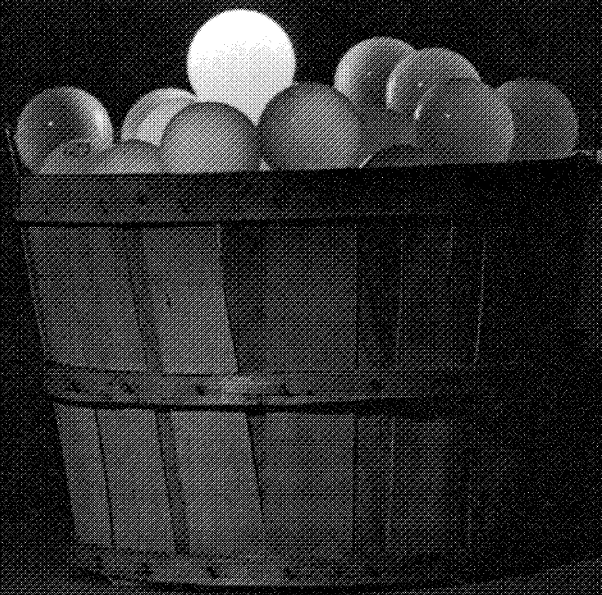


# Dividend

*The Magazine of the Graduate School of Business Administration • University of Michigan • Fall, 1980*



*How to Get a Good Idea*

# Dividend

Vol. XII, No. 1

Fall, 1980

## What Have We Done for You Lately? 2

Dividend interviews Frank Wilhelme, new director of alumni relations, about his plans for the alumni office and some of the new activities of the office.

## Inflation: The Economic, Social, and Political Challenge by Harold Shapiro 5

The president of The University of Michigan, who is also a distinguished economist, proposes an unconventional framework for thinking about the basic cause and potential cures for the problem of inflation.

## Worthy Questions 7

The first in our series of profiles about faculty research. This one deals with the work of W. Allen Spivey on the question of capital formation—what encourages it, what makes it decline?

## New Endowed Professorship Established at School 8

The Isadore and Leon Winkelman Professorship of Retail Marketing has been established at the Business School, with Claude R. Martin, Jr. as the first holder of the Winkelman chair.

## How to Get a Good Idea 10

Idea generating techniques are discussed here, and information given on how the techniques can be applied to develop new product ideas.

## Money Makes the World Go 'Round 16

Pictures and a story about the meeting of the School's Development Advisory Board, and a presentation they heard on the School's development program given by a student team from an advanced marketing seminar.

## Among Ourselves 20

## "Like it or not, we will be 'A Michigan Person'" 27

The first annual student pledge meeting was a big success, and resulted in pledges of more than \$33,000 over the next five years.

## Class Notes 28

## Cover Photo by Virginia Geren

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## What Have

**T**he Alumni Office of the Business School has entered a period of heightened activity designed to strengthen the connections between the School and its alumni. A major step toward achieving this goal was the hiring of Frank Wilhelme as full time Director of Alumni Relations and of the Business School Fund. Frank joined the staff last March from the Historical Society of Michigan, where he had been executive director for eight years. The other day, *Dividend* talked briefly with Frank about his plans for the alumni office.

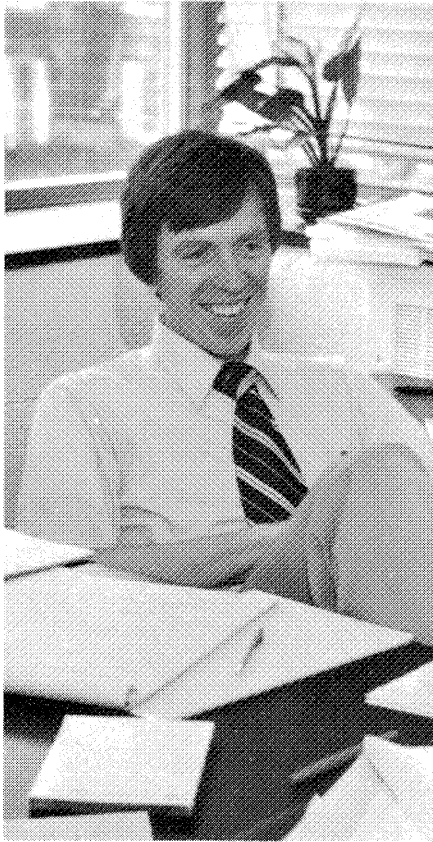
**Q.** What do you see as the primary service your office can perform for the alumni?

**A.** Communication. There is a need not only for us to be in touch with alumni, but also for a mechanism by which alumni can communicate with each other, and use this office for help if they want to. To improve our communication, we have been setting up a variety of programs.

**Q.** For example?

**A.** We have just finished sending out an alumni census to all our alumni, and at the same time have installed a computer terminal that gives us access to the University's alumni data base. Our alumni relations secretary, Vicki Oppenheim, is working now on tabulating the census returns and entering them into the computer. When she has finished this, we will have updated records so that we can be an effective clearing house. We will be more able to assist alumni in locating members of their class, and be capable of generating lists of alumni quickly by class or by geographical area.

# We Done for You Lately?



Frank Wilhelme

Q. What new programs do we have to improve communication between the School and the alumni?

A. We are holding a series of receptions and open houses around the country. The one in Ann Arbor was attended by more than 175 people. There were receptions in London and in Paris over the summer, and this fall we are planning a series of receptions in different cities, some of them in conjunction with management education seminars on internal control being held by the School. The cities include Detroit, St. Louis, Los

Angeles, Chicago, Houston and New York. The receptions will give alumni a chance to meet our new Dean and to meet each other in a geographical area. We also held an open house at the School on Homecoming Weekend to welcome alumni here for that event. More than 400 attended. We are expecting to sponsor more social activities for the alumni, since the ones we have planned so far have been so well received.

Q. What about communication between your office and current students? After all, students are the alumni of the future.

A. There was a very successful student-alumni forum in September. We invited people who had graduated in the past three years to come back and talk about their experiences in their first job. Three or four alumni represented each of five fields—marketing, accounting, finance, banking, and consulting. Students could attend whichever of the groups appealed to them. The Forum was a cooperative project of the Finance Club, OBIR Club, Marketing Club, and our office.

Q. And were these question and answer sessions, or what?

A. Each graduate spoke briefly about what tools they found to be most effective in their job search; whether or not their first job was what they expected it to be; and how effective the curriculum available at Michigan proved to be. After these comments, students could ask questions.

Q. We keep talking about “the alumni.” How do you define an alumnus of the Business School?

A. Basically, anyone who has completed a semester of study at the Business School is considered an alumnus. We are also conferring alumni status on any graduate of a program of four or more weeks sponsored by the Division of Management Education. These people will all receive *Dividend*, and will have an opportunity to participate in our alumni programs.

Q. What about fund raising from the alumni? Is that also part of your job?

A. Yes, I am in charge of the alumni fund. We are doing a direct mail appeal for funds, as well as a phonathon in the Chicago area, the first one of those we have ever tried. We are also doing a special solicitation within one company—the Dow Chemical Corporation—and we hope to get more of those going. We want to increase the percentage of alumni support for the School, and to meet our goal for alumni participation, which this year is \$150,000.

Q. Have you any plans for an alumni college? Or some other program that the School would sponsor especially for alumni?

A. I want to study what other business schools are doing, and see what they are finding successful. We want to provide opportunities for alumni to have meaningful contact with the School; ways for them to sharpen their skills and bring themselves up to date in their areas through programs sponsored by the School. But I am still studying ways to do this effectively, and would be interested in suggestions from alumni as to what they would like to see done.

# INFLATION: *The Economic, Social,*

There is a new and unusual concern in contemporary America. For the first time since the Great Depression, there is a growing lack of confidence in the capacity of our economic system to deal effectively with its multiple responsibilities. There is a growing concern that we will not be able to develop solutions to our lagging productivity, to our continuing inflation, to our energy "problem," or to a host of other "economic" issues currently outstanding on the national agenda. Issues such as unemployment (particularly of young people and minorities), environmental decay, economic security, and the role of government in "guiding" our economic destiny.

This concern may be part of a broader current in contemporary social thought here in America that calls into question the whole idea of progress that has been one of the foundations of our self-consciousness since the founding of the republic. On the other hand, it may also reflect the fact that U.S. dominance in world economic affairs is declining. To put the matter another way, the economies of our chief trading partners have, by and large, been growing faster than our own. This latter development has, of course, both political and economic impacts. It implies, for example, that if we wish to maintain our "dominance" in world political and economic affairs we will have to devote an increasing proportion of our output to non-consumption uses.

It is important to remember, however, that despite current difficulties, there is no time in our history that the U.S. economy has grown any

faster—on the average—than in the decades since the Great Depression. The desire to return to an earlier "utopia" is, in the economic sense, therefore, mostly mythology. Clearly, however, something important has changed. For one thing, while the post World War II U.S. economy has been characterized by a much greater stability in output and employment than previously experienced, it is also characterized by a greater tendency toward persistent inflation. It is my judgment, however, that the most basic change relates primarily to our changing social agenda and to a political system which may be somewhat "out of sync," rather than fundamental changes in the economic system itself. I recognize that these

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*About the author:* Besides being president of The University of Michigan, Dr. Shapiro is also professor of economics and public policy. He has his master's and Ph.D. degrees in economics from Princeton University, and has written extensively on economic topics. With Saul H. Hymans, he is co-director of the Research Seminar in Quantitative Economics which issues a forecast of the U.S. economy three times a year. Much of his writing has been on the performance and evaluation of econometric models and on various aspects of macro-economic model building. This article is based on speeches he gave at the commencement exercises of The University of Michigan—Dearborn and at Michigan Technological University.

issues are difficult to carefully separate, as economic, political, and social institutions are mutually inter-related in important ways. Nevertheless, some useful distinctions can be drawn, and I will attempt to illustrate this through an analysis of one of our current "economic" challenges—the issue of continuing inflation.

As a subject of inquiry, inflation like religion is both old and new, both clear and mysterious. It has been extensively studied and puzzled over since ancient times (since money was invented), but it seems to remain—with all its mystery—near the top of our list of economic concerns and puzzles.

## **An Approach to Understanding**

I would like to propose a rather unconventional framework for thinking about the basic cause and potential cures for the problem of inflation. I want to suggest that a continuing inflation, such as that which we have experienced over the last decade, is, at its heart, not simply an economic problem, but a political and social problem. That is, it relates more directly to our political system's response to various stimuli within a framework of a changing social agenda than to an unresolved deficiency in our economic system.

Although it is clear that a persistent inflation can only be sustained in an economic environment characterized by a continuous series of Federal budget deficits financed through monetary expansion, or the "printing of money," it is only at a *symptomatic*

# and Political Challenge

By Harold T. Shapiro

President, The University of Michigan

level that the phenomenon of inflation is a matter of “too much money chasing too few goods.” Further, our *continuing* inflation cannot be blamed on OPEC oil prices, harvest failures, domestic oil cartels, or labor unions. These factors have their impact to be sure, but their impact is, by and large, relatively short-lived and they cannot serve as an adequate explanation for a sustained inflation covering a half-decade or longer. If we want to understand the basic underlying causes of inflation, we must ask ourselves why it is that our government has persisted, through democratic and republican administrations alike, to make the *political choice* of continuing to run large budgetary deficits and to finance these by increasing, in one way or another, the supply of money.<sup>1</sup>

It is my thesis that such inflationary policies are not thrust upon society by an unknowing government. Rather, they represent the response of government to the political pressure exerted by constituents who want, no matter what the difficult circumstances, ever-increasing benefits (direct or indirect) from the Federal government, but are unwilling to tolerate

commensurate increases in taxes. It also represents the understandable desire of legislators to avoid the short-run economic dislocation costs of increased unemployment that a turn to a less inflationary policy might imply. To understand how we have arrived at this state of affairs, it is important to appreciate some of the critical changes that have taken place in our society over the decades since World War II. Particularly important, in this respect, is the change in our collective attitudes regarding the role of the Federal government in assuring our individual and collective economic security.

Perhaps the most important change that has taken place in our economic system since the end of World War II has been a dramatically altered view of the economic function of the Federal government. The Federal government is now called upon to upgrade and protect the economic interests of *all* groups. We have become an economy of innumerable bargaining blocks, each one of which, no matter how small, has learned to use our system in order to delay or block any matter not in their own interests. At the political level, party discipline has collapsed and our capacity to select and act on national priorities has become impaired. We stall each other's initiatives and seem to have lost much of our essential capacity for meaningful compromise. It is not that we cannot identify solutions to certain national problems. The problem is that we have lost our capacity to adopt any solutions that may impose a sacrifice on some particular group.

The solution to any national problem of importance will require economic sacrifices from someone. If we are to remain a viable and progressive society, we must have a viable mechanism for making decisions regarding the appropriate distribution of such sacrifices. The national dilemma is that we seem to have lost some of our capacity to act effectively in this respect. Let me suggest some examples. If we want more investment, someone has to do the saving. Someone has to postpone consumption today to help us invest for tomorrow. If we want more productivity, someone has to work more effectively today to lay a better foundation for our future. If we wish to remain an effective military power in today's world, we must sacrifice certain other current benefits. The energy problem is another good example. To some extent we all believe in energy independence, but some group objects to every viable solution to this problem. As a result, we have, to date, been unable to fully adopt *any* of the possible paths to the accomplishment of this goal. Other examples are all around us.

How does this relate to the problem of inflation? When the Federal government is unable to mediate the various demands on the national treasury, it has a short-run, often short-sighted alternative—financing these options through monetary expansion. When the congress has finally expended all tax revenue and is unwilling or unable to expand the national debt, it can continue to

<sup>1</sup> To fully articulate the various ways the government could finance a budget deficit would require a detailed analysis of both the Treasury's operating position and the Federal Reserve's balance sheet. The most important methods of financing a deficit, however, are an increase in government debt held by the public and an increase in “high powered” money. Needless to say, the behavior of the commercial banking sector and the public will also help determine the monetary impact of any sequence of government budget positions.

“satisfy” constituents’ demands, at least in the short-run, by “printing money.”<sup>2</sup>

Thus, while no group in society explicitly demands more inflation *per se*, pressures for the government to pursue a more inflationary policy arise from the fact that there are always groups—those who are next in line for Federal support—who benefit from such a policy. That is, at any particular moment in time there are groups who will believe that financing certain government programs by “printing money” will work very much more to their advantage than either foregoing Federal support or being held responsible for tax increases. These groups may be defense contractors, college students, welfare recipients, conservationists, farmers—the list is almost endless.

It is a long tradition and an unfortunate failing of the economics profession that little of our effort is spent on analyzing the relationship between the political process and economic policy. The general outlook of economists is that the persistent application of “inappropriate” (i.e., inefficient) policies (e.g., tariffs) is explained by the personal failings of those in charge of public policy. The possibility that these policies may very well be serving the vital interests of those in power or their constituents (i.e., is a rational strategy in an environment of scarcity) is scarcely given a second reading. Inflation, especially continuing inflation, *is* a policy and it does serve the perceived interests, at least in the short-run, of some groups. It is only by recognizing this aspect of the issue that we can come to a better understanding of the source of continuing inflation and its cure.

At any moment in time, the government must balance the pressures for an inflationary budget policy against the benefit of a less inflationary economic policy. That is, our representatives must try to find the appropriate balance or trade-off between the short-run political and economic dislocation costs of an

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<sup>2</sup> In this context, I use the phrase “printing money” to cover all those actions that lead from a budgetary deficit to an expansion of the money supply.

