodmans have two children, and like other dual career couples, find one of their biggest problems to be the shortage of time.

with the children, while I'd like the opportunity to take on a larger share of the income-earning responsibility. It's true that babysitters and day care could allow full employment for me. However, quantity and quality are hard to find. I also have found that these facilities are very quick to stress traditional male/female roles. One nursery school teacher felt it was very strange that I had an MBA—only because I'm a woman, so it's easy to guess that I would be reluctant to leave my children in such an atmosphere. Equal rights begin at home for the time being."

The comments of MBA mothers showed them to be heavily committed to both mothering and careers; similarly, MBA fathers indicated that parenting was highly important to them. As Peter Greko put it: "My role as a father is as much a part of my career as my job. I have a right to be a part of our son's life, in raising him, and I intend to be as much a part of raising him as his mother." This is not idle talk. Peter's wife, Alice, estimates that she is away from home at least 65 hours a week, since she must commute from Saginaw to the MBA program here, where she is a full time student. On top of that, she spends 8–9 hours a week studying at home, so the care of their two year old son is very much shouldered by both of them. Another MBA father, Bill Birkett, MBA '70, who is teaching estimating and production management in the School of Printing at Rochester Institute of Technology, writes: "Being a conscientious parent requires both considerable time and energy. If your concept of a successful career is limited to a big salary and prestigious job, don't have children. They'll tend to impede your rise to the top. However, if your goal is a meaningful and purposeful life, then children and a home can contribute much to that goal." Barbara Birkett, MBA '70, is working part-time running a small typesetting business which the Birketts hope to expand. Before their two year old son arrived, she worked full time as a staff supervisor for the telephone company. Says Barbara, "Being somewhat old-fashioned, I prefer to be the one to have the most influence on our children. Consequently I prefer to be home while they are pre-schoolers. Because of my feelings, our own business has great appeal to me, for it allows me to be home and yet prevents me from being a 'doting' parent."

When Geography Rears Its Head

What happens when a change of location would offer an excellent opportunity to each of two MBAs, but the MBAs are married and the locations are different? Ann and George Peterson analyzed the situation this way: "In our case, we would have to consider our specific backgrounds as related to job mobility. Ann's background is in high demand, and the ease of her obtaining a challenging position in any geographical location is much higher than George's. Given the mobility, we assume that George's job offer, if it had great opportunity for advancement, adequate salary, and a pleasing location, would probably take precedence." However, they go on, "You notice that the above statement is laced with hedges, ifs and probablys—we really don't know what would happen until the very moment we are faced with making the decision. If one of the positions we were offered was in a particularly desirable area, we'd probably take that one. We'd also have to look at each location in terms of what possibilities it offered the person who didn't have a job there."

Relocation can disrupt or even terminate a career. For example, an MBA in finance who quit her job with a bank when her husband relocated comments: "When a woman marries she must have an understanding with her husband as to whose career comes first in such a case. I might add that my husband's bank made it clear that it definitely preferred that I *not* work for another bank in our new location, something I felt was quite an infringement of my personal rights, but I have not tested it."

One possible solution to the dilemma of relocation might be to live apart during the week and commute on weekends. This idea was vetoed by almost everyone. Several couples who had actually lived apart for a few months said it can be endured as a temporary arrangement but certainly not as a permanent lifestyle. MBA students Sharon and Randall Meadows summed up the attitude of most when they said, "Careers are important but sufficiently secondary to the marriage that it is extremely difficult to imagine jobs wonderful enough to justify such a strained arrangement." The only two couples who said they would consider such an arrangement surrounded their statements with many qualifications. "We would consider this as a last alternative and only under special circumstances," wrote one pair, adding, "We believe that geographical restrictions could hurt our career opportunities in the long run and thus would live apart for *one* year."

The Wave of the Future?

