Dividend

The Magazine of the Graduate School of Business Administration • University of Michigan • Spring, 1977

Bridging the Gap
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When E.F. Hutton talks, people listen.
Dividend

The Magazine of the Graduate School of Business Administration

Vol. VIII, No. 3 Spring, 1977

Bridging the Gap by Pringle Smith 4

Dividend interviewed four professors who are devising ways to bring the “real world” of business into the classroom and vice-versa. One finding that should surprise nobody: ambiguity and risk go up in proportion to how much “real world” can be introduced. The problems and satisfactions of such teaching are explored here, along with some insights on the nature of the business world.

Read This and Weep! by Herbert F. Taggart 10

What are a U-M student’s chances of survival if he arrives in Ann Arbor with $88.24 in his pocket and has prospects of earning about $130 during the school year? Not bad, if the year is 1915. Dr. Taggart, professor emeritus of accounting, here analyzes a student’s accounting book for that year. Wages and prices will amaze you!

Women and the Ph.D. in Business 12

Pictures and captions about eight women who have entered our Ph.D. program or who have received a Ph.D. from the GSBA since 1972. That represents a 400% jump over all the years prior to 1972, when only two women received doctorates.

Students as Customers by H. Michael Hayes 18

A candidate for the Ph.D. in marketing here looks at the process by which our Division of Management Education develops new programs, and finds it similar to the way industry goes about developing a new product.

AT & T Chairman Receives Business Leadership Award 21

John D. deButts, chairman of the board of American Telephone and Telegraph Company, received our 1977 Business Leadership Award at ceremonies in Hale auditorium. He also met with students and faculty while here, and Dividend was there to take pictures.

Among Ourselves 24

Experts discuss new tax structure for the US: MBA ratings put Michigan Business School in top ten; European graduates form Alumni Association; George Romney speaks at School’s special commencement; Professor Scott to retire; Karen Herche appointed library director.

Cover Design by Gary Radtke of Hamilton Street Graphics

Dividend is published Fall, Winter and Spring by the Graduate School of Business Administration, University of Michigan, Ann Arbor, Michigan

Editor: Pringle Smith

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About Our Cover: The Möbius Strip

A Möbius strip (named after the German mathematician A.F. Möbius and pictured on our cover) is a unique construction. It seems to have two sides, but actually it only has one. Furthermore, if you draw arrows all pointing in one direction on a Möbius strip, they will look as if they are pointing in opposite directions.

Considering these unexpected properties, a Möbius strip seemed a particularly appropriate symbol for an article on bridging the gap between the real world and the classroom.

If you want to build your own Möbius strip, here’s how to do it. Cut a strip of paper about an inch wide and about 11 inches (or more) long. Holding the strip at each end, bring the ends almost together as if to form a circle. Before joining, rotate one end, and then tape the ends together. You now have a paper circle with a twist in it. This is a Möbius strip.

If you draw a line on the Möbius strip, moving the paper along as you go, you will find that you are able to draw a line on “both” sides of the paper without lifting your pencil. Arrows drawn on the line will seem to point in opposite directions, even though you know you have only drawn them going in one direction.

If you now decide to cut the Möbius strip in half, cutting along the line you have drawn, you will end up not with two Möbius strips, as you might expect, but with one, two-sided strip. The mathematicians explain that a Möbius strip has but one edge: the cut adds a second edge — and a second side. This inspired a limerick writer to write: “A mathematician confided That a Möbius band is one-sided, And you’ll get quite a laugh If you cut one in half, For it stays in one piece when divided.”

If you cut the two-sided strip in half again, the end result will be two strips intertwined: one of them a two-sided hoop and the other a new Möbius strip.

Don’t ask us why this happens. We can’t explain it.

The Editor
Four business school professors have devised ways to bridge the gap between theory and practice, and thus let students learn from both.

Bridging the Gap

By Pringle Smith
Editor, Dividend

Editor’s Note: After our interviews with the four professors, it seemed like a good idea to ask them to share their thoughts on “real world” teaching with each other, and to tape record the conversation. Excerpts from the discussion that resulted are printed in boxes throughout the article.

The day the stock of a large Fortune 500 manufacturer of consumer goods slid to an all-time low on the New York Stock Exchange, the company’s president was in a classroom at the Business School, listening as students evaluated and made presentations on his firm’s strategy. Most students urged the firm to diversify, and many went on to make specific recommendations about new products, new markets, and new manufacturing policies the company should develop.

The president listened intently to all the presentations (which had been prepared after student teams had made a careful study of the company), and then responded in detail. He said he thought that the company’s problems were primarily due to aspects of the domestic economy which would correct themselves in time, and that therefore it was not necessary to shift the business strategy. “We really don’t know how to make new products of the type you suggest,” he added, “and besides, I personally don’t think it would be much fun to produce the type of products you are recommending we manufacture.”

This kind of remark, says Bill Hall, associate professor of policy and control, illustrates an important dimension in the study of business policy — one that cannot be incorporated into the usual case study. That is the personal style, the values, the prejudices and the philosophy of the top management of the company.

“Even the best case study cannot completely capture a real situation,” says Hall. “The personalities of the executives are either typically omitted from the case, or condensed to the point where the student can’t really appreciate the impact of personality and management style, and the implications of all these elements on decision making and on corporate policy. The internal dynamics of decision making in firms is a social-political process, and this process is frequently as important or even more important than the reasoned, logical analysis that we teach MBAs.”

Joe White, assistant professor of industrial relations, agrees. “Dynamics are critical in terms of understanding what’s happening in an organization,” he says, adding, “an organization is only one-half structure — the other half is staffing, and there is a big values component in that half. The organization is a reflection of the most powerful people in the organization — how they believe people ought to relate to each other. This aspect is missing in cases just because it can’t be captured on the page. The values and people components are always the most underrepresented in case studies, and they play at least an equal role with structure in organization design. So it’s worth making a big effort to introduce students to that aspect of the organization.”

Hall and other instructors in Business Policy bring management into the classroom by what they call “the living case.” White sends teams of students into actual organizations, Claude Martin, associate professor of marketing, and Alan Merten, associate professor of management science, assign real world projects to student teams for solution. An important part of the solution is communicating it to the management of the companies involved.

Student teams in Martin’s graduate seminar in marketing create a marketing strategy for an actual
"Students soon learn which questions to ask at which level of management. Upper levels should be asked policy oriented questions, and lower levels detail questions. It's not that you won't get an answer, it's just that you won't get the right answer."

Alan Merten
Associate Professor of Management Science

process, with periodic meetings to discuss findings, problems, experiences, etc. The outcome is a diagnostic report on the structure and functioning of the organization, its strengths and problems, assessment of the causes, and recommendations, if any. The report goes to the management of the company with a summary to all employees. Says White, "Most people in organizations spend time implementing strategy, and that is an activity that requires much more in the way of behavioral skills than of cognitive tools. So the seminar puts emphasis on providing an opportunity to develop skills — skills in interviewing, in relating to management, in questionnaire design and administration. People learning skills need ‘hands on’ experience, and a good way to get that is with a live organization."

The Complexity of "Simple Problems"

It's through "hands on" experience that students learn how complex seemingly simple problems can be. A team in Merten's class in the organization and design of administrative information systems was given the problem of developing a computer system to maintain student address information for the university. One of the students came to Merten early in the semester to say that he thought the problem was too easy. Merten suggested that the student talk to the university registrar on who else (besides the registrar) might need student addresses. Perhaps, suggested Merten, the problem wasn't as easy as it appeared. "Over the semester it developed that there were over twenty different groups within the university that use student addresses," says Merten, "and many of them had different definitions about what a student address actually is. To some users, the student address is the home address; to others, it's the Ann Arbor address; to others, it's the summer address. Some users want two addresses in combination; others want one address at one time of year and another at another time. In fact, the problem was so complicated that it took the entire semester just to discover the requirements of the different users. The system itself never was implemented by the student group."