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*“Unfortunately, if we add up all these ‘fair shares,’ it much more than exhausts the total available.”*

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anti-inflationary policy and the adverse effects of a policy leading to a sustained inflation. The appropriate balance will be very much affected by the particular institutional structure within which the economy is embedded. There would, for example, be critical differences between this calculus in the United States versus Japan or Germany. These cross cultural differences stem, in large part, from the basic differences in the way the economy’s key institutions are organized. In addition, however, the nature of this balance will depend on the complexity of the political negotiations required to ratify an alternative non-inflationary solution such as an increase in taxes.

Thus, inflation is embedded in the United States’ economic and political system in a complicated way. It relates not only to such economic acts as the setting of wages and prices and the existing structure of key economic institutions, but also to a wide spectrum of additional socio-economic considerations that are currently facing society. Further, a sustained inflation cannot be overcome at zero costs. As we move to a less inflationary economic environment, there will be unpleasant side effects (e.g., slower growth) in the short-run. The costs of these side effects must be balanced against the impact of a continuing, or even accelerating inflation. Once again, the nature and severity of these side effects will be very dependent on the structure of existing economic institutions and markets. For example, if prices do not respond quickly to fluctuations in aggregate demand (as seems to be increasingly the case in the United States), the adjustments

and side effects of a more to a less inflationary policy will be more difficult. This undoubtedly explains, in part, the greater tendency of the contemporary U.S. economy toward a persistent inflation.

In the end, sustained inflation does not work. Its effects are temporary—as they are eliminated in the next round of the wage-price spiral; and, in the meantime, considerable long-run damage may have been done. The solution then, in my opinion, is to encourage our public officials to look beyond the immediate pressures facing them and begin to confront the underlying problems and conflicts that create them. Further, we, the electorate, must face up to the implications of our own demands.

The major underlying conflict is over the claims of different groups in society to what they believe to be their fair share of the national income. Unfortunately, if we add up all these “fair shares,” it much more than exhausts the total available. It is, therefore, the mediation of society’s expectations regarding appropriate efforts, rewards, and sacrifices that we must somehow come to grips with. This relates not only to the distribution of efforts and rewards among the current work force, but how we wish to provide for ourselves versus future generations. A lot is at stake.

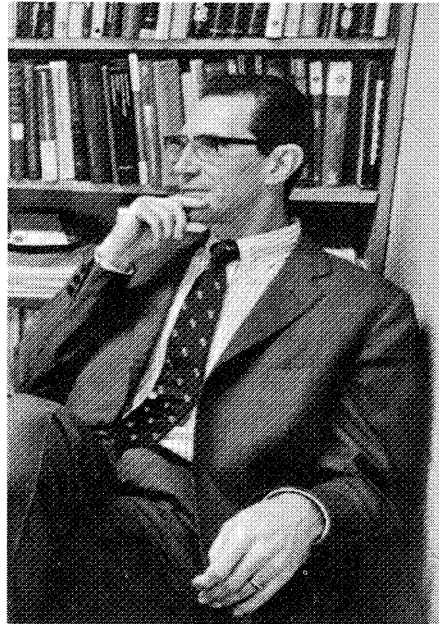
Although the acceleration of and persistence of inflation in the contemporary U.S. economy is largely the result of greater monetary expansion, it cannot be explained solely on this basis. Two other factors are, in my judgment, also quite important. First, and most important, is the puzzling slowdown in the growth of labor productivity. Second are the series of “supply shocks” (e.g., OPEC oil price increases, harvest failure) which have not only been destabilizing, but have certainly increased the difficulty of maintaining a non-inflationary policy. A careful and balanced evaluation of the evidence, however, points to the financing of government deficit through monetary expansion as the chief concern of our persistent inflation.

# Worthy Questions

This begins a series of brief profiles about various interesting research projects being carried on by the faculty. The subject this month is the work being done by Allen Spivey, C. E. Griffin Distinguished Professor of Business Administration and professor of statistics, on capital formation. "Capital formation," says Spivey, "is probably one of the most important of contemporary problems. Healthy rates of capital formation are associated with increasing productivity, with employment and real income growth, and with other desirable characteristics. Capital formation, however, is lagging now in the United States in comparison to our previous performance and also in comparison to the current performance of most of the western European nations.

"Some politicians and others believe that greater capital formation will come from investment tax credits and other government activities; others believe that the best way to higher rates of capital formation is for governments to reduce their participation in economic life, particularly by reducing taxes and government regulation. While these matters can be examined and controverted theoretically, a more interesting question is how to obtain deeper insights into this problem by looking at a real economic system.

"An interesting possibility for study is afforded by France. About three years ago, Raymond Barre, a well-known economist, was made prime minister there, and he immediately announced a series of measures aimed at introducing more freedom into the French economy. He removed price controls on industrial goods, then on consumer goods (including petroleum products), and he sharply reduced subsidies on inefficient industries. In one move about eight months ago, Barre did away with about 40,000



*Allen Spivey*

restrictions on businesses in France. Moreover, all of this was done in an economic system in which price controls had been in existence since the end of World War II and in which there is a long history of government intervention in the economy that predates the French revolution.

"In other words, France offers a kind of laboratory where one can study, at least in a broad brush fashion, how these movements towards greater freedom in the private sector have influenced capital formation."

Under a research grant from the Olin Foundation, Spivey spent three months in France, mostly in Paris. Much of the material needed to examine these questions was not available in the United States, but could be obtained in France. He collected a good deal of information from government documents, from articles in French economic journals and in government and university publications, and from publications

of the Organization for Economic Cooperation and Development, the European Economic Community, and the Bank of France.

In addition he met with a wide variety of people in government—including the French equivalent of the chairman of the Council of Economic Advisors—in universities, in private research organizations, and with staff members of the National Institute of Statistical and Economic Studies. He also met with French businessmen and persons in the labor movement. Spivey's previous visits to France, the most recent of which was a sabbatical leave last year which he spent in Paris and Fontainebleau, were helpful to him in developing the necessary contacts.

Spivey's principal interest is in statistical modeling, time series analysis, and forecasting. These subjects will continue to occupy most of his time, but he decided to work on the capital formation study as a change of pace from his theoretical work and to help him keep in touch with policy issues.

He has already written one paper based on his summer's experience. This will appear in a volume on the Political Economy of France which will be published by the American Enterprise Institute for Public Policy Research in Washington just after the first of the year. He is also planning a short monograph on his findings, which will include statistical analyses of data and comparisons of France with other western European nations and the U.S. "Although," he says, "the increases in oil prices and other energy-related dislocations greatly increase the complexities of analyzing and interpreting the data, investigations up to this point show that some of the changes brought about by Prime Minister Barre have had a favorable effect on capital formation in France."

# New Endowed Professorship Established at B School

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## *Chair of Retail Marketing Honors Founders of Winkelman's*

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The Isadore and Leon Winkelman Professorship of Retail Marketing has been established at the Business School to honor the founders of Winkelman Stores, Inc., a group of 86 specialty stores in Michigan, Ohio, and Illinois. The professorship was made possible by contributions from the Winkelman Brothers Apparel Foundation, Inc., the Leon and Isadore Winkelman families, and the officers, directors, and friends of Winkelman Stores, Inc.

The first holder of the Winkelman Professorship is Claude R. Martin, Jr., specialist in marketing and retailing who has been a Business School faculty member since 1965.

Announcing the gift, Stanley Winkelman said: "We are very pleased to establish this chair in retail marketing as a most fitting memorial to the founders of Winkelman's who were leaders in our industry and a credit to their profession."

U-M President Harold T. Shapiro said: "The establishment of the Isadore and Leon Winkelman Professorship of Retail Marketing is a significant development for Michigan and its Business School. It demonstrates a reinvigoration of the University's partnership with our friends beyond the campus.

"We think that the Winkelman Professorship, in addition to adding to the Business School's own distinction, will provide still another

instrument for creative interaction between the University and other important components of the broader society. Once again, we are grateful for the leadership shown by Stanley Winkelman, his business associates and members of the Winkelman families. The future distinction of The University of Michigan depends, in part, on the strength and vitality of our partnership with the entire community. We are very grateful for this new opportunity to enhance our programs.

"The Winkelman Professorship will be the School of Business Administration's fifth endowed chair, linking the family name with those of Donald C. Cook, Sebastian S. Kresge, Fred M. Taylor, and Arthur Young."

Stanley Winkelman, who was responsible for spearheading the effort to establish the chair, is a prominent civic leader and chairman of the board and chief executive officer of Winkelman's. He earned a bachelor of science degree from Michigan in 1943 before serving in the U.S. Navy as a lieutenant (j.g.) during World War II.

He is a member of the board and past chairman of New Detroit, Inc., and is chairman of the Metropolitan Fund. He is a board member of Detroit Renaissance, the Economic Growth Corporation of Detroit, the United Foundation executive com-

mittee, and the Jewish Welfare Federation. He is vice president of the National Retail Merchants Association and a member of many other community organizations.

Dean Gilbert R. Whitaker, Jr., noted: "The endowment of named professorships adds significantly to the quality and vitality of the teaching and research the Business School can offer. We are grateful to the Winkelman family and friends for their farsightedness and generosity in founding this distinguished professorship."

Winkelman's operates 86 stores located primarily in regional shopping centers in Michigan, Ohio, and Illinois. The firm was founded by two brothers from Manistique, Mich., Isadore (1901-1979) and Leon Winkelman (1895-1958), the father of Stanley Winkelman.

The company began in 1928 with a method of selling previously used only by exclusive shops. Rather than browsing through racks, each customer was shown several items of merchandise by a salesperson in the privacy of a fitting room. Leon and Isadore Winkelman attributed their success to fashion and prices which appealed to the broad group of middle income customers, and to the personalized service which was to become a Winkelman tradition.

From the beginning, their concept



was to develop a chain of stores in "suburbia," predating the concept of suburban shopping centers by a good 20 years. Winkelman's is today one of the largest specialty store retailers in the country.

The faculty member who will hold the Winkelman professorship at Michigan will be selected by the University through its usual processes. Holders of the professorship will normally be selected for a five-year renewable term.

The endowment will provide an annual stipend above the chair holder's base salary and an annual research expense fund which will be used to help support research activities held by the Winkelman Professor.

An advisory committee on retail marketing will be established to work with the Winkelman Professor in developing contacts for research, discussing current trends in retailing, and suggesting activities which promote student interest in careers in retailing.

When Leon Winkelman died in 1958, the Detroit News wrote that he had often said "Detroit was good to me." "Because he so believed," the News editorialized, "he repaid his Detroit neighbors with devotion of his fortune and his time to community betterment: As a board member of the Detroit Symphony, of the Society of Arts and Crafts, of the North End Community Clinic, of the Jewish Vocational Guidance Clinic and as an important member of the Temple Beth-El. In short, Leon Winkelman was the type of working citizen of which all cities, unfortunately, have too few."

Isadore Winkelman's retailing career began with his brother at their father's store in Manistique. A long-time friend and colleague described Isadore Winkelman as "one of a kind. He was a self-made man who, through hard work and dedication, became the head of a major corporation. He was the kindest individual I have ever known, always helping people in need without seeking any of the accolades."

He was a member of the board of directors of the Retail Merchants Association of Detroit, board of trustees and executive committee of Sinai Hospital of Detroit, and the



*Pictured at the President's Club meeting where the Winkelman Professorship was announced are (left to right), Claude R. Martin, Jr., first holder of the Winkelman Professorship; Stanley Winkelman, Chairman of Winkelman Stores, Inc., who spearheaded the effort to establish the chair; Harold Shapiro, president of The University of Michigan; and Gilbert R. Whitaker, Jr., Dean of the Business School.*

board of directors and vice president of the Jewish Home for the Aged, Detroit.

Prof. Martin has published extensively on a wide range of marketing and retailing topics. He has written on electronic funds transfer systems and their effects on shopping behavior, and is currently working on a study of marketing research commitment by major retailers.

He has investigated the consumer behavior of elderly Americans and is co-editor of "Current Issues and Research in Advertising," a national journal on advertising research.

He earned bachelor of science (1954) and master of business administration (1963) degrees from the University of Scranton, and a Ph.D. (1969) from Columbia University.

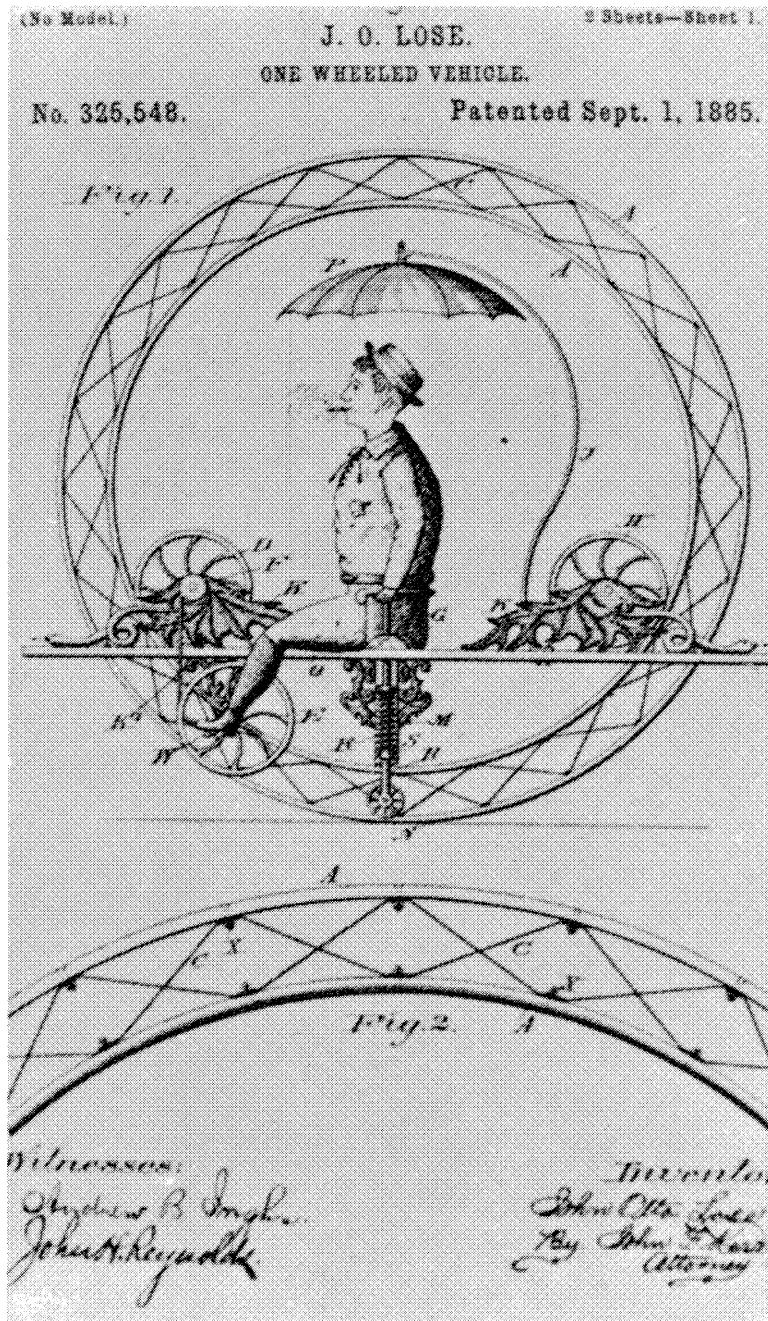
Martin was principal researcher for the Federal Reserve System on a comprehensive study of the potential for the Susan B. Anthony dollar coin, which correctly predicted the potential for the coin's failure. He is now the principal investigator and director of a research project commissioned by the Board of Governors of the Federal Reserve System to examine the U.S. currency.

For the past 10 years he has directed a study on telecommunications technology and its effect on the buying and selling of goods and services, including financial services.