In view of the many pressures of dual career marriages, will more people opt for this lifestyle? Most couples thought so, because of material necessity and strong drives on the part of more women for fulfillment beyond that available in a one-career household. As an advertising executive remarked, "I think women are realizing that as individuals they have potential to develop certain skills and attributes outside the home and that it is wasteful not to do so. What's more, it's patently unfair that a man should have the full responsibility for financial support in a society so mechanized and so service oriented that women, given the proper conditioning, can participate in the economics of it. Another reason I think two career families will increase is that I believe men are experiencing a consciousness-raising. That is, it is less a macho thing to do to have a wife at home to pamper the male ego. A man who's really masculine doesn't need the knowledge that he's the boss/sole supporter to enhance his maleness. Rather, I think more men are realizing that a woman who is more than an appendage/extension—i.e., someone in her own right, is a greater credit to them and can be even more fulfilling in a relationship than someone totally dependent on him." The dual career family already *is* commonplace, said an account executive with a small company. "Millions of women," she wrote, "receive lots of self-satisfaction in their careers as homemakers. It's just a different kind of dual career family."

Ann and George Peterson live in the Chicago Metropolitan area, where he works as a machinery planner for the FMC Corporation and she is an account manager for The Cyphernetics Corporation.

There can be no doubt that women who pursue both personal and career goals have to cope with considerable painful conflict within themselves. Explained one woman, "I feel that everything I do reflects not only on me but on women in business in general. It is this duality of responsibility that makes being a good wife a near impossible mix with being a professional woman. Because career must come first if women are to ever attain real equal job status; but husband must come first for success in your marriage and personal life, no matter how much your husband approves of your career." An MBA in middle management suggests that married women maintain the pretense of being single. "Only if she insists that she be evaluated for herself will her employers see her as a person," she advises, "not as a wife, second salary or temporary employee waiting for children. Today women are competing for the higher paid and better jobs, but unless the stereotypes are fought, women will lose." The situation that a married career woman usually has *two* jobs was seen as a major difficulty by several MBA women, one of whom commented: "Marriage plus career is very difficult because men expect women to run a home and family, too. Even my husband, who intellectually believes that household duties should be shared, finds it difficult to genuinely carry his own weight of responsibility. When household duties are shared and minimized, then marriage is neither a positive or negative factor when combined with a career." Another aspect is explained by a woman personnel manager who says she doesn't believe there will ever be a "mob of women taking over the Business School. The reason? For one thing business gives you ulcers—the more responsibility you have, the greater your chances for insomnia, nervous tension, etc. The money doesn't always make up for this—women may yet learn the drives that are now putting men in 'the golden handcuffs'."

That some jobs are hard on *any* marriage is emphasized by a female management consultant, who elaborates: "There are frequent demands on one's time other than the eight-hour day—there are deadlines to be met, evening training meetings—out of town jobs requiring more travel time. It's important that marriage partners realize that there will be these demands and work out a solution both find agreeable. Hopefully, the solution will be equitable—not leaving the woman with her outside career in addition to *all* the homemaker's duties. If such an agreement is reached, and both partners enjoy their chosen professions, the marriage can be broadened tremendously by each partner's outside interests."

Among Ourselves

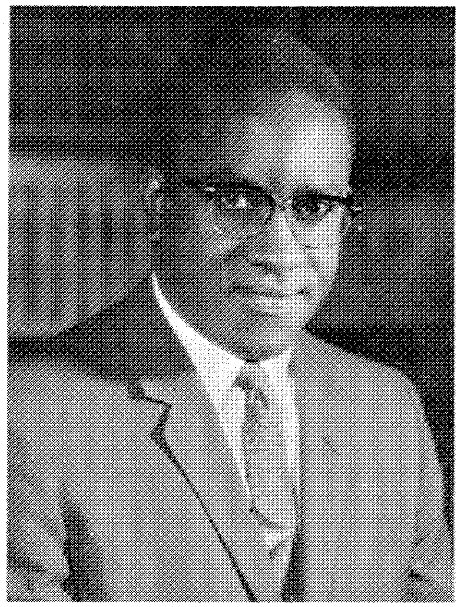
An informal collection of items, including news of the faculty, of alumni, and of the school, and assorted other information, opinion or comment that we think will interest you.

Capital Shortage is Topic of 10th McInally Lecture

The recent deterioration of corporate liquidity—the ability to finance capital improvements without borrowing—will continue over the next decade, according to Dr. Andrew Brimmer, who delivered the 10th annual McInally Lecture to an overflow audience in Hale Auditorium January 8. His talk was entitled "Capital Shortage: Real or Imagined?" Dean Bond presided and Douglas Hayes, professor of finance, introduced Brimmer.