Merten teaches two classes in which students work on real world projects — both of them are cross listed with the engineering school. One class deals with the entire
process of building a computer system in an organization — including collecting the data, implementing the program, testing, and installing the finished product. The other takes a complex problem for which the requirements have already been collected and concentrates on the implementing and testing of the system. In most cases Merten does not allow students to assign themselves to teams — he places them to be sure there is a mixture of engineering and business students on each team. "Initially," he says, "I get complaints from the business students about the inadequacies of the engineering students and vice-versa, but as the semester goes on, the students assign themselves to tasks within the team that are appropriate for their skills. Business school students tend to be associated more with the collection of requirements — that is, with finding out what the user wants. Engineering students are concerned more with programming and testing of the system."

This separation of skills begins to take place when students actually get out into the field, says Merten.

"When they have to go and talk to a real user," he says, "they find out there is a different class of skills and terminology that you use when you are talking to a manager about what he needs in a computer system. Business students are familiar with the terminology. And then, once you have made a commitment to building a system, you need people trained in engineering to actually do it. The students soon find out that they need each other's skills. Field work teaches that lesson."

Ann Arbor is the laboratory for Martin's undergraduate class in retail marketing management. He tells his students to figure on money for busfare if they don't have a car. Then he assigns projects that can only be researched in the field. Some sample projects: 1) pick any business you want and find a place to put it in Ann Arbor 2) research the psychological impact of color and lighting in the retail environment (more than 20 stores were surveyed, analyzed and photographed) 3) determine the type of apparel store that would present the best profit opportunity in Briarwood Mall.

Ann Arbor also served as a laboratory for student teams in Hall's seminar in operations management. One of them spent a week following a road maintenance crew around as part of their study on the problems of scheduling such crews in urban areas. Another worked on developing a long-term plan for road construction in Ann Arbor. "This was the students' first exposure to the world of politics," says Hall. "They learned the difficulties of applying tools in a public environment where there are all kinds of conflicting political and social views which dominate economic factors. Roads are a very central issue. They involve zoning, the city council, the street and traffic department, the police, the budget office, and the mayor's office. Each of these groups, moreover, has a different idea about what should be done about the roads. It was an eye-opening experience for students."

All of the courses that incorporate real world situations are layered on top of case work or other prerequisite courses. "Case work," says Martin, "is a necessary prelude because it gives the student a first blush exposure to real world problems." Students in White's seminar have all taken a prerequisite course in organizational design. Even so, they spend the first couple of weeks in the seminar in developing an understanding of theoretical foundations and the specific procedures to be used. The "real world" element in Hall's course in business policy is the capstone of the course, following a great deal of case work. Merten's students have all had courses in the basics of data processing and the technology of computers.

A major problem with this kind of teaching is the amount of work it requires from the instructor, often involving months of advance planning. "The first thing I learned," says Hall, "is that if you want to have this kind of a field project in the winter, you don't start in the winter, you start at the beginning of the fall." "The labor for me comes in setting everything up," adds Martin. "I've been in negotiation with eight or nine
possible clients for months — this involves phone calls, visits, etc. Recently a company we were planning to work with had an internal shakeup and suddenly cancelled the plans. So you’re back to square one in October for a course starting in January."

Once the setting-up work has been done and the course begins, there is an enormous amount of individualized instruction necessary. "Your office has to be open to students at all times," says White. "There are often problems within student teams — disagreements over who’s really in charge, over what should be done, etc. These matters require that teams meet individually with the faculty member. In addition, when dealing with a "live" organization, it's very important to operate with strict rules of confidentiality and anonymity. Control needs to be exercised constantly to be sure that professional standards are

“Students are confronted with something we do not teach in the classroom — I don’t know that we can teach it — and that is the problem of trying to use personality, ability to communicate, wits, whatever, to try to wheedle out the maximum amount of resources.”

Claude Martin
Associate Professor of Marketing

THE ELEMENT OF RISK

**Martin:** Wednesday I went to the first management briefing with my class. All the way down on the bus I held my breath, because you never know what's going to happen in that briefing — how the students are going to interact with the client, the flow of information, how much the client is really going to give the students.

**White:** The first contact is so critical. If the client doesn't like that group of students — for no rational reason — you have big problems.

**Hall:** Or if the students don't like the client.

**Martin:** It's so important that the client understand what taking part in a project like this really means. See, the students start asking for things. They have an appetite for information that's unbelievable, and how well the client handles that can be crucial. So you kind of hold your breath.

**Hall:** The moment you step away from a straight lecture you have uncertainty. Going from a lecture, to a recitation, to a case study format to a "real world" format, there's more and more risk. You lose more and more control.

**Martin:** Why do we want to do it then?

**Hall:** I like to work with businessmen, that's one reason. Also it's important to the students.

**White:** It's a belief in terms of how you ought to educate managers. Management education has traditionally under-emphasized skills development. We do a pretty good job in terms of developing concepts, theories, technical tools. These tools, however, are only as good as the ability of the individual to implement them, and to deal with the other 80% of the job — which is skill — non-tool. I have not found an effective way to teach skills in the absence of getting into the real world.

**Martin:** It's the most rewarding teaching I do.

**Editor:** Is that because the students respond so?

**Martin:** Everything. You get closer to students. You feel you have taught them something that is really going to benefit them. There is a kind of fraternal feeling that develops out of the whole experience.

**White:** We deal so much in the world of ideas and in reconstructed situations that to have the true elements of risk and uncertainty which go along with being in the real world is just highly rewarding. It's highly motivating both to the student and to the faculty member, because the consequences are real.
WORRYING ABOUT WHAT’S NOT THERE

Hall: The point is, of course, that the analysis has only taken you so far. In the end, you’ve got to make a recommendation that you probably can’t completely support with your analysis.

White: We’ve talked about the problem of getting access to information. My students have been shocked by the total non-existence of information. They go into an organization and say, “We’re interested in personnel matters, so we’d like to begin by looking at some of your personnel records. Could we see your turnover reports?” And the client just sort of looks — he doesn’t have any turnover reports. “How about absenteeism?” “We don’t really have any of that.” Etc.

Hall: In the case method, students know that somewhere in that case there are the facts and assumptions they need to deal with. They never have to worry about what’s not there. In the real world you always have to worry about what’s not there.

Martin: I keep telling students they are going to have to make decisions even though there is some uncertainty, but I don’t think it really comes home to them until suddenly they realize that come a date in April, they are going to have to stand up on their two feet and make a presentation to a client even if they don’t feel they have enough information on which to base their decisions.

Hall: Often data on which to base solutions simply can’t be collected. For example, suppose a company is going to install new machinery. What will the breakdown rate be? Nobody knows. So the manager just has to make an informed guess.

Martin: The converse of that is overkill. Students ask for something. The client says “You really want it?” and the student says “yes.” Then the truck backs up to the door and unloads 4½ tons worth of stuff, and the student doesn’t know where to start with it. That’s a good learning experience, too.

maintained.” In his graduate course, Martin meets individually with each team for at least one hour a week (last term he had seven teams). Merten keeps track of what is going on by requiring his student teams to write a one or two page progress report every three weeks.

Not only does the time needed per student go up when this kind of teaching is attempted — but also the number of students rises. Enrollment in White’s seminar has grown from 11 to around 20 in the three years that it has been devoted to the study of a “live” organization: enrollment in the prerequisite course has jumped from 15 to 44. Martin’s course in retail marketing management has grown from 38 last year (the first year it was taught incorporating real world projects) to 57 this year. Merten’s course has grown from 20 to 50 students in two years. “I personally feel capacity-bound with respect to the number of students I have and the number of organizations I can work with in one semester,” says White. “The heavy time demands that are a correlate of real world teaching present a challenge to a necessarily budget conscious university: namely, how to continue to provide specialized, personal, innovative, labor-intensive instruction to increasing numbers of students while controlling faculty costs.”

What Do They Learn?

Given all the effort required, do students really learn enough to make all the effort worthwhile? And if so, what? “Real problems are not usually solved by applying the student’s favorite tool out of his or her favorite text,” says Hall, “you’ve got to use a lot of skill, judgment, and hard thinking as well.” Students in his operations management seminar ran up against a blank wall when they tried to implement some solutions to a specific problem. After much soul searching among the team, they decided the major barrier to the solution of the problem was rooted not in a lack of proper tools but rather in resistance from a senior manager in the organization. A change of strategy was called for, they decided, which would emphasize them as working for the manager as his friend rather than for his department as outsiders. This approach, they thought, would make it easier for the manager to accept some of their suggested solutions. The new approach worked beautifully.