*"The Winkelman Professorship, in addition to adding to the Business School's own distinction, will provide still another instrument for creative interaction between the University and other important components of the broader society."*

Harold Shapiro, President  
The University of Michigan

# How to Get a Good Idea



If you've had any good, new ideas lately, the chances are you don't know exactly how you got them, because the process of idea-generation is not well understood. However, since the creative idea is so basic to progress of any kind, the more we can know about how to get a good idea, the better. It was this that stimulated Merle Crawford, professor of marketing, and Philip Hendrix, assistant professor of marketing, to collect a list of available idea-generating techniques, along with information on how the techniques could be applied with respect to the development of new products.

In order to search out as many techniques as possible, Crawford and Hendrix used sources in psychology, education, engineering and sociology as well as the field of business. Results of their research were published by the Division of Research in a working paper, and the ideas presented here are adapted from that. Basically, they found that idea-generating techniques fall into five categories, which we will describe in a minute.

Product development has been a major interest of Professor Crawford's for many years. He was the charter president of the Product Development and Management Association in 1978, an organization formed to bring together the efforts of engineers, management scientists, industrial designers, marketers and all others interested in product development and management. The association is composed of professors at some 90 universities in seven countries, plus practitioner product developers from business firms. At the annual conference of the association Crawford chaired a panel session on "What is the Real New Product Failure Rate, and Why Do They Fail?" during which he presented his research findings on that subject. During his sabbatical leave last year,

he studied the idea evaluation function in small firms. A report on that research appeared this past summer in the *Journal of Small Business Management*.

We asked Crawford why there has been so little attention paid to the process of idea generation itself, since this process is obviously so vital in new product development? He explained that product developers are not generally exposed to all the many literature sources in which techniques of idea-generation are discussed, and commented that his search turned up some techniques that apparently have never appeared in product development literature and perhaps have never been used in industry at all. Also, he pointed out that firms are not necessarily eager to share with competitors information they may gather on the subject of idea-generation, nor are there any very good ways to evaluate the effectiveness of various idea-generating techniques. At any rate, the presentation of a full list of known techniques seemed to be a useful beginning in understanding more about the process of how to get a good idea.

As we mentioned before, idea-generating techniques as uncovered by Crawford and Hendrix seemed to fall into five general categories. Here they are:

#### *Category One: Attribute Analysis.*

This means looking at a product from a variety of perspectives and seeking improvements along each suggested avenue. Suppose you were trying to develop new products for a bicycle company. You might list every part of the bicycle, such as the wheel, the seat, etc., and then study each dimension, asking such questions as "Why is it this way?" "How could it be changed?" You could do the same thing listing the product's functions (i.e. the bicycle moves, holds, restrains, stops, etc.). Or you could do the same thing listing the benefits (i.e. the bicycle provides transportation, recreation, exercise, thrills, savings.) Etcetera.

*Category Two: Generic Need Assessment.* Emphasis here is on the user. What are the needs of the user

of the product? Are there any unmet needs that might be fulfilled by a new product? Answers to this question can provide inspiration. One technique for investigating this is simply to list all the basic needs in the general product category under study. Then the needs can be probed at length, phrased many different ways, compared and contrasted, etc. For example, a listing of every need conceivably related to bicycles might include transport, pride, security, accomplishment, adventure, etc. Or the focus can be primarily on needs currently unmet by the product. Consumer survey techniques can be used here.

#### *Category Three: Matrix Analysis.*

These techniques involve listing

variables associated with the product along two axes of a matrix. Where the two variables meet may give leads for new ideas. For instance, variables could include product features, product functions, benefits, the process of manufacture, the activity of the user, the type of user, etc. This can be extended into considering combinations of three or more variables at a time, but as the number of variables increases, a computer becomes necessary.

#### *Category Four: Scenario Analysis.*

A future setting is imagined, and implications of that setting for the product are explored. For example, one technique here would be to think of products which by their nature alter life-styles and institutions, and then see what implications this might have for the product under study. A sample question: How might condominium living affect non-motorized transportation such as bicycles?

#### *Category Five: Group Techniques.*

This category includes all the techniques that involve the collective efforts of several idea seekers at one time. The most well known of these techniques is brainstorming, in which a group is assigned a specific and tightly defined problem, and then "brainstorms" for ideas. Other techniques in this category include the "think tank" in which people in the group are drawn from diverse disciplines, and the "tear down" method, in which one member of a two member group suggests a solution to the problem at hand, and the other objects and offers a different solution. This same approach can be used in the "and also" method, where one participant suggests an idea and the other person adds to it.

Thirty-eight of the 56 techniques uncovered by Crawford and Hendrix could be classified under one of the above five categories, but eighteen remained that defied classification. These eighteen are described on the following pages. Each description is followed by a brief example of how the technique might be applied to develop new product ideas for a bicycle manufacturer.

## *Further Reading*

For a full bibliography including a reference on each of the techniques listed here, write to the Division of Research, Graduate School of Business Administration, University of Michigan, Ann Arbor, Mich. 48109, and ask for working paper #154 by Crawford and Hendrix. Listed here are a few of the books from that bibliography:

*Turn Your Ideas Into Money*  
by Donald Cantin, Hawthorne Books, Inc., New York, 1972

*Generating New Product Ideas,*  
The Conference Board, New York, 1972

*Lateral Thinking: Creativity Step by Step* by Edward DeBono, Harper and Row, New York, 1973

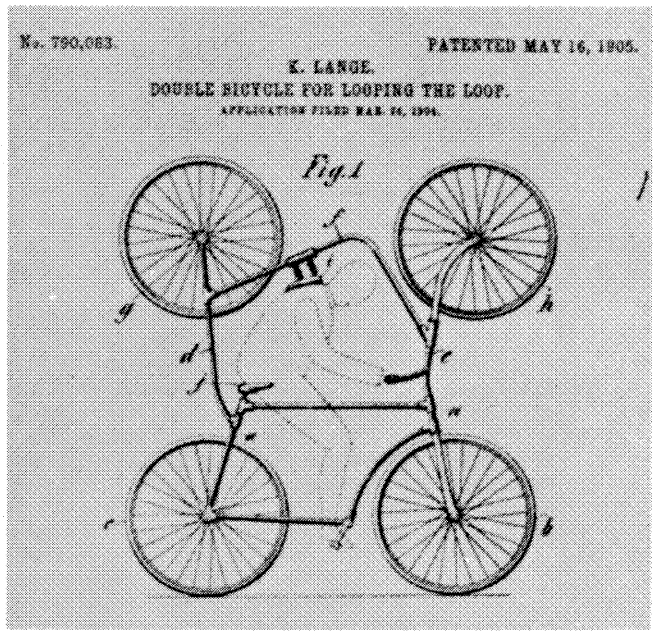
*How to Make More Money* by Marvin Small, Pocket Books, New York, 1959

*Stimulating Creativity* by Morris I. Stein, Academic Press, Harcourt Brace Jovanovich, 1974 (two volumes)

*Applied Imagination* by Alex F. Osborn, 3rd. ed., Charles Scribner's Sons, New York, 1963

# Some Ways to Get a Good Idea . . .

TECHNIQUE	APPLICATION	TECHNIQUE	APPLICATION
<p><b>CHECK-LISTS</b></p> <p>A given series of questions, phrases, or words serve as stimulants to idea generation. The investigator proceeds through the list item by item, recording any new product ideas as they arise. Check lists have been around for over 50 years and vary widely. Marvin Small offers a comprehensive one.</p>	<p>Using several items from one of the check-lists, the process might result in the following:</p> <ul style="list-style-type: none"> <li>Make larger?               <ul style="list-style-type: none"> <li>balloon tires</li> <li>large seat</li> </ul> </li> <li>Combine?               <ul style="list-style-type: none"> <li>side car</li> <li>partial motorized</li> </ul> </li> <li>Louder?               <ul style="list-style-type: none"> <li>safety horn.</li> </ul> </li> </ul>	<p><b>SYSTEMS OR WEAK LINK</b></p> <p>Products are generally used as parts of human activity systems. Examine each of these systems as separate entities, searching particularly for any weak links in the system. A new or improved product might strengthen that link.</p>	<p>A bicycle is used in systems of vocational rehabilitation. Study of these systems might reveal that physicians worry most about the heart beat rate at the start of exercise. To remedy this a special bicycle could be constructed with various body measuring devices attached.</p>
<p><b>CREATIVE STIMULI</b></p> <p>This technique involves three steps. First, one cites the Idea Subject (say, the bicycle). Second, the Tangible Goal (say, no risk of injury). One then calls on a series of some 278 controlled, semi-abstract, symbolic, artificial stimuli one at a time. The stimuli, developed by Donald Cantin, are designed to prompt possible solutions.</p>	<p>We might select for the bicycle a goal of safety. Cantin's first three stimuli are:</p> <ul style="list-style-type: none"> <li>Horizontal—               <ul style="list-style-type: none"> <li>perhaps a better bike stand</li> </ul> </li> <li>Guest Stars—               <ul style="list-style-type: none"> <li>educational promotion by endorsement</li> </ul> </li> <li>Interview—               <ul style="list-style-type: none"> <li>ask physicians to assist us.</li> </ul> </li> </ul>	<p><b>FORCED RELATIONSHIPS</b></p> <p>Falling short of the rapid-fire pace of Free Association, this technique uses the same basic concept—meaningful but unrelated situations are forced into a thorough comparison to the product under study. The hope is that unexpected analogs will be found. "Relate to the Unrelated" and "Surprise Analogs" are other names.</p>	<p>An unrelated situation might be painting a picture. Is there an analog? An artist tries to inject himself into this painting, to personalize it. Perhaps consumers might participate in a similar fashion in the specification of their bicycle—"design-a-bike."</p>
<p><b>FREE ASSOCIATION</b></p> <p>Words and phrases are selected at random and then asked rapid fire. The immediate word responses are intended to be more original and less conditioned. The stimuli may be drawn from such sources as a mail-order catalog, a newspaper or a dictionary. At times this technique has been called "Catalog" and "Pick-a-Noun."</p>	<p>Using free association, the following stimuli and responses might result:</p> <ul style="list-style-type: none"> <li>Fan—a wind powered bicycle</li> <li>Legal—a "police" bicycle for kids.</li> </ul>		
<p><b>STIMULATING ENVIRONMENTS</b></p> <p>Some environments are more stimulating creatively than others. Thus an idea seeker is supposed to seek out concert halls, galleries, isolated mountain cottages, an open meadow and avoid congested distractive environments.</p>	<p>The idea seeker might spend a weekend out in the country where he would utilize additional idea generating techniques.</p>		



TECHNIQUE

APPLICATION

THE BIG WINNER

Big Winners may be products, politicians, institutions, athletic teams, or whatever. On the premise that big winners are "in tune" with the public needs, the times, the mood, etc., it pays to study them to see if anything is relevant to the product under study. A leading consulting firm uses the technique (they call it Transfer Concept) based on their study of the twenty all-time best selling new packaged goods.

Some recent Big Winners were the designer jeans, the condominium, and the SLR camera. Exploring their elements of success might suggest possibilities for the bicycle.

INTERNATIONAL PLAGIARISM

Also called Geographical Inventory, this method simply says look around the world for new products that no one in your country has thought of yet. Of course, modifications may be necessary. One advantage to this technique, however, is that some idea of acceptability is also obtained.

Bicycles are very popular in Europe; surely American manufacturers visit there periodically to see the latest creations. American pharmaceutical manufacturers have full-time researchers living in Europe, carefully monitoring all developmental activities there.

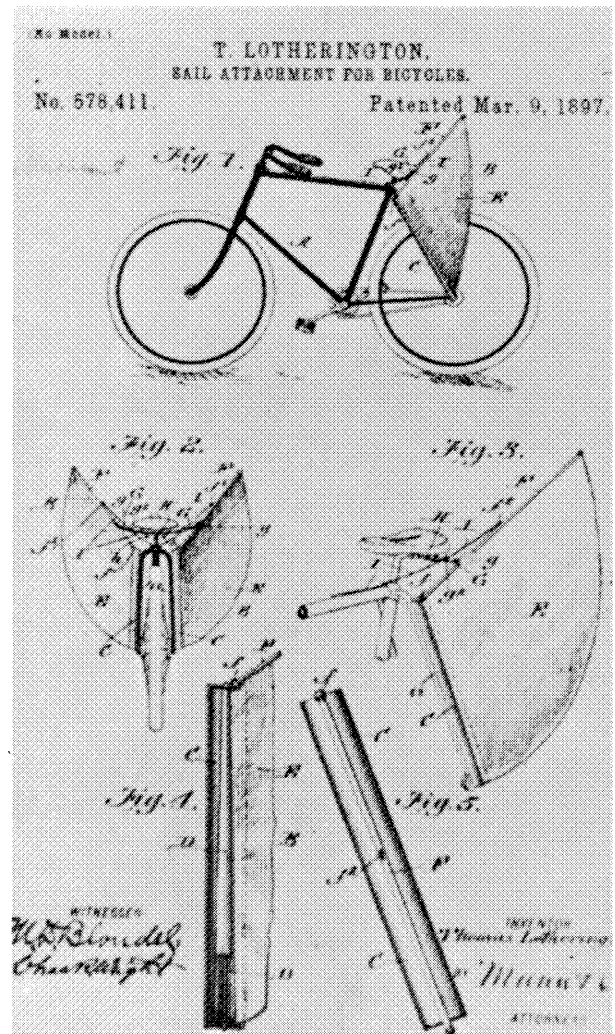
WEAKNESSES

Consists of studying one's own products and listing every conceivable weakness they have. The list is then studied for incidence of concern (as to competitive opportunities) and improvements are scheduled accordingly. This is actually more of a defensive technique and is best used to identify needed product improvements. Line extensions and flanker products often result from this analysis too.

Analysis might reveal that our line of bicycles has single and ten-speed models, but nothing for the twelve-year-old girl who wants a "speed" bike but can't handle a ten-speed. Or, that our top quality bicycles are using materials or structural forms which have become obsolete.

TECHNIQUE

APPLICATION

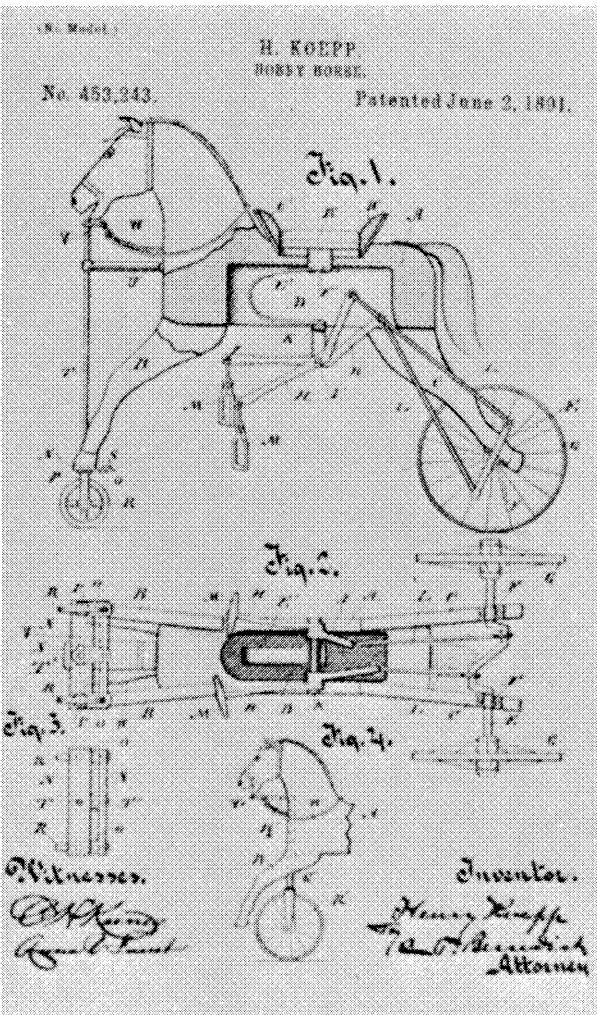


ACHILLES' HEEL

The "Weaknesses" method calls for identifying all weaknesses a product or product line has. One can instead focus only on the weakness so serious as to offer competition a basis for a major thrust. What, if anything, about our product is such that a competitive move would cut our share by half or more?