Brimmer said that most companies have suffered an erosion in profits, a point that is not well understood by the public. It is not evident on the surface because the Internal Revenue Service still follows what Brimmer called an extremely archaic method of requiring companies to use historical costs rather than replacement costs. With high inflation rates there is a substantial difference between the two; it costs much more to replace a piece of equipment originally purchased 5, 10 or 15 years ago.

Brimmer, the outspoken member of the Board of Governors of the Federal Reserve System, was appointed to that post in 1966 by President Johnson who called him the "right money man." At that time he was Assistant Secretary for Economic Affairs, U.S. Department of Commerce, having established himself as a distinguished economist and educator primarily through his important contributions to economic literature and his dedicated involvement with economic development in the Black community.



Dr. Andrew Brimmer

During the eight and one half years he served on the Federal Reserve Board, Brimmer urged the ending of investment tax credit in 1966, urged Eurodollar curbs in 1969, came out strongly against rapid economic expansion in 1971 as advocated by some top Nixon administration economists, and in 1972 stated that federal banking agencies should take immediate steps toward removing the ceilings on interest rates banks and savings and loan associations can pay on savings deposits.

In a letter to President Gerald Ford on December 20, 1974, Brimmer originated the suggestion of a 10 percent rebate of 1974 personal income taxes to stimulate the economy and help end the recession. After modification, the President adopted a version of Brimmer's proposal. After further modification, Congress enacted the provision which accounted for $8.1 billion of the $22.8 billion tax reduction passed in early 1975.

Brimmer is now the Thomas Henry Carroll Ford Foundation Visiting Professor at Harvard's Graduate School of Business Administration where he is often consulted and quoted on matters of national economic policy.

The National Business League named Brimmer "Government Man of the Year" in 1963; he was honored as one of the 10 outstanding young men in government by receiving the 1966 Arthur S. Flemming Award; The University of Washington designated him Alumnus Summa Laude Dignatus for 1972; and he was given the Brotherhood Award this year by One-Hundred Black Men and the New York Coalition.

His numerous honors and awards include 15 honorary degrees and his extensive list of publications includes titles on general economics, banking and finance, money and monetary policy, international finance and balance of payments, and economic development in the Black community.

Last year's William K. McInally Memorial Lecture was presented by The Honorable Edith Green, former U.S. Representative. Others who have participated in the lecture series, named and held in memory of one of the University's most outstanding Regents, are Harvard economist James S. Duesenberry, humorist Richard Armour, attorney F. Lee Bailey, and U-M economist Paul W. McCracken, Edmund Ezra Day University Professor of Business Administration.

Independent Tool and Die Shops to Increase, Predicts U of M Business Study

A new study of the current state of the U.S. tool and die industry predicts that U.S. automakers will be using independent tool and die shops more and more in the future, rather than using their own toolmaking facilities (so-called "captive shops"). Authors of the study, entitled *The Tool and Die Industry: Problems and Prospects* are Harold Arnett, professor of accounting at the Business School and Donald N. Smith, director of the Division of Industrial Development of the U-M's Institute of Science and Technology. The findings are published by the Division of Research of the Graduate School of Business Administration, and are now available from the Division for $6.00.

Arnett and Smith base their forecast on two major factors: 1) on observations about the incidence of changes in car models and emphases on production techniques, and especially 2) on analysis of the cost advantage which independent shops enjoy over captive shops. The trend, say the authors, is likely to accelerate as the cost advantage of independent shops widens.

The cost advantage which independent shops enjoy results from the differential in direct labor costs and the substantial costs accruing from the fringe benefits of captive shops. In captive shops, fringe benefits make up as much as 42 to 48 percent of direct labor costs, but account for only 26 to 38 percent in independent shops. In 1974, for example, one auto company paid an estimated $16.9 million as *supplemental* allowances for early retirement, which added labor costs of 55¢ per hour in 1974.

Low overhead costs—70 to 160 percent compared to 250 to 600 percent for the captives—and the marked productivity advantage commonly enjoyed by smaller operations also add to the independents' cost advantage, the study notes. Considering all factors, total direct labor costs in independent shops range from approximately $1 to $1.39 per hour *less* than in captive shops.

The report recognizes that some captive facilities will always be necessary to provide maintenance and repair services, to insure utilization of research facilities, and to provide a reasonable reserve for assurance of supply.