Another vital lesson in the human dimension of management stems from gathering data. “Students soon learn,” says Merten, “which questions to ask at which level of management. Upper levels should be asked policy-oriented questions, and lower levels detail questions. It’s not that you won’t get an answer — it’s just that you won’t get the right answer. For instance, if you ask somebody what another person’s job is he will tell you — but he may be telling you what he thinks that person’s job is. Also, you learn not to ask someone what they do while their boss is in the room.”

Sometimes the dynamic and unexpected nature of the real world can make the going tough. Once
Martin’s management of promotion class was halfway through an entire marketing plan for a financial firm, when the major competition to the firm drastically altered its product and advertising strategy and, without warning, suddenly introduced a package of new services almost identical to the one students were proposing in their project. “Now THAT,” says Martin, “is real world experience.”

The Importance of Communication

All four professors place much emphasis on the need for effective communication. They all require reports to management, either in written or oral form. Merten requires a half-hour oral report to management, and is willing to listen to any number of dry runs. “The first thing students learn when they actually give a presentation,” says Merten, “is that it is not easy. The second thing they learn is that they don’t know how to use visual aids. Usually they try to cover too much. They don’t move around enough. They stand still and talk in a monotone. When they start a dry run they sometimes begin by talking about what they’re going to say when they give the presentation. Then I say ‘Jump into the water! Stop telling me about how you’re going to swim. I want to see you swim!’” An interesting aspect of Merten’s teaching is that every student on the same team gets the same grade, so students within the same group are very interested in improving the quality of their group’s presentation. “During the dry runs,” says Merten, “it often becomes obvious to other members of the group that the visual aids and the presentation is crummy, and the next dry run is a great improvement. One of the most enjoyable aspects of my teaching is seeing the enormous difference between some of the disastrous dry runs I’ve listened to as compared with the final presentation made by the same team.”

All the professors hold students to rigid time limits. Hall gives student teams ten minutes each for oral presentations to corporate managers. “That time constraint,” he says, “really forces students to think through what they believe to be the key issues.” To students who complain that ten minutes isn’t enough, Hall replies, “How soon do you think you are going to get ten minutes with a senior manager in a large company after you are out in the working world?” Once when a student refused to stop talking after his time had expired, Merten ended the talk by pulling the plug on the overhead projector!

Stiff constraints are also imposed on written reports. “It’s very painful,” says White, “to have to make choices and narrow down. In live organizations there is always some kind of balance struck between ‘muddling through’ and ‘paralysis by analysis.’ Students can’t analyze forever, for they must write a report to management that is a recommendation for action. All of a sudden the tightening up process starts. Often the data students have collected makes a pile of material two feet high. The report can’t be over 25 pages.”

Giving reports to management involves other, more delicate skills than knowing how to work within the time constraints and how to narrow down the quantity of information you include. On one particularly memorable afternoon, a student team was making their report to the president of a company they had been studying. They were in the middle of a critique of the company’s organization and planning system when suddenly the president walked out! The professor was immediately deluged with concerned students. “What did we do wrong?” they demanded. And also, “Why didn’t you defend us — go after him and explain?” The professor reminded them that in the real world there wouldn’t be anyone to go after him and explain. Said the professor: “You probably learned more about business practice when that guy walked out than you learned here the whole term.”

What the students had not realized, of course, was that it was the president’s pet system they were so carefully critiquing. The recommendation that the system be thrown out was sound, but the homework they did should have included the information that their recommendations would probably infuriate the president and, therefore, should be advanced very, very carefully.

“Decisions made in real organizations,” says Hall, “are not all made on purely rational grounds. It’s important for students to gain

Continued on page 27
Read This and Weep!

By Herbert F. Taggart
Professor Emeritus of Accounting

YOU are a freshman at the University of Michigan, having graduated from a western Michigan high school. Your ambition is to become a certified public accountant, and you have heard that this goal can be most readily achieved by pursuing the excellent curriculum offered at the University.

The financial resources of your family are slender; you can expect very little from home. You have worked summers and during the high school years, however, and have saved your money. You have a generous Aunt Minnie, who has promised to help you to the best of her limited ability. You have been told that there are plenty of part-time jobs for the ambitious student in Ann Arbor. This is confirmed shortly after your arrival when George Wahr's, the largest bookstore on State Street, takes you on as a part-time clerk during the busy seasons. You arrange to live at a rooming house on Church Street and agree to tend the furnace for 40% of your monthly rental. The landlady also promises to use you as an errand boy at additional compensation.

So, full of high hopes and confidence, you arrive in Ann Arbor at the opening of the school year with $88.24 in your pocket. Your work at the bookstore will yield 15
cents per hour. Tending furnace will
get you $4 a month, as long as the
furnace season lasts. Aunt Minnie,
bless her heart, says she will try to
send you $10 a month.

What are your chances of
survival? Not bad, if it is 1915, as it
was in the case of the hero of this
tale, who not only achieved his CPA
certificate, but pursued both
academic and professional careers
with distinction.

As might be surmised, in view of
his interest in accounting, he kept
meticulous accounts of receipts and
disbursements. His "expense book"
for his freshman year is on the desk
where this is being written. In it are
recorded his financial transactions
day by day for the school year,
1915–1916.

Classes began on October 5 that
year, and October was a big month,
financially speaking. Before coming
to Ann Arbor he laid out $33.00 for new
clothing: $11.00 for a topcoat,
$12.00 for a suit, and $10.00 for
sneakers and a pair of shoes. Ten
dollars and a half went for a trunk,
and his rail fare to Ann Arbor set
him back $4.80. These items, being
college-connected, were recorded in
his accounts as if they had been
spent in Ann Arbor. To adorn his
room he had spent $4.45 for framed
pictures of his father and his high
school graduating class. To enroll
in the university he was required to pay
a matriculation fee of $10.00. His
tuition — for the entire year! — was
$42.00. Membership in the Michigan
Union cost him $2.50 and a locker
fee at Waterman Gymnasium set him
back $2.00. He later paid $3.00 for
wrestling lessons and boxing practice
in the gym ultimately led him into a
few public appearances with the
University boxing team. The local
news media referred to him as
"Battling Smith" (not his real
name).

A column heading in his account
book called "Books and Inst'mts,"
showed expenditures during October
of $14.10. One has to guess that his
employment in the bookstore
enabled him to pick up some
bargains. Frivolities such as candy
and snacks cost $1.60 during
October, and his contributions to
church and charity amounted to 55
cents. Medical expenses were 40

"Full of high hopes and
confidence, you arrive in
Ann Arbor the opening
of the school year with
$88.24 in your pocket."

he spent much less. His net
expenditures for meals during
October totaled $13.19. This was the
highest monthly amount for the year,
except for May, when he spent
$14.20.

Total cash received during
October amounted to $40.70. This
was composed of $25 from the
bookstore, $10 from Aunt Minnie, $4
for furnace-tending, $1 from the
Detroit Free Press for material he
had submitted during the previous
summer, and 70 cents for running
cands for his landlady. He finished the
month with $17.77 on hand.

Details of later months make
interesting reading, but would unduly
lengthen this article. A few
highlights, however. The bookstore
job yielded about $50 for the year.
The low point of cash on hand was
$7.02 on November 30. The month
of May provided a real bonanza.
World War I was in progress, and
generated much interest in
gography. Rand, McNally seized
this opportunity to prepare a special
edition of its atlas, and employed our
hero to sell copies from door to door
in Ann Arbor. He spent many
evenings in this endeavor, making
most of his approaches to faculty
members. The book sold for $5.00,
of which the salesman retained half.
Sale of 16 copies yielded a fortune
amounting to $40. This doubtless
accounts for his exceptionally large
expenditures for food during that
month. Total earnings during the
school year amounted to $132.25,
and total expenditures in Ann Arbor
added up to $371.69. The apparent
deficit was made up by gifts,
principally from Aunt Minnie, and
by a withdrawal of $101 in January
from his savings account. He ended the
year with $15.11 in his pocket.