Some say American bicycle firms missed their Achilles' Heel by not recognizing just how great a threat light weight bicycles posed. The rejection of early "English racers" probably increased the ultimate share of U.S. market held by foreign firms.

# Some Ways to Get a Good Idea . . .

TECHNIQUE	APPLICATION	TECHNIQUE	APPLICATION
<p><b>ANALOG</b> Two situations which have something very basic in common can yield new ideas if one studies those aspects which are not in common. For instance, a kitchen table manufacturer studied airline feeding as an analog to home feedings. The analog is a major one deliberately sought and extensively studied (other techniques strive to discover unintended or unexpected analogs). Called Bionics if analog is nature.</p> 	<p>Bicycling has very much in common with automobile driving—steering, moving, etc. But the auto carries more passengers, has four wheels for stability, variable power, built-in communications, etc. Each difference suggests a new product, a couple of which are already available.</p>	<p><b>SURVEY</b> Ideas for new products can also be obtained directly from consumers, employees, distributors, etc. To clarify, this method seeks product ideas directly, whereas need assessment methods seek problems or needs from which products can then be devised.</p> <p><b>LATERAL THINKING</b> Also called Disparate Thinking, Zig-Zag and Divergent Thinking, this approach involves challenging all of the givens and assumptions and avoiding logical thought patterns. Be wildly inductive. A top proponent of this method claims that it was used to solve the problem of theft of light bulbs in Boston subways: light bulbs were made which screwed in counterclockwise.</p> <p><b>STEREOTYPE'S SOLUTION</b> Ask yourself "How would . . . do it? and fill in the blank with any of the standard stereotypes—a professor, a minister, a policeman, a Scot, or whatever comes to mind. Suggests alternative perspectives.</p> <p><b>THEORETICAL LIMITS TEST</b> Take any situation or device and push any of its dimensions to the extreme and explore the consequences. Engineers have long used this method in the lab. So can product developers to generate new product ideas.</p>	<p>Employees could participate in an incentive program in which they benefit from offering original new product items.</p> <p>A bicyclist typically sits on the top of his bike, riding forward, leaning on his handle bars, pumping the pedals, etc. Visualize a bicycle being ridden with each of these givens substantially altered.</p> <p>A minister and a bicycle—how about a way to prop up a map or guide in front of the cyclist? A senator—loudspeaker, pedal both ways?</p> <p>Bike tires thinner and thinner—maybe disposable ones will be necessary. If the seat gets smaller and smaller, why have one at all?</p>

TECHNIQUE

APPLICATION



CROSSFIELD SCIENTIFIC COMPILATIONS

As science becomes steadily more complex, its parts become increasingly isolated. If a firm's work is primarily in one area, say chemistry, it should monitor developments in other fields, say physics, biology, etc. New applications may be found by the firm's scientists even when those in the other fields are entirely unsuspecting.

Researchers employed by a bicycle manufacturer might gain from monitoring physiology, where perhaps new understanding of muscular power transfer is developing; or physics, where principles of centrifugal force may suggest substitutes for spokes.

TECHNIQUE

APPLICATION

TECHNOLOGICAL INNOVATION FOLLOW-ONS

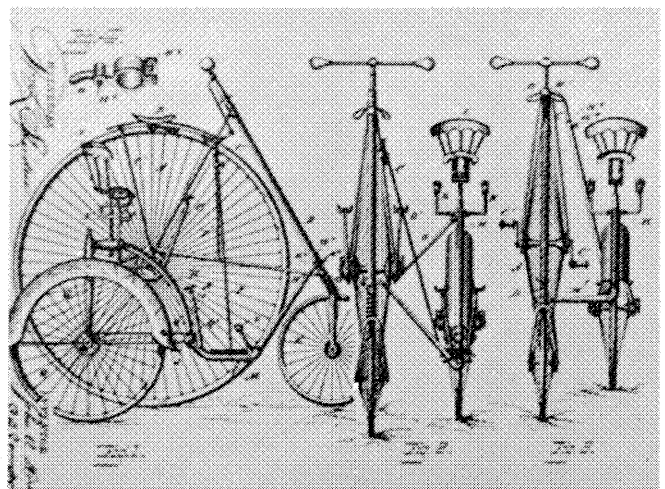
Much technological forecasting attempts to predict where various truly significant breakthroughs will come about and uses several of the techniques discussed earlier. But here, the innovations provide a starting point. The idea seeker explores the implications of the breakthrough.

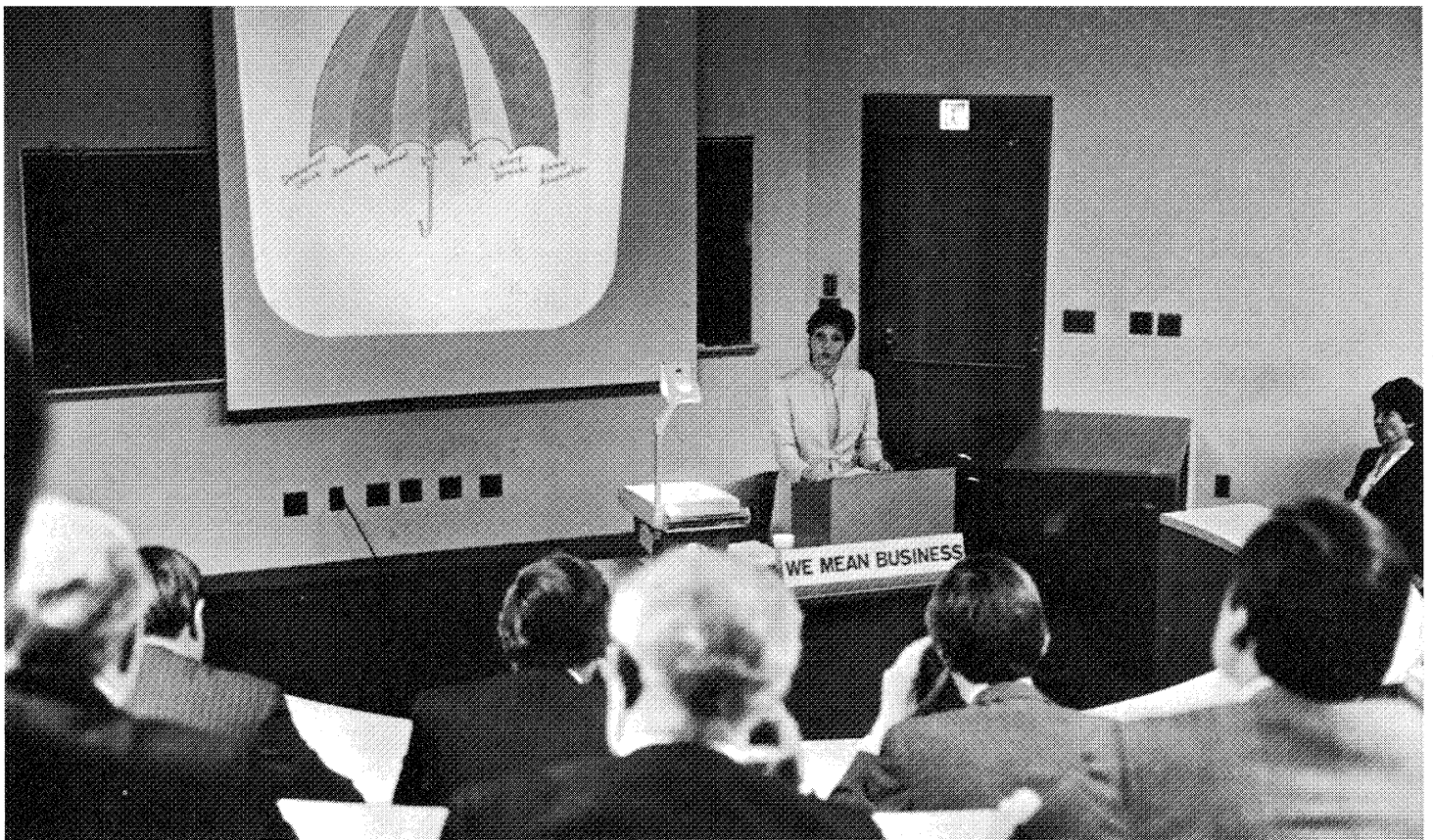
Some day blind persons will be able to regain their sight. Will they need special vehicular transportation? Micro-processors will cost only a few dollars—could one control the functions of the bicycle?

INDUCED DISASSOCIATION

Stare at the product while trying to keep your mind as blank as possible. The theory is that the effort of denying actual sight will force the mind to substitute new images. And since the product dominates the scene, the new images will actually be new ways of looking at the product.

To induce a degree of mental disassociation which would offer new associations to replace the one repressed, one would simply stare at a bicycle until new ways of perceiving that vehicle came to mind.





*Leila Yodkovik, team leader, making a presentation to the School's Development Advisory Board.*

# Money Makes the World Go 'Round

As the lights dim in the case room, the strains of "Money Makes the World Go Round" from *Cabaret* float over the audience as slides of the Business School and its people are shown on the screen. This is the beginning of a presentation on the School's development program given by a student team from an advanced marketing seminar.

Sitting in the audience are members of the School's newly appointed Development Advisory Board, consisting of top business executives who meet twice a year at the School to review and advise the School's development program, including making recommendations for the Business School Fund, the Corporate Associates program, and helping to plan a campaign for capital funds.

The five women MBA students making the presentation had been judged the best of several teams of students who, under the guidance of

James R. Taylor, Sebastian S. Kresge Distinguished Professor of Marketing, had been assigned to develop a plan of action for next year's development activities of the School, putting the plan in the context of a five year orientation. The teams had then presented their plans at an all day meeting at the end of the term, and the best of the presentations had been chosen to be given at the semi-annual meeting of the Development Advisory Board. Following the presentation, members of the Board, the student team, Dean Whitaker and U-M President Harold Shapiro, who attended the presentation, adjourned for lunch in the Executive Lounge of the Assembly Hall. Also attending the presentation and lunch were Billy E. Frye, vice-president for academic affairs; James F. Brinkerhoff, vice-president and chief financial officer; and Michael Radock, vice-president for university relations and develop-

ment. Pictures on these pages were taken at that lunch.

The winning team addressed fundraising from several angles. Not only did they analyze the School itself, its competitive strengths and weaknesses, its selling points, but also they looked at the present state of fundraising in general, and considered competitors—that is, who else is seeking funds and for what reasons? (Example from the report: philanthropic giving in the U.S. in 1978 was estimated at 38.3 billion dollars. Of this, 16% was given to higher education.)

In the Creative Marketing Seminar for which this work was done, a project is chosen each year, and second year MBA students then create a marketing strategy for an actual "client," in this case the Business School. Students apply the whole range of classroom theory and analytical training to a "real life" problem.



Last year, for example, the project chosen was to investigate consumer and retailer demand for the Susan B. Anthony dollar and the \$2 bill. The "client" was the Federal Reserve Bank. This year it was felt that the project chosen should come from a University setting. "One value of the project this year," says Professor Taylor, "was for the students to be working in a non-profit setting. It's good for MBAs to recognize that the skills and knowledge they've acquired can apply to many aspects of American life other than business per se."

After the presentation, members of the team came to the *Dividend* office to talk a little about themselves, their backgrounds, and their method of working together.

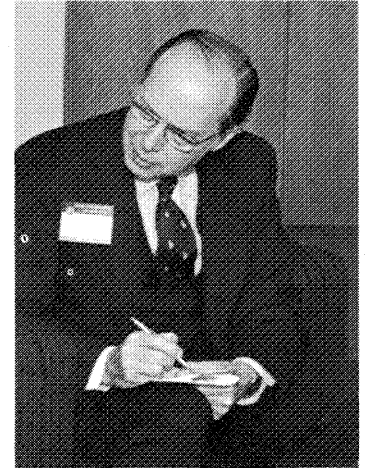
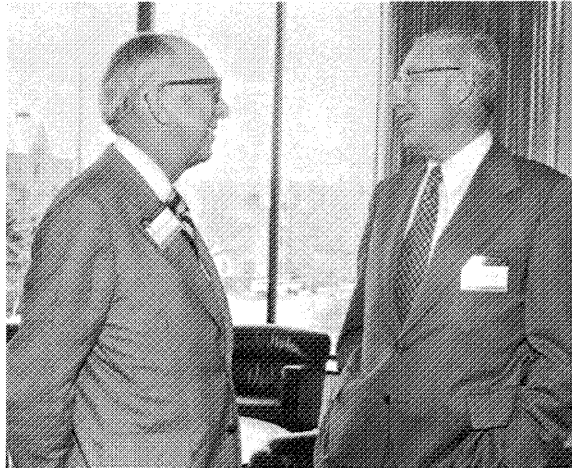
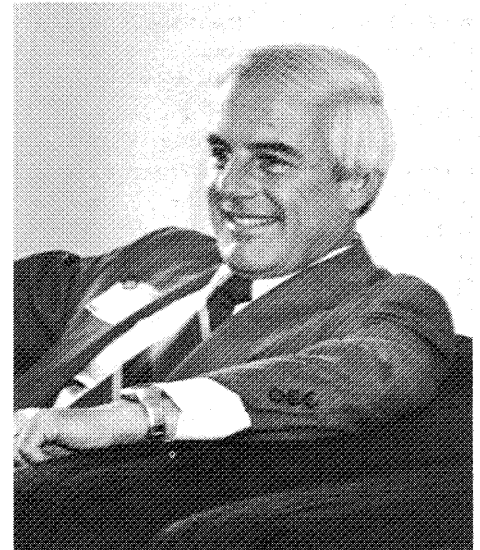
"Our very first problem was finding an evening when we could all get together," says Lyn Lewis, mother of three and a former junior high school teacher, who with her husband started the Ann Arbor Montessori Center and worked in unit management at University Hospital before coming here for her MBA. "Since we all had either a spouse or children or both, we needed to look at every hour of every day before finding a time that was good for us all. We finally settled on Friday—the *only* evening we could all make it, but of course we met in groups of twos and threes during the week."

"At first we had a terrible time," explains Leila Yodkovik, who has a degree in education of the deaf and taught in a high school for the deaf for six years, "we kept saying 'What are we doing? What's the purpose?' We couldn't get our hands on it, it kept becoming nebulous."

This is precisely one of the values of the seminar, says Professor Taylor. "It gives students an opportunity to deal with a real live problem," he says, "rather than a case. That means *they* have to define what needs to be done and they have to deal with the lack of organization of materials. They have to determine what's important. Dealing with the real world's lack of structure can be very educational."

"Finally," continues Leila, "we realized that before we could come up with a good plan we needed to *know*

*Below left, John C. Morley, MBA '58, senior vice president of Exxon, U.S.A. Below right, Louis G. Allen, MBA '56, president, Manufacturers National Bank and chairman of the School's Development Advisory Board.*



*Center left, Arthur Bartholomew, Jr., MBA '40, retired partner, Ernst & Whinney (left) chats with Wilbur K. Pierpont, professor emeritus of accounting. Center right, Donald Mandich, MBA '50, president, Detroit Bank and Trust Company.*

*Above, team members Susan Fisher (left) and Kay Reynolds have lunch with John Edman, MBA '50, vice president, finance, of General Motors Corporation; U-M President Harold Shapiro, and John C. Morley of Exxon.*

more. So we made a list of all the information we wanted, and from that derived a list of people to get it from. Then we divided up and started researching and interviewing."