Although the findings of the study strongly suggest a gradual switch from captive shops, just how management and unions will negotiate the transition is not fully apparent to the authors. A complicating factor is the union's desire to restrict the subcontracting out of work its own members might perform. Eventually, this problem is expected to be de-emphasized because of the problems caused by longer and more frequent lay-offs for skilled toolmakers required to handle temporary peak loads if automakers build their own tools. The authors do foresee that the auto union will take a more flexible position on the problem as it searches with management for ways to protect jobs by becoming more cost-competitive against foreign producers—a pattern that has already evolved between labor and management in the U.S. steel industry.

The study also focuses on pricing policies currently in use by independent firms. Citing weaknesses in these policies, the authors suggest possible institution of partial payment before completion. In addition, they review the automakers' make-or-buy decision in depth, and explore possible advantages of mergers for independent shops.

The text of the book is supplemented by numerous graphic illustrations based on statistical data and cost figures. There is also an appendix of statistical tables relating to the industry.

Harvey Kapnick, chairman of Arthur Andersen & Co., is pictured with William A. Paton during a recent visit to the U–M campus. Kapnick, who attended the University of Michigan Graduate School of Business Administration, was here to receive an honorary membership in Beta Alpha Psi, accounting honorary. During his visit this fall, he announced an increase in the commitment by the personnel of Arthur Andersen & Co. to $276,000 for the Paton Accounting Center. The fund drive at Arthur Andersen was spearheaded by James Carty, partner in the Detroit office of the firm, and alumnus of the U–M Business School. In commenting on the gift, Dean Bond said, "The Graduate School of Business Administration greatly appreciates the efforts of the personnel at Arthur Andersen & Co., and especially those of Jim Carty, in contributing toward the financing of the Paton Accounting Center. Construction of the building continues to be on schedule and completion is anticipated by June of 1976."

Professor Ryder

Professor Meyer S. Ryder Retires

Meyer S. Ryder, professor of industrial relations, who has taught management-union relations and collective bargaining for twenty-three years at The University of Michigan Graduate School of Business, has retired.

Professor Ryder earned his bachelor of philosophy degree at the University of Chicago and while in federal government service earned an LL.B. degree from the Marshall Law School in Chicago. Prior to coming to the U. of M. he spent fifteen years in the federal service with the National Labor Relations Board where he served as regional director in Cleveland, Ohio and Buffalo, New York; chairman of the Michigan Wage Stabilization Board and as an appointee of President Truman to a public membership on the National Wage Stabilization Board in Washington. He is a member of the Michigan, Illinois and the United States Supreme Court Bars. He has written in the fields of labor law and labor problems and did much work as an impartial arbitrator of labor disputes in a number of industries.

Upon retiring, Professor Ryder commented that his most gratifying experience in teaching at the Michigan Graduate School of Business was his consistent refreshing relationship with his students, several hundred of whom have gone on to manage labor relations for companies and practice labor law.

In retirement Professor Ryder will devote some of his time to the arbitration of labor disputes and labor relations consulting. Otherwise he will continue to refine his abilities in golf and fishing, with attention also being given to his Norwegian wife and their fifteen year old son.

Michigan Ph.D.'s Dissertation Wins National Award

Richard J. Rogalski, visiting assistant professor of finance, has won an award from the American Institute of Decision Sciences (AIDS) in their thesis competition. His dissertation, entitled, "Dynamic Option Models: Identification, Estimation, and Interpretation of Speculative Market Interrelationships," was one of four winning entries. According to Professor Charles P. Bonini of Stanford University, who headed the Thesis Competition Committee, "Winning this award is a substantial honor since it was picked from a group of generally excellent dissertations." Formal announcement of the award was made at the national AIDS meeting in Cincinnati.

Dr. Rogalski's dissertation was written while he was a doctoral student at the Business School. His dissertation committee consisted of Professors Dick A. Leabo and William J. Wrobleski as co-chairmen, and C. James Pilcher and James N. Morgan. Dr. Rogalski has published several papers jointly with Professor Leabo.

U-M Study Questions Wisdom of Current Antitrust Measures

The results of a major statistical study just published by the Division of Research of the Business School do not support proposed antitrust legislation and ongoing investigations, according to author Daryl Winn.