That this budding accountant's
financial history was not unusual for
those days is suggested by the
University of Michigan 1915–16
catalog, which advises prospective
students that room rents could be
expected to be $1 to $3 per week or
both board and lodging could be had
for $4 to $6 per week. There were
no dormitories for men, and only
two for women, so boarding and
rooming houses operated by Ann
Arbor landladies had to be

About the author: Professor Taggart
has served as president of the
American Accounting Association
and as a director of the National
Association of Cost Accountants.
He has also been chairman of the
Advisory Committee on Cost
Justification of the Federal Trade
Commission and a member of the
Advisory Board of Contract Appeals
of the Atomic Energy Commission.
The hero of this article has asked
that he remain unidentified, and
although some people have
speculated that he is none other than
William A. Paton, we are authorized
to say that that is not correct.

Continued on page 17
Women and the Ph.D. in Business

Pictures and captions about eight women who have entered our Ph.D. program or have received a Ph.D. from the Business School since 1972. That represents a 400% jump over all the years before 1972, when only two women received doctorates in business.

Jean Ramsey worked her way up from salesperson to branch manager of Sarah Coventry, a direct selling costume jewelry firm, then became manager of a men's formal wear rental store and assistant to the owner of a small department store before going to New Mexico State University to work as an administrative assistant in the office of the dean of arts and sciences. She did her undergraduate work there part-time while working for the University full time, and then decided she wanted a career in university administration.

It was obvious she would need more education to go any further in the field, and so she came to Michigan for her MBA. One day she was talking to a professor here about eventually getting a Ph.D., and he said "Why wait?" That seemed like a good question, so she applied for, and got, a scholarship from the Center for the Continuing Education of Women. The Center gives scholarships each year to women returning to school, and scholarships are based on assessment of the woman's potential. "That was the scholarship that gave me the nerve to go on for a Ph.D.," says Ramsey, "along with the business school's recognition of my potential." She is now nearing completion of her degree in organizational behavior, and is hard at work preparing a dissertation proposal in organizational theory. She is also teaching an undergraduate course entitled "Behavioral Theory of Management," and is pictured here in class.
When Lucy Reuben worked at a community development corporation as an undergraduate in economics at Oberlin, she became impressed with the importance of having expertise, and this influenced her decision to get an MBA. While an MBA student in finance at Michigan, she worked as a researcher for the Division of Research, and eventually became co-editor of an anthology on minority business development published by the DOR. After her MBA, she joined Ford Motor Company as a financial analyst, and eventually went to the Asia-Pacific Profit Analysis Section of Ford’s International Division. Reuben planned to get her Ph.D. and teach someday, but first wanted experience in the business world. She entered the doctoral program here in September, 1975. Her areas of research interest include financial intermediation, how financial institutions interact, and the role of the financial infrastructure in economic development.

Nancy Preis, pictured here during a light moment in her accounting seminar, got her BA in English literature at the University of Toledo, then took a job as secretary in the volunteer services division of a hospital. Six weeks later, she realized that secretarial work was not for her, and began looking into alternatives. An offer of a graduate assistantship at the University of Toledo persuaded her to enter the MBA program there, and she was soon teaching freshman accounting part-time while working on her MBA. It was then she discovered that she loves teaching, and after receiving her MBA she stayed on to teach accounting at the University of Toledo for one year, then decided to come to Michigan for her Ph.D. Her dissertation topic has not yet been chosen, but she is interested in researching the process of how companies fail, and whether there are any characteristics of failing firms that will help predict that they are on the road to ruin.
When Bonnie Reece entered the Harvard Business School in 1966, she had no idea she was a pioneer until she discovered that she was one of 13 women among 700 men. After receiving her MBA in marketing from Harvard, she taught advertising and retailing at Chamberlayne Junior College in Boston for two years before returning to Harvard as a researcher in marketing. In 1973, she went to the New England Office of the College Entrance Examination Boards as a research analyst. When she and her husband, James, moved to Ann Arbor (where he is associate professor of policy and control at the Business School), she did editorial work on a book and wrote marketing cases on contract for Prentice Hall. Reece’s decision to enter the Ph.D. program stemmed from her interest in teaching. She is pictured teaching an undergraduate course in marketing at the School.

Photos by Virginia Geren
Ann McWatters got her BA in zoology from the University of Michigan, and worked for three years in agricultural and medical research — long enough to convince her that if she wanted a better job she needed more education. As an undergraduate, she had much enjoyed courses in economics and statistics, and so it seemed a logical step to get an MBA. She entered the Ph.D. program after receiving her MBA with honors, and received her doctorate last April. Now she is teaching here as a visiting assistant professor of business economics. Her research interests include economic forecasting, particularly measuring the relationship of business profits to conditions of the economy itself. Profit variation and corporate growth was the topic of her dissertation. She is pictured here in her office at the Business School.

Denise Tanguay, shown here doing research in the Industrial Relations library for Professor Dallas Jones, majored in psychology with a minor in economics, and then decided to go on for a Ph.D. in industrial relations because it offered such a good combination of her two favorite subjects. She was helped along the way, she says, by encouragement and support from faculty at her undergraduate university (the State University College of New York at Brockport) and from the doctoral program here. Tanguay is very interested in both research and teaching, and is looking forward to next year because she will be working part-time as a teaching assistant. She is particularly glad to be at the U-M, she says, because of the number of excellent research resources here. Though she has not yet chosen a dissertation topic, her primary research interest is the investigation of worker participation in decision making. She is particularly interested in joint union-management efforts at implementation of participatory management models.
Cindy Rice came to the Business School for a Ph.D. in marketing after receiving her BBA in industrial marketing at Western Michigan. She is pictured collecting her mail in the Ph.D. student lounge. Rice’s primary research interests are marketing and public policy, and the market needs of the elderly. Last semester, she worked as a research assistant to Thomas Kinnear, associate professor of marketing, and collaborated with him on an article entitled “Legal Constraints On Marketing Researchers.”

When Carol Moerdyk was in junior high, she selected several stocks and analyzed their performance for a class project. From then on until she entered graduate school, she had an imaginary portfolio of stocks, and says she has been reading the Wall Street Journal almost as long as she can remember. She entered the Ph.D. program here immediately upon graduating from Western Michigan, and is now on the finance faculty at the University of Maryland and nearing completion of work on her dissertation. In her dissertation, she has constructed common stock and mutual fund portfolios for hypothetical investors with a variety of characteristics that may affect their alternatives or portfolio composition. In general, these characteristics constrain the investors in some way so that several assumptions of traditional portfolio theory are violated. Her model tries to determine the demand for common stock mutual funds (as a form of financial intermediation) based on constraints faced by individual investors. She is pictured here in her faculty office at the University of Maryland.
Read This and Weep!
Continued from page 11

patronized, though there were restaurants, such as Hixson’s and Fingerle’s cafeteria, which was located in the Nickels Arcade.

The dollar amounts must be regarded, of course, in light of the fact that each dollar was worth a great deal more than the monetary unit by the same name is today. Precise comparisons are somewhat difficult, but a rough idea can be gained by regarding the consumers’ price index for 1915 as compared to that for 1975. The Statistical Abstract of the United States reports the index for 1915 as 35.4 on a 1957–59 base of 100. Recently the consumers’ price index has been about 193 as compared to the same base. The 1915 dollar was therefore worth about 5.5 times as much as the 1975 dollar. Our hero’s $13.19 expenditure for food in 1915 must be thought of as something like $72.50 today, and his total outlays for the year as the equivalent of about 2,000 current dollars. Even when thus translated, it is obvious that this student lived a very frugal existence. Literature now provided to prospective freshmen advises that a Michigan resident should have resources of at least $3,100 for his first year. Tuition alone would eat up $800.

What did the subject of this essay get for his $371.69? He became a member of a student body totaling 6,284 in the school year 1915–16. He took no course in accounting, since he would not be eligible for such a course until his sophomore year. Instead, he took the required freshman courses in English, a foreign language, mathematics, science, and history.