"All that time we spent spinning our wheels at first was very necessary though," muses Peggy Johnson, who has two children, a graduate degree in chemistry, and taught chemistry in Africa for two years. She was in charge of a mass spectrometer lab for six years prior to her MBA studies. "The process of working it through was very valuable and was closest to a real work situation."

"We worked well together," says Katy Reynolds, who was personnel officer for an international insurance broker in England, then spent a year managing apartments in Ohio before deciding to get her MBA, and who has a five year old daughter. "Everybody did what they do best, whether it was writing, or speaking, or working on the slide show. Also everybody followed through, and did what she was assigned to do. We were a team of self-starters."

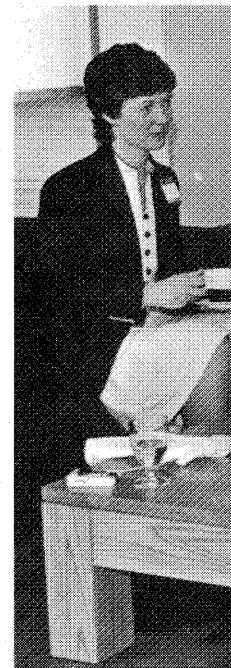
"A sense of humor is so important," adds Susan Fisher. If any one of us started taking herself too seriously no one else would. When you're working in a group you have to be willing to accept both people's strengths *and* their weaknesses. And to work in a group does create a certain synergy if everyone is willing to listen to everyone else." Susan taught junior high and high school science and math, started working on a doctorate in education, became associate director of an information retrieval center in the field of education, and then headed up a research project at the School of Dentistry on improvement of dental hygiene education before deciding to get her MBA. She has a 12 year old son.

Many of the suggestions of the team have been incorporated into the development plans of the School, and, according to Anneke Overseth, director of development, "the team did a beautiful job of providing a perspective on the present state-of-the-art of fundraising, as well as giving a specific focus on the needs of the Graduate School of Business."

*Dean Gilbert R. Whitaker, Jr. (left) talks with (left to right), Dohn Kalmbach, MBA Berman-Kalmbach and chairman of the Business School Fund campaign for 1980; Art Bruce Nelson.*



*Attorney Bruce Nelson, BBA '65 (left) talks with U-M President Harold Shapiro during lunch in the executive lounge of the Assembly Hall.*



*Left to right, Lyn L McCracken, and Bi*

?, general partner,  
rtholomew, and



*Below, Paul Tippett, president and chief operating officer, American Motors Corporation. Left, Joseph Conway, BBA '49, vice chairman, National Bank of Detroit, Allan D. Gilmour, MBA '59, vice president-comptroller, Ford Motor Company, and Paul McCracken, Edmund Ezra Day University Professor of Business Administration.*



*Richard Measelle, managing partner of Arthur Andersen & Co.*

*s and Peggy Johnson of the student team talk with Donald Mandich, Professor E. Frye, U-M vice president for academic affairs.*

# 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.*

## **Michigan & Wharton Have Nation's Top Undergraduate Programs in Business**

The University of Pennsylvania and The University of Michigan have the nation's best undergraduate programs in business, according to business school deans and top industrial personnel executives sampled in a recent study.

J. David Hunger and Thomas L. Wheelen, faculty members of the University of Virginia's McIntire School of Commerce, reported their results in Human Resource Management, quarterly publication of the U-M Graduate School of Business Administration.

Consensus ranking of undergraduate business programs by the deans and company executives followed this order: Pennsylvania (Wharton), Michigan, University of California (Berkeley), Indiana University, University of Texas (Austin), University of Illinois (Urbana), Ohio State University, University of Virginia (McIntire), New York University, MIT, University of Washington (Seattle) and University of Southern California.

The authors noted that some highly ranked business schools, such as Harvard, Stanford, Columbia, Chicago and Northwestern, do not offer undergraduate business education.

Both the deans and company

executives agreed that faculty reputation was the most important factor in their rankings. Other criteria considered: academic reputation, quality of students, curriculum, financial resources, and performance of graduates.

In their appraisal of the most important objectives of undergraduate business programs, there were three basic areas of disagreement between deans and personnel executives, Hunger and Wheelen report:

"Training to develop an understanding of the business environment was ranked first by deans but only sixth by executives. Although training for general management was only ranked seventh by deans and tenth by executives, 69.3 per cent of the deans thought it to be very or fairly important. Only 24.3 per cent of the personnel executives believed this to be an important objective. In addition, deans tended to downgrade training for specific positions common to several businesses by ranking it tenth. Executives, however, listed it sixth in importance.

"This suggests that deans tend to emphasize the acquisition of general skills with an optimistic view of their graduates moving eventually into top management. Personnel executives, in contrast, were less likely to perceive undergraduates as general managers and were more concerned with finding

the right person for a specific position such as cost accountant."

Other highlights from the study:

—Most of the respondents were fairly positive concerning business schools' ability to meet the needs of their largest client—the business sector. Nevertheless, there appears room for improvement.

—Most respondents felt that undergraduate students of today are better than those of 1970—a typical comment: "The students have become more serious about their future."

—A bachelor's degree in business is highly regarded, but some business firms may look upon the MBA as a prerequisite for promotion.

—Both deans and personnel executives heavily favor the acquisition of meaningful business experience before beginning an MBA program.

—Some specialization is seen as valuable by both groups.

—Most favored suggestions for improving undergraduate programs in business: Higher, more selective standards for admissions; more interaction and dialogue between faculty, students, and business leaders; more basic liberal arts courses in the curriculum; more emphasis on developing analytical and problem-solving skills; more emphasis upon developing oral and written communication skills; and more emphasis upon the application of theory and skills to practical business problems.

## **Regents Approve Basic Plan for \$15 Million B School Addition**

The regents of The University of Michigan have approved the basic plan for a \$15 million addition to the Business School facilities. Included in the planned addition are a new library facility, teaching and resource areas, and a new 100 room dormitory to house students attending management education courses at the school. A second dormitory may be added later.

Dean Whitaker said that completion of the project is expected to take at least five years. As it will be built primarily with private funds, progress is likely to be determined by the climate for raising funds, he said.

Now that the basic plan has been approved, the project will proceed to the preliminary design stage.

## **Dohn L. Kalmbach Appointed Chairman of Business School Fund**

Dohn L. Kalmbach, BBA '60, MBA '62, general partner in the New York firm of Berman, Kalmbach & Co., is chairman of the 1980 Business School Fund campaign. In this post, he has worked with the development staff in reviewing the campaign materials, was involved in setting the goal of \$150,000 for the year, and will work with the Development Advisory Board to stimulate alumni support for the campaign.

Commented Frank Wilhelme, director of the Business School Fund, when he announced Kalmbach's appointment, "Dohn Kalmbach and his father, Leland, have long been supporters of the Business School and the University, and made major gifts for the establishment of the Kalmbach Management Center which has been of such importance to the continuing education programs sponsored by the School's Division of Management Education. We are grateful to Dohn for his generosity in giving his time and expertise to the successful launching of the 1980 Business School Fund."

## *People to Know*



Lynn Ruff, pictured here with three friends from her study group in policy and control, got a degree in history from the U-M in 1976, went through a paralegal training program, then did tax work and estate planning in a Detroit law firm. But she soon realized that the work, although interesting, would be an intermediate step—that she needed something more for a career. After five months on the job, she was thinking of entering the evening MBA program at Michigan when a severe automobile accident landed her in the hospital and in a wheelchair. When she was able to leave the hospital after three months, she discovered that vocational rehabilitation funds would make it possible for her to study full time, and so, after taking some preliminary math and economics courses to qualify for admission, she entered the Michigan MBA program full time in September, 1978. This spring, she received her MBA in finance, and is now working at Ford Motor Credit Company in Dearborn as a credit analyst. Lynn, who was very athletic all through high school, says, "I hate to lose, and I'm not going to let the fact that I am in a wheelchair beat me. My accident changed the rules of the game, but you can find out how to play the game differently." Pictured with her, left to right, are Maria (Jossie) Martinez, Kim McNulty, and Nancy Kachinske.

## Who Gets Promoted? is the Topic of a Ten Year Study

Research on high-level executives promoted during the period 1967 through 1976 was reported in an article entitled "Who gets promoted?" published in the September-October issue of *Harvard Business Review*. Researchers who wrote the article are Alfred W. Swinyard, who has recently retired as associate dean of the Business School, and for many years was director of the Division of Research here, and Floyd A. Bond, dean emeritus and the Donald C. Cook Distinguished Professor of Business Economics.

The research effort's main purpose was to identify the character of a new, seemingly younger breed of top manager, about whom exceedingly little had been written. Here are some of the important trends discovered in the 10-year survey of more than 11,000 executives taken at the time they were promoted to vice president or president of a major U.S. company:

- New entrants into the ranks of U.S. top management are better educated than their predecessors and their nonbusiness peers.
- The largest percentage of advanced degrees are held in business administration (advanced degrees in law and engineering are next most prevalent).
- At the same time, the newly promoted executives are not likely to be any younger than their forebears when they "make the grade."
- Those who reach the level of president in their organizations will most likely have been group vice presidents (not senior or executive vice presidents) chosen from inside the company, and they will probably not have spent more than four years in their previous positions.
- Top executives now tend to be mobile because of changes in

promotional patterns and in their own opportunities. This tendency is increasing and may prove beneficial in the long run, given the superior educational backgrounds and more diversified business experience of the candidates.

## Professor Maher Wins Competitive Manuscript Award from AAA

Michael Maher, associate professor of accounting, is the winner of the 1980 nationwide competitive manuscript award given by the American Accounting Association. The winning manuscript is entitled "The Impact of Regulation on Controls: Firms' Response to the Foreign Corrupt Practices Act."

Maher received the award at the annual meeting of the AAA in August in Boston. His manuscript will be published in *The Accounting Review*.

Maher received his BBA Magna Cum Laude from Gonzaga University, Spokane, Wash., and his MBA and Ph.D. from the University of Washington. Besides his work on internal control practices in U.S. corporations, his contributions to accounting research have also included an extensive study of financial disclosure practices of American cities.

Maher is an active member of the American Accounting Association, and was a member of their Doctoral Consortium Planning Committee in 1977-78 and chairman of the Public Sector Session of the Midwest AAA meetings in 1978 and 1979.

Before joining the U-M faculty in 1975, Maher was a research assistant at the Human Affairs Research Center of Battelle Research Institute in Seattle, Washington, and a teaching associate at the University of Washington. Prior to that time, he was on the audit staff of Arthur Andersen & Company and a self-employed C.P.A. and consultant in Seattle.

## Donald H. Skadden Appointed to FASB Advisory Council

Donald H. Skadden, senior associate dean of the Business School and Arthur Young Distinguished Professor of Accounting here, has been appointed to the Advisory Council of the Financial Accounting Standards Board.

The Advisory Council is composed of approximately 35 leaders who are knowledgeable about the problems and impact of financial accounting and reporting. They serve as an important avenue of communication between the Financial Accounting Standards Board and the business and professional community. The Standards Board looks to the Advisory Council to comment on priority matters on the Board's agenda, to propose new agenda items, to suggest reevaluations of existing standards once experience with them has been gained, and to focus on policy and procedural matters in which Council members have a particular expertise.

Skadden is also serving this year as president of the American Accounting Association, which is concerned primarily with the advancement of accounting education. Approximately half of its 11,000 members are from academic institutions, with the remainder from industry, government, and firms of certified public accountants.

Widely published in his specialty field of tax accounting, Skadden is currently the only academic member of the Tax Division Executive Committee of the AICPA. He is chairman of the AICPA's Tax Division Task Force on Unreported Income, which was appointed to look into possible remedies for the "underground economy." In 1978 he served on the AICPA Task Force on Social Security and co-authored its report titled "Our Basic Retirement System—Social Security—Suggestions for Improvement."

Dr. Skadden earned his Ph.D. degree at the University of Illinois and previously was on the faculties at Illinois and Michigan State University.

## *What a Storm!*



On the morning of July 16 a violent storm, with winds as high as 90 miles an hour, roared through Ann Arbor, uprooting trees, downing power lines, and generally creating havoc. Around the Business School the huge tree pictured above was knocked down; about a block away on Hill Street another huge tree fell, crushing a car parked beneath it, and at the corner of State and Hill Street another downed tree blocked traffic for several days. Over 500 utility poles were snapped by the hurricane force winds, and extensive damage to power lines was caused by trees falling on lines and poles. At the high point of post-storm assessment, a total of 459,000 Michigan residents were without power. Despite the efforts of Detroit Edison crews who were working around the clock, damage from the storm was so extensive that several thousand people in Ann Arbor were without electricity for almost a week.

### **DOR Publishes Book on Bank Funds Management**

Much of the literature on policies and strategies of fund management has focused on the large banks, neglecting issues relevant to small and moderate size banks.

“Bank Funds Management: Issues and Practices,” a new book by Douglas A. Hayes, professor of finance, considers fund management policies and strategies for different types of banks, stratified by size and nature of their operations.

“Bank Funds Management” is published by the U-M Business School’s Division of Research in its new series of Michigan Business Studies (124 pages, cloth, \$8).

Designed for teachers of bank management and banking policies, the book first takes up the economic context and goals of bank management. Subsequent chapters take up the new framework of the interaction process—liquidity, management policies, interest sensitivity analysis—and alternative policies for structuring and managing the government and municipal portfolios.

The book incorporates information obtained in a detailed questionnaire from banks of all sizes.

Hayes is the author of many articles and books on bank lending policies and investment management. Chairman of the board of a major commercial bank since 1971, he has served as vice president of the American Finance Association, on the board of trustees of the chartered financial analysts, and was recipient of a distinguished service award from the Michigan Bankers Association in 1975.

## Two Well-Known and Well-Loved Professors

**A**LFRID W. SWINYARD, professor of business administration and associate dean of the Business School, has retired.

Dr. Swinyard received his BS in economics with distinction from Utah State University, then went to Harvard Business School for his MBA, and earned his Ph.D. from Syracuse University.

Following his Ph.D., he became director of management research for the management consultant firm of Booz, Allen & Hamilton, a position he held from 1957-1962. He also worked as a marketing research consultant to Esso Standard Oil Co. and as instructor-consultant to General Electric Company.

In 1962, Dr. Swinyard joined the Business School faculty as professor of business administration and director of the Bureau of Business Research. As director of the Bureau of Business Research, he was responsible for the development and supervision of the research program of the Bureau as well as for the Institute for International Commerce, and the Industrial Development Research Program of the Institute of Science and Technology. He further coordinated the research activities with the research of individual faculty members and doctoral candidates. While director of the Bureau of Business Research, he enlarged its publication program and enhanced the research efforts of the School, working with state and federal government agencies and industrial representatives to secure financial sponsorship of research activities.

In 1968, Dr. Swinyard was appointed associate dean of the



*Alfred W. Swinyard*

School, a position he held until his retirement. In this position he worked with faculty in planning the course offerings and in staffing both the daytime and evening MBA programs.

Along with his other duties, Dr. Swinyard continued to participate in scholarly work. With Floyd A. Bond, he conducted a ten year study of 11,000 top executives. Results of the study have been reported in an article entitled, "Who Gets Promoted," by Swinyard and Bond, which has been published in the Sept.-Oct., 1980 issue of *Harvard Business Review* (for more on this study, see page 22).

**W**ILBUR K. PIERPONT, professor of accounting and formerly vice-president and chief financial officer of the University, has retired.

A native of Michigan, Dr. Pierpont earned a BA from Central Michigan University in 1934, and an MBA from The University of Michigan in 1938. In 1941, he held a Brookings Institution fellowship in Washington, D.C., and returned to The University of Michigan in 1942 for his Ph.D.