Winn's book, *Industrial Market Structure and Performance,* is a statistical analysis of the relation between market structure and the performance of economic units. In it the University of Michigan Ph.D., who is currently at work in the Federal Energy Administration's Office of Economic Impact, examines a basic panel of 768 firms classified into 132 industries over an eight-year period of performance (1960–1968).

Winn sets up fifteen hypotheses about the relation between market structure and rates of return, between market structure and conduct, and between conduct and rates of return. Using regression analysis, he tests these hypotheses against actual statistics for the firms.

He finds that there is no clear evidence that the association between above-average returns and market concentration results from direct cause and effect. Other factors in major industries whose independent influences on profit rates Winn examines are: firm size, capital intensity, growth and business risk. He concludes that these factors—independent of market concentration—have enough demonstrable effect on a firm's rate of return to cast doubt on the assumptions implicit in government policies which are promoting divestiture and deconcentration.

The economic theory which Winn's book challenges is drawn from findings over the past twenty years that firms in highly concentrated industries (those where the four largest firms together control 50% or more of the market) earn above-average profits. Many economists and legislators label these profits excessive, cite them as detrimental to the consumer, and infer that they *result* from such firms' monopoly power. This line of reasoning underlies the "Industrial Reorganization Act" (S 1167) proposed by Senator Philip Hart in 1973 and antitrust actions by the Federal Trade Commission and the Justice Department, such as those currently being taken or being considered against General Motors, IBM, Exxon (and seven other large oil firms). At this time the government contemplates direct action against six of the nation's ten largest firms and indirect action against two more (Ford and Chrysler) on the basis of this reasoning.

Hart's bill would outlaw the possession of monopoly power in any line of commerce and would define monopoly power in terms of profit rate (any firm earning over 15% profit for five consecutive years would be presumed to have monopoly power) and concentration (industries in which four or fewer firms account for 50% of the output).

Winn's study does find the firms in highly concentrated industries do earn somewhat higher reported accounting profit rates than do other firms; but there is no evidence that monopoly power (measured by high concentration ratios), itself, leads to or causes these above-average returns, and as important, there is no evidence as to whether these above-average returns are "excessive."

Industrial Market Structure and Performance further suggests that there is no evidence that breaking up large firms or firms in concentrated industries will benefit the consumer through lower prices. In fact, prices may rise because, after divestiture and dissolution, firms may be too small to be economically efficient. It is not clear, according to Winn, that breaking up large firms would produce benefits to the consumer because of the loss of the real advantages which accrue to the public when firms are large—such as economies of scale, diversification and risk-spreading, and the capability of private enterprise to undertake large scale, capital intensive, risky projects without government assistance or interference.

Robert C. Daley, managing director of the Time Magazine Quality Dealer Awards, hands to Dean Floyd A. Bond (left) a check for $2,000 to be used for graduate scholarships at the School in the name of *Time,* the National Automobile Dealers Association, and all of the winners of the Time Magazine Quality Dealer Awards. These awards, made annually to the automobile dealers judged to have the most qualities pertinent to being a good dealer and a good citizen, are decided by a committee of faculty members of the Michigan Business School. The committee includes A. W. Swinyard, associate dean, chairman; James Pilcher, professor of finance; Merle Crawford and Charles N. Davisson, professors of marketing; David L. Lewis, professor of business history; and William Moller, assistant dean. As an expression of appreciation to the School for its cooperation in providing the judging, Time Magazine has established and annually awards $2,000 in graduate scholarships to the School.

The major portion of the book (Michigan Business Studies, New Series I, no. 2, 226 pp., hardcover, $12) is a presentation of statistical data, research methods and findings. Two chapters, "Summary and Conclusions" and "Recommendations for Public Policy" make clear the lack of evidence to support current antitrust actions and attitudes and put forth suggestions for alternative courses in understanding and dealing with monopoly questions.

The work on which *Industrial Market Structure and Performance* is based was carried on at the University of Michigan Graduate School of Business Administration under grants entitled "Evolving Competitive Aspects in Major Industries" and "The Analysis of Industry Performance Criteria."

Winn is associate professor of business economics and public policy at the College of Business and Administration of the University of Colorado. He is currently on leave to study the oil industry's structure and performance as economist for the Federal Energy Administration's Office of Economic Impact, Market Structure and Regulation Impact Division.