Perusal of the 1915–16 and 1916–17 catalogs gives an interesting picture of the offerings in accounting and allied fields. These courses were located in the College of Literature, Science and the Arts, since the advent of the School of Business Administration lay several years in the future. The department was officially known as Political Economy, Business Administration, and Sociology. Sociology became a separate department a few years later, and Business Administration acquired the status of a separate school in 1924. At the time of this freshman’s enrollment, a student who followed a prescribed curriculum could obtain, in addition to his AB diploma, a Certificate in Business Administration. The curriculum included such studies as accounting, corporation finance, business law, management, and statistics. Since the degree was still an AB, however, the student had to satisfy the requirement of 24 hours of a modern language.

The chairman of the department was Henry Carter Adams who, as an official of the Interstate Commerce Commission, had been responsible for instituting a uniform accounting system for American railroads. As a result, he taught a course called Railway Accounts. Another highly specialized accounting course was Insurance Accounting, taught by a member of the actuarial faculty and intended only for students in the actuarial field. Neither of these courses was in the mainstream of the accounting curriculum.

In 1915–16 a faculty of four men taught five courses in commercial and industrial accounting. The group consisted of Professor David Friday and three instructors in economics, the most junior of whom was William Andrew Paton. He was the only member of the group who could properly be called an accountant. Interests of the other three were primarily in other aspects of economics, and they taught accounting only because somebody had to, and they were elected.

There were five mainstream undergraduate courses: Economics 38, Principles; 39, Cost Accounting; 40, Advanced Accounting Theory and Practice; 41, Advanced Accounting Theory; and 42, Municipal Accounting. There were also two graduate courses, 40G and 41G, both of which were devoted to accounting theory. Paton taught only in the elementary course. During that school year he and his fellow graduate student, Russell A. Stevenson, brought out the first edition of their Principles of Accounting, which became the basic text at the university, beginning in the fall of 1916.

Courses offered in 1916–17, when the subject of this essay began his accounting study, were not much changed from the preceding year. Professor Friday had abandoned accounting by this time, however, and Paton had accepted an appointment on the faculty of the University of Minnesota, which he held only one year, returning to Ann Arbor as an assistant professor in 1917.

World War I interrupted the education of the protagonist of this tale, and he did not complete his degree program until June, 1920. By the school year 1919–20, Paton was an associate professor and the accounting program had expanded to eleven courses, all told. In addition to teaching in the elementary work, Paton taught Economics 43, Auditing and Special Accounting Systems; 43a, Income Tax Procedure; and 44, Theory of Accounts. The only other member of the accounting faculty was Instructor Herbert N. Schmitt.

In contrast to the limited offerings in accounting in the late ’teen years, the current bulletin of the Graduate School of Business Administration lists seventeen courses carrying a total of 43 semester hours of academic credit. This expansion reflects not only a tremendous increase in the student body, but more importantly, the increased complexity of business enterprise, the demands for recordkeeping and reporting caused by governmental requirements, and the resultant realization of the importance of accounting in the social and economic fabric.
Students as Customers

By H. Michael Hayes

"THERE is little need to find out what the customer wants if the law requires him to buy your product in Grades 1 through 12," commented one marketing expert when reflecting on the fact that traditionally educators have determined what will be offered with very little input from the student. However, there are signs of change. In the area of continuing education it seems safe to say that the student is going to have more and more to say about the quality and kind of educational experience he or she chooses. And a growing number of marketers are advocating application of marketing theory and practice to a wider horizon than profit-oriented private industry.

The management education student is indeed a customer, highly conscious of the cost of his or her educational experience, who critically analyzes it in terms of its relevance to the job situation. The Division of Management Education (DME) at the Business School is very much aware of the student as customer, and thus monitors customer reaction closely.

At the DME, new courses are developed continuously, depending on the perceived need for the course. Many of the aspects of the development of new courses are similar to the way companies develop new products. There may be some value, therefore, in considering marketing and new product development concepts as they apply to non-profit institutions, and specifically, to one new program that was developed at the DME.

The Marketing Concept and New Products

The central theme of the marketing concept is the need to first determine customer wants and needs and then attempt to fulfill them — a significantly different orientation from the past when the job of salesmen was to push whatever came off the production line. Given the dynamic nature of our modern society with its shifts in tastes and needs, one mark of the successful organization is its development of new products to meet these new tastes and needs. At General Electric, for instance, it is said that 90% of today’s sales come from products not made 10 years ago.

A similar trend is apparent at DME. With a current total offering of 47 short courses (one week duration or less), 12 courses were added and 9 were dropped in the years 1975 and 1976. As Dr. Albert W. Schrader, director of the DME asserts, "new programs, or new products to use the marketing vernacular, are a way of life for us."

New products have always been of vital importance to the success of an organization. It is only recently, however, that new product development has been identified as a distinct process, amenable to organization and control much as any other aspect of the organization’s activities. This recognition has moved new product development from a sometimes sporadic kind of process, associated with fortuitous moments of inspiration, to a purposeful activity with definite measurable goals. Such a purposeful activity requires certain elements, namely: 1) specifically spelled out objectives for new products, 2) an explicit strategy and policy for their development, 3) specific assignment of responsibility, 4) a well-defined development process, and 5) evaluation of new products in terms of stated objectives.

Program Development at DME

In many organizations where new product development is identified as a formal activity, the trend is to separate it from current production. However, at the DME responsibility

About the author: Michael Hayes is currently a Ph.D. candidate in marketing at the Business School. Prior to coming here in 1974, he was associated with the General Electric company in a number of capacities, the most recent one being district manager for electric utility sales in Cleveland, Ohio. Hayes decided to go back to school after 28 years in business because he has a great deal of interest in the learning process itself — how people learn, why they learn, and ways to encourage the process. He also would like to see more interchange between the business world and academia. Hayes will join the faculty of the Graduate School of Business Administration at the University of New Mexico in August.
for development of new short programs (as opposed to special, long term programs such as the one-month management development course) is assigned to four of six program directors who are also involved in ongoing seminars. These directors are in frequent contact with participants in their assigned seminars, and this close association gives them a rich source of feedback for modification of existing programs. It also develops the ability to make reliable subjective judgments about the demand or need for possible future programs. However, although much subjective judgment is used to put new programs together, a well understood process is very much in evidence.

*Introduction to Organization Development: Quality of Work Interventions* is the title of a new and highly successful program developed by Jeff Van Almen in March, 1975, which today is well established, with attendance at each session hitting DME’s self-imposed ceiling of 30 participants per seminar. Early in 1974, however, there was little indication of support for Van Almen’s belief that such a course was needed.

After a highly successful career in sales and sales management, Van Almen came to the DME as a program director. Program directors at the DME are responsible for a variety of programs covering such diverse areas as management, finance, team development, employment interviewing, wage and salary administration, and writing skills. Generally they are responsible for 10-11 programs lasting from two to five days each and being offered from two to eleven times a year, or approximately 150 program days per year.

The idea for the Organization Development program started to take shape in Van Almen’s mind at a meeting of the American Society for Training and Development. As Jeff recalls, “There was lots of interest in organization development at the meeting, and many papers were presented on the subject. However, the papers ranged from ‘Tough Minded Management’ to ‘Cold Pricklies and Warm Fuzzies in Transactional Analysis.’ It seemed to me that what was needed was a pragmatic approach to Organization Development that avoided catchy labels and gimmicks and yet conveyed much of the new knowledge being generated in the field.”

Management Was Skeptical

When Van Almen reviewed his ideas on OD with Al Schrader and Sue Bishop, Associate Director of the DME, they were skeptical that such a program would succeed. Too nebulous or soft was the general feeling. However, both conceded that the program director, by virtue of experience and customer contact, has the best perception of market needs. (Essentially, then, program ideas are screened for conformity to policy by DME management and for marketability by the program directors.)

At this point the OD program had survived preliminary screening and work could move ahead to develop the actual product. The concept needed to be defined into segments consistent with the beliefs, knowledge, skills and resources of prospective faculty members. Van Almen discussed the concept with GSBM faculty in organizational behavior to help define the concept and identify possible faculty members. The next step was discussion with Robert Kahn, head of the University’s Institute for Social Research and a long time authority on organizational development. Based on these discussions, a three part outline was developed for the program. First, a section to deal with methods of diagnosis, such as interviews and surveys; second, one to deal with specific kinds of interventions — what they are and how they work; and last, a section dealing with the specifics of back home real life application of OD theory.