After serving in the U.S. Navy during World War II, Dr. Pierpont was appointed as assistant professor in the Business School. From 1947 to 1950, he was controller of the University, and in 1951, was named vice-president and chief financial officer, a position he held for 26 years until returning to the Business School in 1977 as professor of accounting.

During the years Dr. Pierpont was the University's financial vice-president, the University experienced its most extensive period of growth in student enrollment and staff, in financial resources, and in campus facilities. The north campus was developed during his tenure in office, and major expansion programs were carried out both in the medical center and the central campus. He was also a major participant in negotiations leading to the creation and development of the Flint and Dearborn campuses.

During the rapid expansion of universities in the 1950's, Pierpont became nationally known as a leader in the development of financial policies and organizational structures to respond to this growth. In 1962, he was elected the first president of the



## Have Retired



Wilbur K. Pierpont

National Association of College and University Business Officers, and in 1969, he was one of the original trustees of The Common Fund for Nonprofit Organizations, a nationwide fund for university investments. He has held various positions in the American Council on Education and has served as advisor and consultant on University administration and financial affairs to the Rockefeller Foundation, the Sloan Foundation, and to many universities and state educational commissions. He has been a trustee of the Kresge Foundation since 1958, a trustee of the College Retirement Equities Fund since 1958, and is currently a director of several corporations.

### Memo to Department Heads: Be Sure Every Employee Brings His . . . er, Her, Their Report . . .

"As a publisher of books for Management education," writes AMACOM, the American Management Association's publishing group, in a publisher's note to the book *Managers Must Lead* by Ray Killian, "we are acutely aware of the need for a set of common gender pronouns for referring to a person regardless of sex, and since English does not offer us the forms we need, the only way to fill this gap in the language is to construct them."

In the spirit of constructive solution, the publishers offer a set of common gender pronouns. They go on to say that they are interested in solving a problem, not defending a solution. Therefore, they add that any other choices that can win a higher chance of general acceptance will be welcomed and seriously considered.

The forms they propose are:

*hir* (to be pronounced like the word *here* and replacing the forms *he/she* and *him/her*).

(Example: *Hir is talking about hirs favorite subject.*)

*hirs* (replacing *his/her* and *his/hers*)

*hirsself* (replacing *himself/herself*)

The book, *Managers Must Lead*, is published in its new edition using these pronouns. The publishers, in a closing note to their explanation, thank the author for his cooperation, saying: "Writing a book means a great investment of time and effort, and it is understandable that authors do not want to risk losing the rewards of their labor by subjecting themselves to possible negative criticism or offending their readers. Mr. Killian felt strongly enough about the issue to accept the risk. Publishing is a business which we believe has special social and educational responsibilities. We are grateful to Mr. Killian for helping us attempt to meet those responsibilities, and hope that other authors and publishers analyze their own sense of responsibility to this issue."

### How to Survive in a Hostile Environment

Which strategic choices offer the best chances for survival, growth, and return on investment in a hostile environment characterized by lower growth, inflationary, regulatory, and competitive impacts? This question is being investigated by William K. Hall, professor of policy and control at the Business School. A report on some of his preliminary findings was published in the September-October issue of *Harvard Business Review*.

To examine the issues of survival in a hostile environment, Professor Hall selected eight major domestic manufacturing industries for comprehensive study. All eight are capital, raw material, and labor intensive, and have been subjected to heavy inflationary pressures that cannot easily be price recovered. All are being forced by regulatory agencies to make major investments to comply with new occupational safety, performance and environmental protection standards. An in-depth study of 64 of the largest companies within those eight industries was done by examining their strategies and evolving competitive positions by using a combination of public data sources and field interviews. Results of the study showed that the successes came to those companies that achieved either the lowest cost or the most differentiated position. Survival is possible for those companies that have the foresight to downsize their asset commitments into niches in their basic industry and to use their incremental capital for meaningful diversification moves. For the weaker companies, Professor Hall found that the inability to achieve a lowest cost or most differentiated position resulted in high vulnerability and ultimate failure or perpetual subsidy.

## **Specialist in Japanese Business to Hold New Post in Business School**

A first-of-its-kind professorial post for an authority on Japanese business has been established at the Business School. A \$100,000 grant from the Japan-United States Friendship Commission in Washington and matching funds will be used to employ the new specialist to teach here and at the Center for Japanese Studies.

Dean Gilbert R. Whitaker, Jr., said matching funds would be sought in the United States and Japan to underwrite the new position.

"We are pleased and honored to be the first business school to receive such a grant," he said. "From the vantage point of the State of Michigan, the importance of having a knowledgeable staff member who understands Japanese business is critical."

Dean Whitaker explained that the search process for the qualified authority would begin simultaneously with the fund-raising efforts.

"The person we seek might be either Japanese or American," he noted. "We need an authority who knows the Japanese language, institutions, and business traditions. The appointment will be in the business school and we will cooperate with the Center for Japanese Studies in the teaching of other courses."

"The international aspects of business are becoming increasingly important to all countries. Japan is the leading industrial country in the Far East and we have a critical need for faculty resources to equip our students with a better understanding of the international business climate."

The Japan-United States Friendship Commission, source of the U-M challenge grant, is a federal agency endowed during the Ford Administration to support activities leading to mutual understanding and better relations between the two nations.

The Center for Japanese Studies, directed by Prof. Robert E. Cole, is one of the U-M East Asian centers, which include about 50 faculty members specializing in fields such as Chinese and Japanese economics, public policy and national security

matters, language training, labor relations, art, literature and history. They are credited with producing much of the nation's basic knowledge about Asia.

## **Eighteen New Faculty Added to B School Staff**

Eighteen new faculty members have joined the Business School this fall. The expansion of faculty is partially due to the fact that the evening MBA teaching has now been incorporated into the regular teaching load, instead of being taught on an overload basis.

New faculty members include three associate professors, six assistant professors, and nine lecturers. In addition, three visiting faculty members are at the School this semester.

Claes Fornell, associate professor of marketing, comes to us from Northwestern University, where he was associate professor of marketing at J. L. Kellogg Graduate School of Management. His research interests include market communication, and corporate consumer affairs management, and he is the author of a book "Consumer Input for Marketing Decisions—A Study of Corporate Departments for Consumer Affairs," published by Praeger Publishers Inc. in 1976.

Noel M. Tichy, associate professor of organizational behavior and industrial relations, was formerly associate professor at Columbia University Graduate School of Business and a senior research associate at the Center for Policy Research in New York City. He is the author of a book, "Organization Design for Primary Health Care: The Case of the Dr. Martin Luther King Health Center," published by Praeger-Holt in 1977. His current research includes studies on organization networks, strategic decision making, human resource management, and organizational change.

E. Han Kim, associate professor of finance, has joined our faculty from Ohio State University, where he was associate professor of finance. He is associate editor of the *Journal of Finance*.

Other new faculty members include Mihir Bhattacharya, assistant

professor of finance; Philip Hendrix, assistant professor of marketing; Mary Claire Mahaney, assistant professor of business law; Donald Parker, assistant professor of organizational behavior and industrial relations; Adrian E. Tschöegl, assistant professor of international business; and Ann R. Thomas, assistant professor of business economics.

New lecturers on our faculty include Clifford Ball in statistics; George Bittlingmayer in business economics; Robert Colson in accounting; Kenneth Eades in finance; Oded Gur Arie in marketing; Aneel Karnani in policy and control; Daniel Keenan in statistics; William J. Qualls in marketing; and Walter Torous in finance.

Visiting faculty here this semester include Edward J. Joyce, visiting associate professor of accounting, here from the University of Chicago; William Kinney, visiting professor of accounting, here from the University of Iowa; and Richard G. Walter, visiting assistant professor of computer information systems, here from Comshare Incorporated.

## **Jill Kruse Receives Ph.D. Forum Award**

Jill Kruse, administrative assistant to the director of the doctoral studies program, was awarded the 1979-80 Outstanding Service Award of the Ph.D. Forum. The award was established to recognize exceptional service on behalf of the Ph.D. program or on behalf of individual doctoral students at the Business School.

The presentation of the award was made by Jeffrey Wrisley, president of the Ph.D. Forum, at the sixth annual awards ceremony sponsored by the GSBA doctoral students. Prior recipients of the award include Timothy J. Nantell, associate professor of finance; Dick A. Leabo, director of the doctoral studies program and professor of statistics; Linda L. Kell, former administrative assistant to the director of the doctoral studies program; Kathleen A. Davis, programmer analyst of the Division of Research and Thomas C. Kinnear, professor of marketing.

# “Like it or not, we will be ‘A Michigan Person’ ”

“I wish you all could have heard Professor Brophy in Finance 614 yesterday. He made the point that whether we like it or not in the business community we will be identified by our graduate school. We will be a Michigan person. That identification could affect our future success. The reputation of the School does rub off on us as individuals.”

The speaker is Tim O'Day, winter term student council president last year, and he is speaking to graduating MBA students at the first annual student pledge meeting, designed to acquaint students with the pledge program being initiated at the School, and to familiarize them with the needs of the School and with the rationale for giving to the Business School Fund.

Chairing the meeting was Cliff Deremo, fall term student council president, who outlined a suggested plan for giving: (pledge \$20 for the first year following graduation and increase the gift by \$20 for the next four years, culminating in a \$100 gift on the fifth anniversary of graduation.)

Response from the large number of students attending the meeting was very positive. To date, students have pledged more than \$33,000 over the next five years.

The position of the University and the Business School during the next decade was discussed by Ross Wilhelm, professor of business economics. Pointing out that without the help and support of alumni of the School the economic outlook would be grim, he analyzed the causes of the situation as follows:

“The reality is that a University

is an institution that has great difficulties in adapting to budgetary pressures in the short run. The dangers in such a situation include reducing the entrance requirements to maintain enrollments, lowering the quality of the program and curriculum, and allowing the prestige of the institution to diminish and dwindle away.

“The revenue picture is very poor. The period of the World War II baby boom has passed, we are in the era of zero population growth, and the demographic problem is being compounded by a sharp rise in competition among business schools for students. Although many more students are taking business degrees today, the competition for students has risen faster than demand. In a highly competitive situation such as exists the market limits the extent to which tuition and fees can be increased. Thus the prospects for added revenues from students are poor.

“The prospects for revenues from the State and Federal governments also are poor. We are in a political climate nationally that is calling for balanced budgets and lower spending. While we all support such moves to return to economic stability, the competition for shares of the diminished Federal and State budgets is growing fierce. In such a competitive situation the University does not fare well. Higher education simply does not have the political clout of the highly organized special interest groups such as public schools, welfare providers and beneficiaries, and cities and towns.

“In Michigan the situation promises to become desperate. Energy supplies

and gasoline prices are going to mean declining passenger miles traveled in cars. This means a lower demand for automobiles and a smaller industry. This situation means fewer tax dollars to support the University and the School.

“The outlook is equally poor from the viewpoint of reducing costs to meet lower revenues. Fixed expenses make up the greatest portion of a University budget. The lack of flexibility in the use of buildings, laboratories, and other specialized facilities is obvious. There also is a lack of flexibility in adapting the other major cost item of the University-personnel.

“The faculty is largely, although not completely, protected by tenure, thus layoffs are very difficult. In addition, since many of the faculty were hired during the period of high demand from World War I to the present, the distribution of the faculty by rank is skewed toward the highest and most expensive ranks. The non-tenured staff does offer some means for adapting to a tight budget. But, even here, there are very definite limits on the extent of cuts. Grades and records have to be maintained. Buildings have to be cleaned and maintained. Students have to be recruited. Libraries are needed and graduates need placement help.

“Graduates of The University of Michigan and the Graduate School of Business have a vested interest in preserving the prestige, status, and quality of the institutions. The way to protect your degree is to donate money and to participate in alumni activities. Your help is critical in these times of need.”

# Class Notes

**'52** MAYNARD MILLER, BBA '51, MBA '52, moved to Albuquerque with his wife, Ina (Sussman) LIT '52 in 1957 when he joined Peat, Marwick Mitchell & Co. He was admitted as a partner in 1966. Since that time he has served by gubernatorial appointment to the State of New Mexico Board of Accountancy and the State of New Mexico Board of Finance. He has served as an officer of the Chamber of Commerce for the past 8 years and has been treasurer of the New Mexico Symphony Orchestra for the past five years. He and his wife have travelled extensively—their journeys have included a trip to the People's Republic of China in 1980, and previous trips to the Soviet Union, South Africa, Japan and most of Western Europe.

**'53** ROBERT F. SCHWINDT, MBA '53, has just been appointed corporate director of Personnel Services for Union Carbide Corporation, New York, after serving as vice president-employee relations for the Chemicals and Plastics Division for four years.

**'54** ROY S. LUMSDEN, MBA '54, has just been elected to the board of directors of Ward Howell International, Inc., of which he is also a partner. Ward Howell is one of the oldest and largest executive search firms. Prior to joining Ward Howell, Roy was director of manpower planning and recruitment for Tenneco, Inc. He also served as vice president of the Grand Valley State Colleges in Grand Rapids, Michigan.

**'56** GILBERT L. LAVEY, BBA '56, began working for Arthur Andersen and Co. after graduation, then spent four years as an Air Force

officer, three of which were in Japan in accounting and finance. He then returned to Arthur Andersen as an audit manager. In 1973 he became general auditor of Michigan Consolidated Gas Co. and in 1978 assumed his present position as controller. His oldest son, Michael, is also an alumnus of the school (BBA '79) and is now working for Arthur Andersen & Co. in Cincinnati. A daughter and son are both currently enrolled at The University of Michigan. His youngest daughter is a high school junior.

LAWRENCE H. BROWN, BBA '56, lives in Arlington Heights, Illinois with his wife and three sons. He has worked for The Northern Trust Company for 20 years and is co-head of the Bond Department, being responsible for all merchandising operations. He is currently chairman of the Public Securities Association, a national trade group representing nearly 300 dealers and dealer banks which underwrite, trade and sell municipal government bonds. He is also in the midst of a three-year term as member of the Municipal Securities Rule-making Board, an industry self-regulatory organization.

**'57** J. D. MOONEY, BBA '54, MBA '57, is president/manager of the Mission Inn Motel in Mission, Kansas. He has been on the state of Kansas Hotel board for five years. He is also vice president of the Greater Kansas City Hotel Association, a member of the Hall of Fame of the Chamber of Commerce of Greater Kansas City, and a three time life member of the Chamber. He has been associated with the Mission Inn for the past 9 years and is now one of the owners.

**'58** Since July, 1979, FRED YAFFE, MBA '58, has been chairman of the board of Barkley & Evergreen, Inc., an advertising/public relations firm with billings of \$40 million, placing it among the top 100 agencies in the nation. Barkley & Evergreen has offices in Detroit, Kansas City, Chicago, Dallas, Los Angeles and Boston. The agency is a result of a merger between Yaffe Stone August, Inc., of which Yaffe was president, and Fromm Inc., a Kansas City agency. Yaffe's son, Jim, is in his junior year at the U of M, where he is a member of the University's outstanding golf team. A major account of Barkley & Evergreen is the Michigan State Lottery, and Fred has served as management supervisor for the five years the agency has served the account. He has a national reputation as an expert on gaming and lottery advertising and is much in demand as a speaker on these subjects.

THOMAS P. MERICLE, BBA '54, MBA '58, is active as treasurer and general manager of two firms in which he is the major stockholder. They are Asphalt Maintenance Products of Salt Lake City and Asphalt Systems, Inc. of Danville, California, where Tom lives. He is also active as a manufacturers representative under the name of Mericle Sales, Inc., a company whose principal sales are in export packing, and pulp and paper chemicals. He writes that he purchased the Devil Mountain Music Company in January, which is a local general music store in Danville. Tom went into business for himself in 1975 after being active for a number of years with Standard Oil of Ohio, American Potash, and Kerr McGee Chemical Corporation.