U.S. Dept. of Commerce Opens Satellite Office at B School

A satellite office of the U.S. Department of Commerce has been officially opened at the Business School's Institute of International Commerce. Congressman Marvin Esch spoke at the formal dedication of the office. He said, "I see the establishment of this office as an example of true and genuine support to the business community at a time when government and public institutions are oftentimes accused of being out of touch with the real world." He added that the non-regulatory assistance in international trade, energy conservation and other Commerce programs available through the Satellite Office will contribute considerably to the economic well-being of the surrounding community, the state of Michigan, and the nation.

Also present at the dedication were William Welch, director of the Detroit District Office of the U.S. Department of Commerce; Robert W. Adams, professor of international business and director of the Institute of International Commerce; Alfred W. Swinyard, associate dean and professor of business administration at the Business School; Thomas J. Hawley, director of the Satellite Office; and other representatives of government, the IIC and the Business School.

The IIC was established in 1966 as a unit of the Graduate School of Business Administration to provide academic support to students, faculty, and the business community in the promotion and better understanding of international commerce. After an informal association with the Detroit District Office of the U.S. Department of Commerce over a period of years, a representative began working out of the Business School last year to facilitate the flow of information and services offered by the Department of Commerce to those businesses dealing in international trade.

One of the major accomplishments of the cooperation of the two organizations is the co-sponsorship of seminars for businessmen in various aspects of international commerce. Examples of forthcoming seminars include: Evaluating Foreign Investment Proposals in the Business Climate of the Seventies; Marketing in Japan: Trading Companies and Joint Ventures; Developing Opportunities in the Middle East: A Growing Market for Investment and Consumer Goods; and Approach to the World's Automotive Markets.

Close cooperation is also maintained by the Department of Commerce, faculty, business community and students in the preparation of consulting reports for companies in the area. These reports are prepared by students in the School's MBA Seminar on International Business under the direction of Professor Adams.

The Satellite Office will continue to offer research assistance to graduate students at the Business School and other academic institutions, to the Division of Research of the Business School and to the Industrial Development Division of I.S.T. Through this office, the U.S. Department of Commerce will also continue its support toward improving the already exceptional collection of books and periodicals in the specialized reading room in the Business Administration Library. The collection of materials on international commerce subjects is used by both the academic and business communities.

Thomas J. Hawley, a trade specialist who earned his MBA degree in marketing at Ohio State University, joined the U.S. Department of Commerce three years ago. As director of the Satellite Office, he will continue to serve over 200 companies in the area—mostly manufacturing firms who have asked for assistance in developing international marketing programs—as well as the several Chamber of Commerce offices in the area. Services available through his office include market research assistance, market contacts, helping set up foreign distribution, energy conservation guidance, metrication and general information.

Students Hear Speakers from Three Michigan Based Computer Companies

A practical follow-up for theoretical studies in information systems and data processing was given at the Business School when representatives of three Michigan-based computer corporations discussed the services and/or equipment offered by their companies.

Alan G. Merten, associate professor of management science, asked each of the three speakers to "sell" his computer services or equipment as if he were actually representing his company to prospective clients or purchasers. The speakers were also encouraged to discuss each other's companies in an effort to show their comparative and overlapping places in the market. A question and answer period followed each presentation.

Speakers included Richard Chamberlain of The Cyphernetics Corporation in Ann Arbor, David Seigle of Sycor Corporation in Ann Arbor, and Michael Byrne of Burroughs Corporation in Detroit.

Chamberlain, manager of mathematics and statistical services at Cyphernetics Corporation, discussed techniques and equipment involved in his company's world-wide time-sharing services.

Seigle, director of market support at Sycor, outlined the capability of his company's programmable intelligent terminals, with a description of the versatility of the equipment. Intelligent terminals are used to capture data at the source and are able to be programmed to edit data in a variety of computer applications.

Byrne, education industry coordinator at Burroughs, focused on the mini-computer line produced by his company, with emphasis on the mini-computer's increasing applications as compared to larger computer mainframes.

Is Business News Bad News?

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find there is a vast difference between numbers meaningful to their individual pocketbooks and numbers relevant to business and the economy. This difference can easily bias reporting of expenditures, sales, profits and even incomes. Perspective requires a reporter to know "how big is big"; to avoid being dazzled by multi-digit figures that are dwarfed by the multi-multi-digit context of their subject matter.