“At the Cutting Edge”

It was Van Almen’s feeling that the program should be totally current with the latest thinking in the field, and indeed the theme of the promotional literature is “At the Cutting Edge.” This orientation led him ultimately to a faculty that strongly represented Michigan and Yale, two of the leading centers of study of organization development.

A critical part of new product development is adequate concept testing to determine the customer’s preconceptions of the proposed product and its benefits. Throughout the OD development Van Almen checked the evolving program in a number of ways. Opinions were solicited from seminar leaders in related areas and from other program directors and, in particular, from “senders,” a term used to describe key individuals in firms with a long history of participation in DME programs. Senders generally are involved with management education on a continuing basis. Jeff felt their inputs were important and, as he pointed out, they are also specific prospective customers. Contacting
"The real test of the effectiveness of the seminar is the degree to which an individual finds it useful and relevant. Nice, or generally interesting, is not enough. I think a participant should be able to take home a number of specific concepts and ideas, and unless he can subsequently identify some of these and find them relevant, then he hasn't gotten his money's worth and we've failed to deliver all we promised."

them in the development stage may help sell the program later on.

The final form of the program started to take shape in discussions with prospective faculty members who indicated interest and a desire to participate in the program. At this point Jeff submitted an informal proposal to Sue Bishop that broadly outlined the program, identified prospective faculty members and established tentative seminar dates. The primary purpose of the informal proposal was to generate a review to make sure no loose ends were left hanging.

After the informal proposal was approved, the final proposal was drawn up. This included a complete outline of program content, faculty, and dates, supplemented by cost estimates, recommended prices, and Van Almen's estimate of the expected financial return, bracketed by pessimistic and optimistic projections.

At this point in the process, approval of a new program is highly likely. Says Al Schrader, "Jeff had done a thorough job of preparation and had an outstanding faculty lined up. We still weren't totally sure the program would get the necessary attendance, but Jeff's other programs were in good financial shape, so that even if his pessimistic estimate materialized, his total package of programs would be O.K."

Costing the Program

At the DME, the financial objectives are to cover total costs and new programs are expected to meet this objective. According to Sue Bishop, "We don't make a financial estimate based on expected sales. Rather, we price our programs to meet our objectives based on an average of 25 participants per seminar. We don't start a new program unless we think this kind of attendance will materialize. How we develop the belief that we will get the necessary attendance is pretty subjective, and ultimately the responsibility for the necessary attendance is the program director's. If their ongoing programs are really healthy, it gives them a cushion against risk, as our ultimate measure of a program director is his or her financial performance on assigned programs as a group."

To promote programs, DME relies heavily on brochures, Van Almen felt that the brochure for his new program should communicate the theme "At the Cutting Edge" and he decided to put the picture of a razor blade on the cover. "I caught a lot of flak from my associates on this," says Jeff, "but I thought it would be effective and I still think it is. A lot of our senders specifically remember the OD brochure as the one with the razor blade on the cover."

The first seminar for a new program is equivalent to a test market, and thus its introduction and evaluation differ from ongoing programs. It is announced eight weeks before the initial program, and is not expected to have full enrollment (as opposed to established programs which are announced far in advance, and expected to be 50% subscribed 12 weeks in advance and fully subscribed four weeks in advance). The initial program tests three factors: first, interest in the subject; second, effectiveness of the brochure in stimulating interest and conveying the purpose of the program; and last, the quality of the program itself.

After the initial seminar, programs are given three opportunities to achieve normal enrollment and get in the black. The initial seminar is critically evaluated in a number of ways. Participants are asked to rate and comment on the program and on each of its segments on a scale of 1-5. Individual module assessments are reviewed with each faculty member as feedback to improve subsequent seminars. Also, informal comments are solicited from individual participants. Van Almen makes a point of calling some of the participants after they get home to get their after-the-fact assessments. As he puts it, "The real test of the effectiveness of the seminar for an individual is the degree to which he finds it useful and relevant. Nice, or generally interesting, is not enough. I think a participant should be able to take home a number of specific concepts and ideas, and unless he can subsequently identify some of these and find them relevant, then he hasn't gotten his money's worth and we've failed to deliver all we promised."

Currently, the Organization Development Seminar is running at capacity, and last year it received a program development award from the National University Extension Association (NUEA).

It is interesting to see the degree to which the Division of Management Education has recognized the role of new product development as a critical element and has established objectives and procedures to control and direct the process. Ideas are generated and evaluated in light of policies and constraints. A system exists for taking an approved idea through its stages of development with approvals required at critical points. Concept testing and test marketing techniques are used. Financial forecasts are required, and procedures for ultimate evaluation established. In short, a process associated with marketing and with profit oriented industry is fully at work in the non-profit area of management education.
AT & T Chairman
Receives Business Leadership Award

John D. deButts, chairman of the board and chief executive officer of American Telephone and Telegraph Company, is pictured getting off the plane at Willow Run airport on his way to the School to receive the 1977 Business Leadership Award. He had a busy day at the School, which included lunch with the students and dinner with the faculty and other high level executives. For more pictures of his visit, turn the page.
JOHN D. deButts, chairman of the board and chief executive officer of American Telephone and Telegraph Company, received the 1977 Business Leadership Award of the Graduate School of Business Administration at ceremonies in Hae Auditorium February 24. Commented Dean Bond, "He serves as chief executive officer of the largest corporation in the world and still finds time to engage in numerous leadership activities outside the corporation."

The award, a hand-lettered scroll along with a bronze medallion inscribed with a picture of the School, was presented by student council president H. William Rockwell and student council vice-president William E. Hobson. Preceding the presentation, deButts gave a speech entitled "Regulation and Competition." He was introduced by David K. Easlick, president of Michigan Bell Telephone Company.

The AT & T executive started his career with the Bell system in 1936 as a traffic student, and seven years later held the position of district traffic manager for the Chesapeake and Potomac Telephone Company of Virginia. Since then, he has served as assistant vice president of AT & T, a general manager of New York Telephone Company, director of the Chesapeake and Potomac Telephone Company, and president and director of the Illinois Bell Telephone Company. At AT & T, he became executive vice president in 1966, vice chairman of the board in 1967 and chairman of the board and chief executive officer in 1972.

He has been heavily involved in community service with such groups as the United Fund of Greater New York, Business Committee for the Arts, National Advisory Council on Minorities in Engineering, Junior Achievement, and the Boy Scouts of America. He also holds five honorary degrees, is a member of the board of directors of five major corporations, is vice chairman of the Conference Board and the Business Council and co-chairman of the Business Roundtable. He is a member of the executive committees of the last three organizations.
Pictured on opposite page: deButts holds the business leadership scroll presented to him by H. William Rockwell, student council president (left) and William E. Hobson, student council vice-president. Pictured at the bottom of opposite page: Paul McCracken (standing), Dean Bond and Mr. deButts at the dinner held at Inglis House following the Business Leadership ceremonies. Pictured at left: Thomas A. Murphy, chairman of the board and chief executive officer of General Motors Corporation (right) was among top level corporate officers who were guests of the School at dinner at Inglis House. Center left: David K. Easlick, president of Michigan Bell Telephone Company, introduces deButts; Below center: Dean Bond and deButts enjoy a relaxed moment in the Executive-in-Residence Suite in between the many activities of the day; bottom of page: Ph.D. students meet with deButts for an informal question and answer session.
Experts Discuss New Tax Structure for the United States

Six leading tax experts discussed "A New Tax Structure for the United States" in the Key Issues Lecture Series sponsored by the Graduate School of Business Administration.

The lectures, which were held during March and April, under a grant from International Telephone and Telegraph Corporation, consisted of remarks by two experts in each session on aspects of the tax system, and were followed by questions from "provocateurs" who are also experts in the subject. A general question and answer session followed. All sessions were held in Clayton G. Hale auditorium, and were free and open to the public.