BRUCE D. EVANS, MBA '58, is an associate professor at the Graduate School of Management, University of Dallas, Texas, where he has created and maintained a program where graduating MBA students tackle special consulting projects for various Dallas business firms. Many universities have similar programs, but at Dallas U., the students work only with the top executives, not with someone well down the line. In the last seven years, students have helped 21 companies solve pressing problems. An example: when the president of a \$20 million manufacturer of cranes and conveyors wanted to move his shop across town, he sought student advice. He figures their help saved him \$50,000 or more. The course was written up in *Industry Week* last year.

**'60** A. PAUL VICTOR, BBA '60, J.D. (with distinction) '63, did a stint with the Justice Department's Antitrust Division in Washington right after graduating from law school. Then he spent 2½ years practicing law at Kirkland, Ellis and Rowe before joining the New York firm of Weil, Gotshal & Manges, where he became a partner in 1972. His areas of practice are antitrust and international trade law. He writes articles for legal periodicals and lectures at various bar association and continuing legal education programs. He is currently chairman of the ABA's Antitrust Section's Subcommittee on Multinational Enterprises of International Trade Committees.

**'61** A long letter from HUGH CROSSLAND, BBA '59, MBA '61, brings us up to date on his activities since graduation. After receiving his MBA, he spent a total of almost six years working (first at Burroughs, then at Chrysler Corporation) and going to law school at night at Wayne State University. He then went to Yale Law School for his LL.M., and after that taught law at Boston University Law School. He says he liked teaching very much, but "felt the personal need to have some in-the-trenches experience," so in 1970, he went into practice, but did

## *How Ray Bettridge, MBA '65, came up with a winning prediction*

The Financial Times of Canada, as part of a recent article about the accuracy of securities analysts' predictions, profiled how four analysts, using different methodologies, managed to come up with some classic winning predictions. One of the four was Ray Bettridge, MBA '65, now a senior financial analyst with McLeod Young Weir Limited, a Toronto-based member of the Canadian Investment Dealers Association, and member of the Toronto, Montreal, and New York Stock Exchanges. The one quality that seemed to be common to all four cases, notes the Financial Times, was perversity—a contrary-mindedness in calling a stock when the rest of the street was saying something quite different.

In late 1978, Ray published a reports on Simpsons Ltd. which pointed a lone finger at the reasons why the company was a classic takeover target. About six months later the Hudson's Bay Co. went for control of Simpsons Ltd. The Financial Times explains:

"In his report, Bettridge laid out astonishing numbers showing Simpsons to be severely undervalued. Based on the 47 million outstanding Simpsons shares, at \$5.13 a share, the market was placing a total value on Simpsons of \$241.1 million. But Simpsons held 32 million shares of Simpsons-Sears Ltd., which alone were worth \$248 million. That meant that the total merchandising operation of Simpson's was being given a negative value of \$6.9 million. 'It would have been like buying a car and then finding there was something in the glove compartment that was worth more than the car itself,' says Bettridge.

"Over-all, Bettridge concluded that Simpsons was trading at 65-per-cent below its book value, adjusted for real estate and the Sears investment.

"Bettridge says he concentrated on a close reading of the balance sheet and on accounting principles such as inventory valuation. 'Some people in this business have emphasized earnings so much. In my opinion, earnings are often overstated and can be illusionary.'"

The Times article describes a computer program being used increasingly among institutional investors to rate brokerage analysts on the basis of their ability to predict such factors as a company's stock price, price-earnings ratio and earnings. The program uses an "information coefficient" (IC) to compare what the analyst has predicted with what actually happens over a given period—say the stock price over three, six, nine and 12 months. A perfect score is one, but 0.4 is considered very high. Scores range from one through zero (no predicted ability) to minus one (where the absolute opposite of what was predicted happened).

According to Toronto Investment Management, Inc. which started using the program six years ago, only 10 to 15 out of 120 analysts whose stock price predictions are run through the program consistently score an average of 0.2. A few hit 0.4, but none can consistently give such a high performance.

There are some basic objections to IC, mainly that it puts emphasis on statistical yardsticks only, to the exclusion of other important factors such as the analyst's ability to assess management, understand the industry, and analyze other aspects of the balance sheet such as liquidity, transaction costs, etc. Nevertheless, comments Ray, "The IC is a good workout and when you are in the business of attempting to forecast you have to be open to scrutiny."

not give up teaching entirely. He now is the senior partner in the law firm of Crossland and Aresty in Boston, and for the past 10 years has also taught business law and finance courses at Northeastern University. One experience he describes as extremely exciting was his work from 1973-1975 as one of the three co-founders of the American Freedom Train Foundation, a non-profit corporation which operated the Freedom Train Bicentennial Project and which was sponsored by General Motors, Kraft, Pepsi-Cola and Prudential. He was also general counsel for the foundation. For the past three years he has written a weekly newspaper column called "Money Matters" that deals with tax, finance, and related topics, and he is working on a book called "Winning the Income Tax Game." He is married to Nan Millies, a U-M graduate, and they have three daughters.

RICHARD A. SAPUTO, MBA '61, writes, "As Mr. W. Paul Tippett said in the Winter, 1980, issue of *Dividend*, 'What you want to avoid is one year's experience 20 times,' and that is exactly what I have done!" He goes on to say that after 10 years of "industrial apprenticeships" with Procter and Gamble, Lockheed, and Booz, Allen & Hamilton, he was a manufacturing vice president for Macrodyne Industries, and a computer systems V.P. for Tax Corporation of America. He and his wife then founded The Professional Services Group which specializes in industrial consulting and bilingual translation (Spanish-English) for Southern California's manufacturing and medical professions. His wife is still active in the company, but he is now part owner and general manager of The Wavecrest Company in Los Angeles, the nation's largest manufacturer of flotation systems (water mattresses), selling products in the U.S., Australia, Europe and Canada. He states, "The waterbed industry will top \$1 billion in sales in 1980 . . . and is still in its infancy."

JAMES P. FITZGERALD, MBA '61, is president of the Good Samaritan Hospital and Health Center in Dayton, Ohio and has been recently appointed to the position of secretary treasurer of the Catholic Health Association as well as serving on the Board of Trustees. He has been reappointed to a three year term as associate clinical professor in the Department of Community Medicine of the Wright State University School of Medicine and he serves as member of the Board of Trustees and Executive Committee of newly formed Sisters of Charity Health Care Systems, Inc.

'65 CHARLES D. SCHEWE, MBA '65, received his Ph.D. in marketing at Northwestern in 1972 and has been teaching at the University of Massachusetts since then. In 1976 he became consulting editor for McGraw-Hill's series in marketing, working closely on the 1979 publication of Tom Kinnear's and Jim Taylor's marketing research textbook, *Marketing Research: An Applied Approach*. His own introductory book, *Marketing: Concepts and Applications* has just been published by McGraw-Hill. Last spring he and his family spent a sabbatical in Lund, Sweden, where he was a Fulbright-Hayes lecturer at the University of Lund. He writes, "Living in a socialistic country really makes one appreciate capitalism."

DAVID HOWE, BBA '64, MBA '65, has been selected for promotion to Lt. Colonel in The U.S. Marine Corps and will report for duty on the staff of the Commander-in-Chief of the U.S. Atlantic Fleet. His previous assignment was as the commanding officer, Marine Barracks, Rota, Spain.

'67 PAUL SHELDON FOOTE, BBA '67, is now an assistant professor of accounting at the University of Windsor and currently completing his dissertation on corporate profitability which deals with theoretical and forecasting issues, using econometric, times series, and simulation models. He formerly taught at the U of M in Flint.

JEROME M. HESCH, BBA '66, MBA '67, is an associate professor of law and currently teaching courses in federal taxation at Albany Law School, in Albany, New York. During the 1980-81 academic year he will be visiting at the University of Miami Law School in Coral Gables, Florida.

HARUGY S. TRAISSON, MBA '67, has been appointed vice president and chief executive officer of the Paramount Group, Inc. and affiliates in March, 1980. The company is headquartered in New York City.

GENE RABOIS, BBA '66, MBA '67, is a partner in Robbins, Greene & Co. of New York City, is married with two children and is finance chairman of the New Jersey Common Cause.

DOUGLAS H. TAYLER, MBA '67, has recently joined Envirotech Corporation in Menlo Park, California as vice-president, Business Systems, after working for Intel Corporation and Cummins Engine in various operations and information management positions.

'69 JEFF BEAL, BBA '69, is president of Pamason Inc. in Flushing, NY and managing partner of Jules Beal Co. He has recently been listed in *Who's Who in Business and Finance*, 1979-80. His second son, Brian Johnathan Beal, was born April 16, 1980.

JOYCE (GARFIELD) FIELDS, BBA '69, writes that she recently was elected assistant treasurer of The Times Mirror Company, a Fortune 200 publishing and media company in Los Angeles. She is responsible for short and long term financings, investments in marketable securities, cash management, banking relationships and foreign exchange.

CLAYTON E. WILHITE, MBA '69, writes that he has been in the advertising industry since graduation, and has worked for Foote, Cone and Belding and McCann-Erickson. He took leave from McCann-Erickson in 1976 to work for President Ford as an executive in his campaign advertising agency in Washington. He joined Ammirati & Puris Inc. in New York

in 1977 as vice president in charge of the BMW automobile account; in 1979 he became a partner in the agency and became senior vice president and director of account management. The company billed \$14 million in 1977, and is now up to \$25 million. Other accounts besides BMW include Sony; 3M Company and the Gold Seal Company, makers of Snowy Bleach.

CHARLES L. WILLEMS, MBA '69, received his LL.M. degree in 1979 from Wayne State University and is practicing law in Portland, Mich. He is now seeking to satisfy the experience requirement for the CPA certificate, and also get residence credit for an engineering degree.

**'70** ROBERT M. DAILEY, MBA '70, writes that after graduation he went to work in the trust department at Detroit Bank and Trust. A little over a year ago he left his position as trust officer and returned to Ann Arbor to take over management of a family business in remodeling named Custom Counters and Kitchen Studio.

**'71** ROBIN SPITALNY, BBA '71 has recently been promoted to assistant treasurer of Pullman, Inc., a \$3 billion transportation and engineering and construction company in Chicago. She and her brother, Neil, have just finished renovating a Tudor mansion where they will both be living. Neil's twin brother, PETER, BBA '73, is now president of Stein Fibers in Albany, New York. Neil is now in his second year of surgical residency.

WILLIAM J. CRUSOE, MBA '71, and his wife, KATHY HARSANY CRUSOE, MBA '71, are living in Ridgewood, New Jersey. He is vice president, Direct Placements for Prudential Insurance Company and once or twice a year recruits for Prudential at The University of Michigan. Kathy is now retired, but has worked in commercial lending at Citibank, as an assistant economist with Equitable Life and as a bond trader with Brown Brothers Harriman.

## *Jane Langhorne, BBA '55: Ombudsman for the Federal Reserve Bank of San Francisco*

Jane Waterman Langhorne, BBA '55, is working as the Ombudsman at the Federal Reserve Bank of San Francisco. It's her job to hear, investigate, and make recommendations on employee grievances. People concerned about job assignments, salary administration, supervision, working conditions, and individual questions, problems or requests, all have contacted her for assistance.

As Ombudsman, Jane's sole responsibility is helping staff members with their problems. She is assigned no other supervisory responsibilities so there is no charge of "conflict of interest." In addition, she reports to the president only. This helps increase the timeliness of response since the Ombudsman is free to deal directly with problem rather than working through "formal" channels. Also, the Ombudsman has the ear of the top man in the organization who can take immediate corrective action when necessary.

The concept of the Ombudsman began in 1809 in Sweden where the legislative body selected a person of eminence, learned in the law, to inquire into complaints which citizens had about the government. Although the Ombudsman could not change a law, he could make sure that the law was being administered fairly, and could use his influence to have a law reviewed.

To resolve problems, Jane may meet with the employee and other parties concerned (if the employee wishes to do so). She may recommend review of a policy or procedure if it is causing problems. Sometimes, employees find their own solutions in the process of talking with her. Besides the San

Francisco office, she now also services offices in Los Angeles, Portland, Salt Lake City, and Seattle.

Jane, who is the daughter of professor emeritus and Mrs. Merwin H. Waterman, started work at the bank in 1957 as a distribution and file clerk in the research department. She later became a research assistant, supervisor of current reports, and in 1972 was transferred to the Personnel department as department head. She was then made assistant vice president, and in the spring of 1973 was placed in charge of compensation, a position she held until becoming Ombudsman in 1975.

When asked what is the key to carrying out her duties successfully she replied, "Absolute confidentiality! Prior to any investigation into a concern, there is a mutual understanding between me and the employee. I respect any restriction on communications that an employee wishes to impose. *Nothing* ever goes into an employee's personnel file. I also feel strongly that timeliness is important, and I try to resolve concerns in as short a time as possible."

One employee of the bank, when asked an opinion about the work of the Ombudsman, voiced strong support as follows. "I feel that, of all lines of communication open to staff members, the position of Ombudsman is the *LAST* thing to be eliminated. It is the only means which gives everyone the opportunity to discuss their views and problems in a face-to-face conversation with someone who, in an official capacity, can relay our feelings to anyone else in the District, no matter how high or low the person is . . ."

**'72** LANNY ALTSHULER, MBA '72, is president of Mr. Pottery of Florida, Inc. He is currently in the process of opening their fourth retail store in the South Florida area. Their major products include dinnerware, gourmet cookware, houswares and giftware. In addition, they have begun to import merchandise from Europe and the Orient with the intention of establishing an export/import branch of their business.

WILLIAM J. BRAAKSMA, MBA '72, graduated from Washington & Lee University School of Law in 1977 and is associated with Stanton, Bullen, Nelson, Moilanen & Klaasen in Jackson, Michigan and is primarily in civil litigation.

DANIEL I. BOROVIK, MBA '72, is a regional sales manager for Hamilton Test Systems of Livonia, Michigan. They are a subsidiary of United Technologies.

ST. CLAIR J. CAMERON, MBA '72, is a brands manager, special markets for the Hershey Chocolate Company. After completing his MBA in operations research and management science he was for several years a management scientist working on modeling new product introductions. He then secured a second MBA degree in marketing and worked for Gillette before moving to Hershey. Last year he was elected to the Board of Directors of Ross Valve Company, a Detroit based firm. He adds, "My proudest achievement however, is my daughter, Sarah, who is now three."

WILLIAM J. BUFF, BBA '69, MBA '72, was admitted to the partnership of Plante & Moran CPAs of Southfield in July of 1980. He is a member of the Michigan Association of CPAs and the American Institute of CPAs. In addition to providing auditing, accounting, tax and management consulting services, the firm is a specialist in the auditing of school districts and municipalities.

**'73** RALPH T. KROLIKOWSKI, BBA '73, is vice president, finance, for Argents Air Express Ltd. in Royal Oak, Mich., a position he

accepted in July, 1980. Argents currently has offices in Detroit, New York and Boston and is an air freight forwarder. Prior to accepting this position, Ralph operated his own CPA practice for five years. He is married and the father of one daughter, Lana.

GEOFFREY T. NOBLE, BBA '73, has been serving on active duty as a supply corps officer in the U.S. Navy. After graduation, he spent six months in Athens, Georgia at the Navy Supply Corps School, followed by a 2½ year tour of duty on an FBM (Fleet Ballistic Missile) submarine. While stationed on board the submarine he married Annely Glogowski, who graduated from the U of M in medical technology. They spent two years of shore duty in Charleston, S.C., and then moved to Rota, Spain for duty onboard a Submarine Tender. They are now in the process of moving back to Athens, Georgia, where he will be curriculum coordinator. He writes that in their free time they like to play tennis, hunt, fish, and drive their Porsche 911 in amateur sports car races. They are expecting the birth of their first child in December.