The third perspective is one of alternatives. Few substantive stories reveal their true impact unless alternatives or choices are brought to the attention of the audience. Passage of a huge transportation bill has little meaning unless we can weigh the effects of spending on alternative means of transportation—railroads vs. airlines vs. cars and trucks. A political cry to do something about energy isn't really news; a plan that includes, say higher prices or rationing, as the choice among alternatives, is the real news.

Fourth is a perspective of aggregates and disaggregates: The ability to see "profits," for example, as both an economic and business total and as a flow to the spending stream of business, stockholders, pensioners and government. It is the ability to report the unemployment rate, for example, and differentiate among its demographic, geographical and causal components. It is also this perspective which warns the media to be wary of the tyranny of disaggregates, such as the economic power sometimes abused by farmers, gas station owners, truckers and the like acting with collective power while pleading each is powerless.

Lastly, there is the perspective of mirror images. The media must perceive business and economic news as a series of multiple reflections. Interest rates affect both lenders and borrowers; my income is your cost; legal protection of your income usually means my income buys less, my savings enable you to spend. Unless business and economic coverage recognizes these mirror images, bias and inaccurancy are likely to be incurable.

This litany of faults in labeling media coverage incomplete, inaccurate, biased and unprofessional is not without purpose. On the contrary, if business hopes to make serious attempts to improve the quality of the news it conveys and to develop the news as an effective means of economic education, this appraisal of the weaknesses of business news coverage can be a motherlode of instruction for dealing with the media. If, for example, you know most business writers are less at home with numbers and math than they might pretend, you can offer more guidance and help them acquire the facility. If you know reporters don't understand economics and cannot separate fact from fallacy, perhaps you could raise some rhetorical questions to be answered by the other side. If you know bias is a problem, you might give the devil its due before proceeding to explain why you are on the side of the angels. In short, you can offset existing problems in news coverage by improving the quality of what you convey. And the better you convey a business and economic message, the more the media will want to eliminate its own shortcomings.

To conclude, then, it seems to me that "yes," business news is bad news.

1. Too many businessmen want media coverage that waves the flag for free enterprise, equates business leadership with motherhood and digests economic statistics as easily as apple pie. Business and economic education would be better served if it concentrated on obtaining news coverage that is accurate in answering "who, what, when, where and how," and more balanced, informed and thorough in answering "why."

2. Media coverage of business and economics suffers from malevolent neglect. There is little expert staffing, poor judgment of newsworthiness, woeful inattention to perspective. Business staffers rarely do their homework on economics, accounting and finance, with the result that business stories are too often superficial, cliche-ridden treatments of yesterday's news.

But despite shortcomings of business news coverage and the quality of news business provides, both business and the media are increasingly aware of the problem and well-intentioned in seeking improvement. The goal must be *good* business and economic news: informed coverage of substantive business developments that affect the well-being of our economy and our society.

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The Big Problem is How to Decide What to Offer!

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capable managers, especially at the executive level.

Q. *Has the program been created as a result of these recent events?*

A. On the contrary. It has been in existence since 1951. Public utilities, perhaps more than any other industry, have recognized the need for managerial excellence, and have been working with us for over 25 years to develop this capability. Nearly 2,400 managers from 500 different companies throughout the nation and 18 foreign countries have attended. The program is held in such high regard by the industry and is so popular that we offer it twice each year.

Q. *Do you get this widespread participation in the Executive Development Program too?*

A. Yes. Nearly a thousand people have attended. They have come from over 250 companies in the United States and 28 foreign countries. Last year, for example, Canada, Switzerland, Thailand, Peru, and Gambia were represented.

Q. *What do you think is the most difficult question facing those in management education today?*

A. For us, that is an easy question to answer: How can we possibly respond to all the demands made for our services? We turn down at least one request a week to conduct a program of one kind or another. We simply can't respond to most of these requests because of limited resources. You see, it's not only businesses now that want management education. It's also government agencies, hospitals, schools, churches—management cuts across everything. There are so many things we could do. The big problem is how to decide what to offer.

Cut Along This Line. Address on Other Side.

WE WANT TO HEAR FROM YOU!

Believing that a two-way flow of information between the School and its alumni is important and mutually beneficial, we are continuing to publish a postcard on which we invite you to write us. Unless you indicate otherwise, we will feel free to publish your remarks in a letters column.