In the first meeting, held March 16, George Break, professor of economics at the University of California-Berkeley, discussed "A General Framework." He was followed by Murray L. Weidenbaum, director of the Center for Study of American Business and former Assistant Secretary of the Treasury for Economic Policy. He spoke on "The Case for Tax Loopholes." Provocateurs for the session, which was moderated by Dean Floyd A. Bond, were Charles McClure, professor of economics at Rice University and Harvey E. Brazer, professor of economics at the University of Michigan.

The second session, held March 30, considered the topic "Problems of Implementation and the Impact of the Political Process." Speakers were Charles E. Walker, chairman of the American Council for Capital Formation and former Deputy Secretary of the Treasury, and John S. Nolan, attorney and former Deputy Assistant Secretary of Treasury for Tax Policy. Provocateurs were William C. Penick, tax partner of Arthur Andersen & Co. and Professor Hart Wright of the U-M Law School. Moderator was Paul W. McCracken, Edmund Ezra Day University Professor of Business Administration at the University of Michigan.

"Problems of Compliance" were discussed in the third meeting, held April 13, by Herbert J. Lerner, certified public accountant with Ernst & Ernst. "A Business Perspective" was the focus of the talk by Burns Stanley, manager, State and Local Taxes, Ford Motor Company and former president of the Tax Executives Institute. Provocateurs for that session, which was moderated by Donald H. Skadden, Distinguished Arthur Young Professor of Accounting at the University of Michigan, were Donald C. Alexander, Commissioner, Internal Revenue Service and James Wheeler, professor of accounting at the University of Michigan.

Said Dean Bond in commenting on the series: "There is increasing evidence that Congress and the new administration plan to address on a broad scale the problems related to our overall federal tax system. This is of great significance to the business community, to every taxpayer, and to the general well-being of our entire nation. We are pleased to have been able to hear a group of distinguished individuals present their views on this important topic."

The six papers will be published in book form, with Professor Skadden, Director of the Paton Accounting Center, as editor.

More Top Corporate Brass Went to Michigan Than Any Other Public U

Standard & Poor's asked 74,000 executives of leading U.S. corporations where they had gone to school. More of them had earned degrees from the University of Michigan than from any other public college or university. An interesting note is that more than 30% listed the same twelve schools as their alma maters.

Schools the executives listed, in order, were: Harvard University, 5,017 executives; New York University, 2,502; Yale University, 2,271; University of Pennsylvania, 1,863; University of Michigan, 1,762; Columbia University, 1,712; Northwestern University, 1,468; City College (City University of New York), 1,454; Princeton University, 1,404; University of Wisconsin, 1,308; Massachusetts Institute of Technology, 1,264 and University of Illinois, 1,230.
Karen Herche
Appointed Director
Of GSBA Library

Karen Herche has been appointed director of the library at the Business School, replacing Mildred Loeffler, who retired last year. Herche joined the library staff here in 1968, after receiving her M.A. in library science from the University of Wisconsin.

From 1971 to 1974, she served as associate librarian, during which time she developed the technical services procedures for the library after it became independent of the main library system. (The Business Administration library is one of four libraries on the campus which are recognized as independent. The other three are the Law Library, Clements Library, and the Michigan Historical Collection.) Herche became senior associate librarian in 1974.

A recent survey of 30 separate business school libraries around the country found the UMGSBA library at the top among the 16 libraries serving schools that offer both undergraduate and graduate education. The survey measured three factors: number of volumes per full-time equivalent student; number of dollars spent for material per FTE student; and the number of professional librarians available to service the collection.

LEXIS and NAARS
Installed in GSBA Library

Two sophisticated tools for information retrieval have been made available at the Business School with the installation of a terminal in the Library that gives access to LEXIS and NAARS.

LEXIS is a comprehensive document retrieval system which includes in its 4.5 billion character data base the full text of law, regulations, court cases, and other materials in the areas of federal general law, federal tax law, federal securities law, federal trade regulations and the state law for nine or ten of the major states. NAARS is also a full-text, real-time, interactive system, which includes in its data base the financial statements and accounting policy statements from approximately 4,000 corporate annual reports, plus an online index file from “the Accountants Index” and an accounting literature file covering authoritative pronouncements by various organizations.

Although these systems are taking on increasing importance in CPA firms, law firms, and corporate offices, the educational application is still in its formative stage. The NAARS corporate materials and the LEXIS SEC materials will be useful in accounting and finance courses. The tax and legal materials in LEXIS will be helpful in the tax courses and business law courses.

Richard Boley
Receives Faculty
Teaching Award

Richard D. Boley, assistant professor of accounting, has received a Faculty Teaching Award through a new U-M Faculty Development Fund through which faculty members may receive “seed money” for special teaching and research projects. The fund is administered by the Center for Research on Learning and Teaching. The awards are intended to maintain and develop faculty versatility and to support new initiatives in teaching, placing emphasis both on the interests and skills of individual faculty members and on present and future needs of the teaching units.

Dr. Boley will be attending training programs on two new computerized information retrieval systems (LEXIS and NAARS) in the fields of accounting and law. After the initial training, he will be developing cases and other applications by which these two systems can be used most effectively in various accounting, business law, and finance courses.

Commented Boley on receiving the award, “the relatively new and rapidly expanding area of computerized information retrieval in accounting and law provides the instructor with the opportunity to efficiently access this data base for classroom use in ways not previously available. Of equal importance is the exposure of students to this new research methodology, for these systems will be tremendously significant research tools in the business world of tomorrow.”

George Romney Speaks
at School's Special
Commencement

George Romney, chairman of the National Center for Voluntary Action and former governor of Michigan, was the speaker when the School held its second annual special commencement April 29 at 8 p.m. in Rackham lecture hall.

Romney is a former President of American Motors Corporation and a recipient of the School’s Business Leadership Award. He also is a former U.S. Secretary of Housing and Urban Development.

The School Commencement was held last year for the first time at the special request of students, who wanted an event, in addition to the University Commencement, to which they could bring their spouses, parents, relatives and friends and which would mark the culmination of their two years of work at the School. The Commencement was held on an experimental basis last year, and was so successful that it was decided to continue it this year.

Dean Bond, on behalf of the faculty, congratulated the graduates as they marched across the stage. He also congratulated their spouses and families.

In honor of the graduating students, the School held an open house April 29 from 2 to 4 p.m. in the Executive Lounge of the Assembly Hall.
Professor James D. Scott to Retire

James D. Scott, S.S. Kresge professor of marketing, will retire in June after 25 years of teaching advertising and marketing management at the University of Michigan Graduate School of Business Administration.

Before joining the U-M, Professor Scott was chairman of the marketing department at Syracuse University’s College of Business Administration from 1946 to 1952. Previously, he was on the staffs of Hobart College, the Harvard Business School and The Johns Hopkins University. He received both the MBA and DCS degrees from the Harvard Business School.

Scott is co-author, along with U-M marketing professors Stewart H. Rewoldt and Martin R. Warshow, of Introduction to Marketing Management, a text with case histories which is designed as a first course in marketing management. He also played a key role in helping to establish business administration programs at National Chengchi University in Taiwan in 1962-63 and at The Netherlands School of Economics in Rotterdam in 1966.

Professor Scott’s current research is on cable television. He points out that despite the variety of services available via cable television, the industry has not realized its tremendous potential for growth into ever-expanding areas of communication. He discusses possible marketing strategy to increase penetration in the top 100 television markets in a study titled “Cable Television: Strategy for Penetrating Key Urban Markets,” published in 1976 as Business Report Number 58 by the Business School’s Division of Research. Another publication, entitled “Premium Entertainment in the Home Via Pay Cable Television” will be published as Business Report Number 61 by the Division of Research this spring.

Can Pluralism Survive? Asks McInally Lecturer

Can Pluralism Survive? was the question asked by Assar Lindbeck when he gave the 11th annual McInally Lecture April 18th in Hale auditorium. His talk considered agglomerations of social power and the prospects for individual freedom.

Lindbeck is professor of international economics at the University of Stockholm and Director of the Institute for International Economic Studies. His research centers around economic theory, particularly macro theory and monetary theory. He has published extensively. His books include A Study in Monetary Analysis; The Economics of the Agricultural Sector; The Political Economy of the New Left; and Swedish Economic Policy (all in English) and Rent Control and the Housing Market (in Swedish).

Currently, Professor Lindbeck is doing research on international macro theory and stabilization policy and income redistribution theory and policy.

Lindbeck is a member of the Swedish government’s Research Advisory Board and Economic Planning Council. He is also a member of a group chaired by Paul McCracken and formed under the auspices of the Organization for Economic Cooperation and Development to consider the possibilities of non-inflationary growth for the world economy.

He is a member of the Committee for Prize in Economic Science in Memory of Alfred Nobel; of the Royal Academy of Sciences; and an honorary member of the American Economic Association.

Last year’s William K. McInally Memorial Lecture was presented by Dr. Andrew Brimmer, member of the Board of Governors of the Federal Reserve System. 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, and attorney F. Lee Bailey.

MBA Magazine B School Ratings Put Michigan High on the List

The University of Michigan Business School was rated among the best business schools in the country in the annual survey conducted by MBA Magazine. Michigan was rated the highest of all state universities.

The rating by deans of accredited graduate schools of business administration placed the employment value of a U-M MBA degree among the top five in the country, along with Harvard, Stanford, Chicago and Wharton. The deans also rated Michigan’s executive programs as being among the top four in the nation, along with Harvard, Stanford, and Chicago.

In compiling the ratings, MBA Magazine queried two populations: the deans of the 123 graduate schools of business accredited at the master’s level, and the magazine’s own 160,000 readers. All were asked to list the five institutions, in descending order, which they believed were best academically on the master’s level, then the five that offered the MBA degrees that were most attractive in the job market.

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some appreciation for these dimensions of management. This has caused us in Business Policy to add at least one ‘living case’ to the course each term.”

The “Living Case”

Case method in the business policy class puts the student in an unstructured managerial situation, and it’s up to the student to establish priorities and to look at the company in a cross-functional way. After the students (all of whom are last semester MBA students) have spent nearly the whole semester working with written cases, they are given material on a particular company: its history, annual reports, perhaps a case study, and allowed two weeks to prepare a formal, oral report to be given to the chief executive officer or officers of the company, outlining the priority problems facing the firm and making specific recommendations. On “presentation day” the senior executive officer or officers of the company come to hear the presentations and to participate in an informal session held afterward at a local restaurant with as many as 40 or 50 students in attendance.

“Part of the enjoyment of the living case,” says Hall, “is the feeling it gives students for the human side of the enterprise. For example, the chairman of the Vlasic Pickle company — the largest producer of pickles in the U.S. — shared one method he uses to test the quality of his product — his wife buys a jar of Vlasic pickles at the local supermarket once a week and the family eats them!

One of the criticisms of “real world” learning is that it might not be any different from just doing a job. People might become so caught up in the experience itself that they forget to learn from it. White tries to avoid this in his class. “The difference between real world experience in school and just doing a job,” he says, “should consist of explicit examination of the assumptions and model on which you’re operating as well as specific efforts to learn from your experience, to reflect on it, and to change what you’re doing and try it out again.” He has required his students to keep a “process diary” during the consultation period. The diary is expected to contain the student’s own experiences as a consultant along with the student’s hypotheses about problems and conditions in the organization and their causes, as well as survey data, facts and observations which support those hypotheses. But White has found that students, when they have a choice between thinking and doing, tend to opt for doing. So along with the process diary, he sets up sessions to ask specifically “What are we learning from what we’re doing?”

Merten believes that part of the teacher’s job is to minimize the culture shock a student may experience when he or she enters the real world. “Your boss, or the people you work with may not be willing to tell you if you are not doing a good job,” he says, “whereas we have a commitment to teach, and therefore to help students correct mistakes. It’s better to be exposed to the uncertainties of the real world in a controlled environment. It may affect your grade, but I would rather a student get a C in a project then be branded in some negative way on the first job.”

The amount of effort required to teach these courses is rewarded, say the professors, by the amount of motivation and commitment unleashed in students when there is a real organization with real people waiting for their analyses or recommendations. “If a student is wrong in a case situation,” says White, “There are no consequences, but if a company we’ve been studying says to a student team, ‘you’re right — you’ve understood us,’ it’s a confirmation of their learning more than any case situation could ever be.”

And what about the companies? What do they get out of this? Almost without exception say all four professors, participating companies enter the relationship with the feeling “this is something I’m going to do for the University of Michigan, because I believe in management education, and students have to be given access to the real world.” If one of the student teams comes up with an idea that is of benefit to the company, that is an added bonus, but that is not the reason companies cooperate. They are never promised anything, and they have no say in the final grade that students receive. But there is another major reason companies participate, say the professors, and that is the enjoyment of relating to the students — to see what they are thinking about — to be able to meet with them formally and informally. One company man said, “Having a fresh, unbiased and unhehlden point of view is worth all the time that we put into the project.” The president of a steel company who spent a day interacting with the students perhaps said it even better: “That was the most exciting day I have spent in the past ten years.”

**REAL WORLD AMBIGUITY**

White: I find MBA students in the fourth term terribly uncomfortable with the ambiguity, the lack of structure in the real world. Personnel executives have told me that management wants to be able to say to an MBA employee: “I think there’s a problem over in this part of the company. I’m not sure, but I think there is. Would you investigate, define the problem, develop some alternatives, make a recommendation on what I ought to do, and then go and implement it after I’ve decided?”

But the personnel people tell me that students from any school don’t seem to develop that kind of expertise. They are typically looking for more direction than they can be given on the first job. Real world courses, I think, help develop that kind of expertise.
Among Ourselves
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and finally, those five institutions with the best non-degree management programs for working executives.

Based on the responses, the magazine compiled a “Top Ten” list of graduate business schools in each of the three categories — as rated by the deans, and as rated by the readers. Michigan ranked in the top ten in all six categories, the only public university so rated. This is significant inasmuch as the expressed objective of Michigan’s Business School is well-balanced strength in all areas.

Both deans and readers placed Michigan among the top six business schools in the nation in academic quality, along with five private business schools — Stanford, Harvard, Chicago, Wharton and MIT (Sloan).

European Alumni of U-M Business School
Form Alumni Association

A European Club of Michigan Business School graduates is being formed, with coordinators in nine countries to organize occasional alumni gatherings in each area, and to serve as an information source for prospective students from the country who would like to speak with an alumnus of the School.

The European Alumni Association has two major objectives: 1) to develop contacts between the School and its alumni and to reinforce contacts between alumni living in different European countries and 2) to promote the Michigan Graduate School of Business Administration in Europe.

At the initiative of students from Europe in the School, a questionnaire was sent last fall to about 740 alumni to test their feelings about such an organization. The response (75%) was very enthusiastic even from people who graduated twenty years ago.

Based upon the results of this questionnaire and under the coordination of Herbert W. Hildebrandt, professor of business administration and director of alumni relations, the Association was formed, a directory edited, and coordinators selected.

European alumni who have not received a directory are asked to get in touch with the coordinators in your country or to write Professor Hildebrandt. Coordinators include: Belgium — W. S. Burger, 13 Avenue Thiriar B6, 1020 Brussels; and Jan Sustronck, Hugo Verrieststraat 26, 8550 Sewegeen; England — Richard P. Parry, 179 Tennal Rd., Harborne, Birmingham 32; France — Patrick Brissiaud, 4 Bts Rue Pasteur, 92100 Boulogne; Greece — Petros Pappas, Adamantio Korai 19, Neu Smirni, Athens; Italy — Antonio Vanoli, 110 Corso V. Emanuele, 80121 Naples; The Netherlands — Frank Verveld, Thysselaa 1, Blumendaal; Spain — John D. Finerty, Avenida de Burgos 20, Torre II, 1º5, Madrid 33; Sweden — Karl G. Ohrner, O. Bomsterg 7, 26400 Klippan; Switzerland — Christian Muggli, ZShweg 18, 8712 Staefa; West Germany — Thomas A. Lundahl, Ronstr 7, 69 Heidelberg-Nevenheim.