ALFRED C. CAROSI, JR., MBA '73, has been promoted to the position of director of Marketing Services for the Pabst Brewing Company, Milwaukee. He is responsible for managing the merchandising and sales promotion activities of all corporate brands.

**'74** RICHARD M. SWANSON, JR., BBA '74, began work with DuPont as a financial analyst right after graduation. After having held several positions in the finance department of corporate headquarters, he was promoted to the position of treasurer of DuPont do Brazil, and is now living in Sao Paulo, Brazil.

RHONDA WASHINGTON, MBA '74, is a health planner with the Inland Counties Health Systems Agency of Riverside, Calif. She plans to work in the field of health law and is entering law school this fall. She is a Sickie Cell Disease Counselor, is on the

Urban League Board of Directors, and does acute health service planning for a 40,000 square mile area of Southern California. She writes that she also serves on numerous health committees.

NAVIN HIRANAND MAKHIJANI, MBA '74, returned to India after completing his MBA, and worked for five years with a group of companies in the steel industry which were based in Bombay. Now he is working with a leading pharmaceutical company based in Delhi as accounts manager, heading a 40 person department.

**'75** DAVID M. SALTIEL, BBA '75, is now an attorney with Greenberg Keele Lunn and Aronberg in Chicago.

RODNEY R. FILCEK, BBA '75, has been promoted to manager in the Detroit Office of Price Waterhouse & Co. He joined the firm in 1975. He is a CPA and an active member of the American Institute of CPAs, Michigan Association of CPAs, Hospital Financial Management Association and Institute of Internal Auditors. He and his wife and daughter live in Ann Arbor.

GEORGE T. WILSON, MBA '75, is now the president of Nelson Filter Division of Nelson Industries, Inc. in Stoughton, Wisconsin. He writes that he joined the company in 1976 as market research manager, then became general manager of the Filter Division and was elected president of the division in August, 1978. While getting his MBA in the evening program, he worked as a product engineer at Walker Manufacturing Company in Grass Lake, Mich. He and his wife have two children, George and Sharna.

JEAN-LOUIS HUCHANT, MBA '75, started as a consultant after receiving his MBA, but after three years left the consulting business to join the French branch of Extracorporeal as finance director. He and his wife, Danielle and two boys, Pierre-Yves and Jean-Bernard, live in Paris.



**76** DOUG SHUFELT, MBA '76, is merchandising controller for Cranston Print Works Co. which is a textile printer of fashionable women's fabrics. He started as an internal auditor, and for the past three years, has worked in the New York City offices in various phases of the marketing operations. He writes news of other classmates, telling us that Steve McCormack, MBA '76, is product manager for Interactive Data Corp., a subsidiary of Chase Manhattan Bank, and John Pfeil, MBA '76, runs a fast food taco stand in Mexico City.

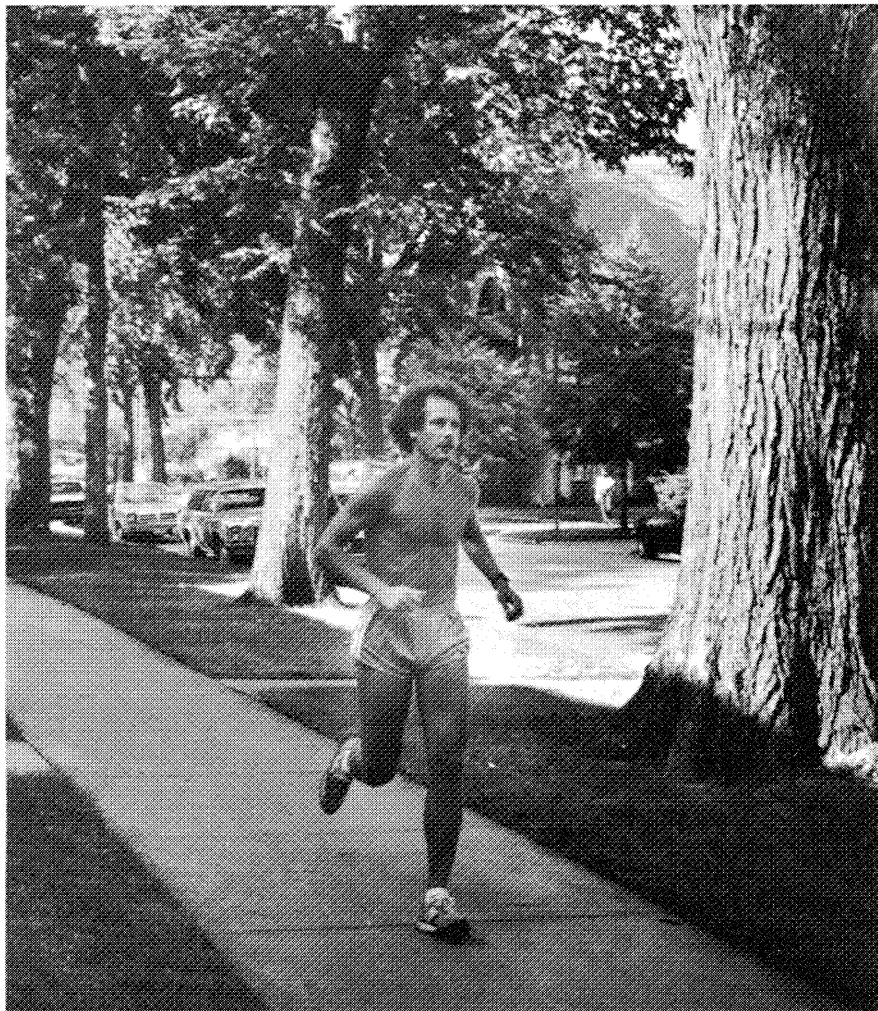
**77** RICHARD D. SKAFF, BBA '77, is currently working as a marketing representative for the General Systems Division of IBM in East Lansing.

BUCK HADDOCK, MBA '77, is a Lieutenant Commander in the U.S. Navy and is stationed in Canberra, Australia, where he is currently on loan to the Royal Australian Navy to improve inventory control, warehousing and repair parts requirements determination systems. He was formerly supply officer on the first trident submarine, the USS Ohio.

PEGGY L. O'KELLY, MBA '77, is now a senior financial analyst with Boston Edison Company. She received her CPA while employed at Coopers & Lybrand of Boston. She is also working as a part-time faculty member in the MBA program at Northeastern University. She is engaged to be married in September and comments that she would like to hear from other graduates from the class of 1977 to arrange a reunion in Ann Arbor next spring.

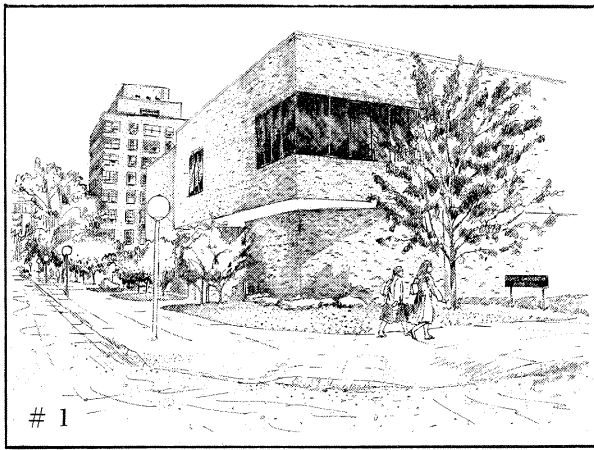
THOMAS PAGE, BBA '77, has been with the Michigan Republicans for 21½ years. He writes, "I started as a field representative in Detroit. After a year I was moved into the finance committee where I was promoted to assistant finance director. In June I was promoted to the administrative assistant to the Michigan Republican State Chairman—just in time to be put in charge of taking care of Michigan's delegation at the national convention. Politics is so wild one

## *So far, Mike Adell, BBA '59, MBA '60, has run 16,500 miles*

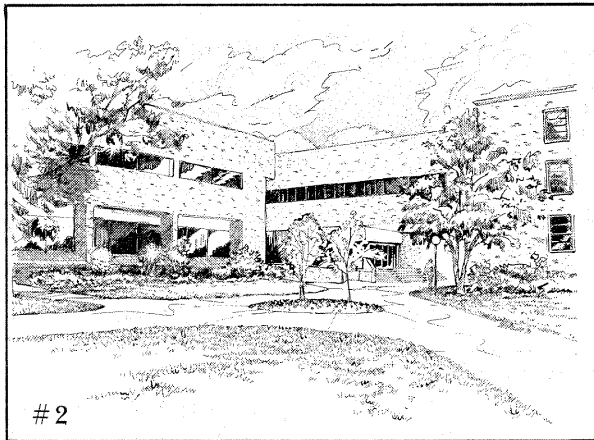


Michael Adell started running in 1972, and for the past four years has been running long distances. In 1977, he participated in the White Rock Marathon in Dallas, Texas, as a fund raiser for Sickle Cell Anemia, finishing in the top third of the race and raising nearly \$1,250.00. In that race, he toured the 26 miles, 285 yards in 3 hours 21 minutes, a pace of 7:40 for each mile. He ran the Boston Marathon in April, 1979, and followed that up with *two* marathons in two days. The first was the Sugar River Trail Marathon in Wisconsin, the second America's Marathon in

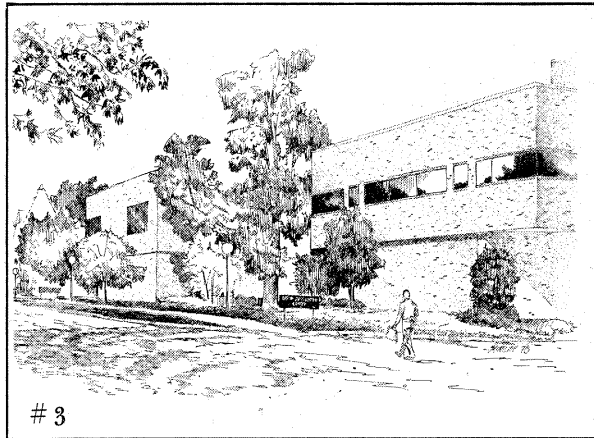
Chicago (the first he ran in 3:18; the second in 4:04). This year, he has run a 36 mile ultramarathon, and has plans for two 26.2 mile marathons and one 50 mile ultramarathon in three successive weeks this fall. He writes that he has run 2100 miles so far this year, and expects to cover about 3500 miles by the end of the year. Mike, who is sales manager for the midwestern region of Eastman Kodak Co., says, "Obviously, I love running—it's peaceful, can be private, invigorating, and I've never felt better in mind or body."



# 1



# 2



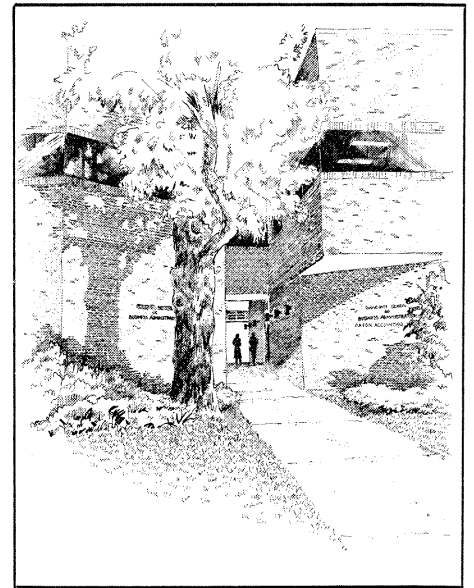
# 3

# *This Gift Gives Twice! An Idea for the Holidays*

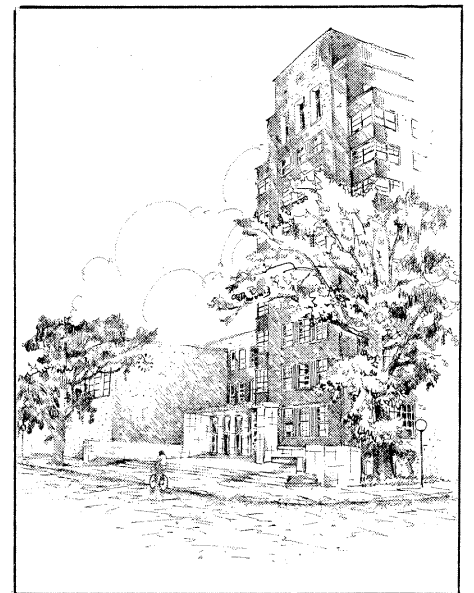
Give a person on your list one or more of these sensitively drawn sketches of the business school buildings, both new and old, and their surroundings, and at the same time contribute to The Business School Fund.

Each sketch is printed on heavy paper approximately 10" by 12" and is suitable for framing. The artist is Bill Shurtliff, whose reputation as a distinguished pen and ink artist was established with his finely drawn scenes of Ann Arbor and the U of M campus.

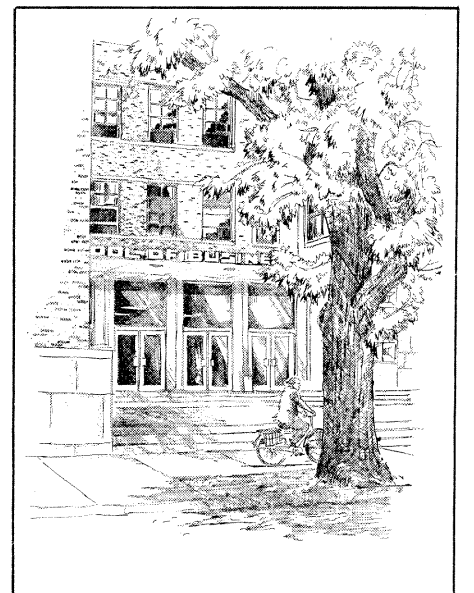
The sketches are \$15.00 each, \$10.00 of which is tax deductible as provided by law. Checks should be made payable to  
*"The Business School Fund."*



# 4



# 5



# 6

Dividend Sketch Book  
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Please send me sketches of the business school as checked below:

- |                                    |                                    |
|------------------------------------|------------------------------------|
| <input type="checkbox"/> Sketch #1 | <input type="checkbox"/> Sketch #4 |
| <input type="checkbox"/> Sketch #2 | <input type="checkbox"/> Sketch #5 |
| <input type="checkbox"/> Sketch #3 | <input type="checkbox"/> Sketch #6 |

Single sketches are \$15.00 apiece (\$10.00 of which is tax deductible as provided by law).

Name \_\_\_\_\_

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City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Please make checks payable to "The Business School Fund."

never knows where he'll be or what he'll be doing from one week to the next."

**'78** ROBERT A. BAILEY, MBA '78, is a senior auditor for Coopers & Lybrand in Cleveland, Ohio. He received his CPA certificate in April 1980. He is a member of the NAA and AICPA and active in Republican party politics.

ALBERT COOLEY, MBA '78, is a product manager for Codex, a subsidiary of Motorola, and is living in the Boston area. Before joining Codex, he was doing market planning for RCA's microprocessor systems product line. He is responsible for a number of data communications products at Codex, and is starting work on his master's in electrical engineering this fall.

**'79** DOUGLAS VAN, MBA '79, joined Exxon as chemical intermediates sales engineer in Hong Kong right after graduation, and was later put in charge of logistics and operations for a Hong Kong affiliate. Since January, he has been sales coordinator for the regional headquarters, coordinating marketing programs in the different affiliates in Asia Pacific and also developing new markets in the product lines of aromatics, plasticisers and chemical intermediates.

MILTON READER, BBA '79, works in the Tax Department of Deloitte Haskins & Sells where he has also been appointed to the Client Furtherance Committee. He has successfully passed all four parts of the CPA exam. He is currently enrolled in the Masters of Taxation program at the University of Minnesota (evenings) and helps to teach CPA review sessions. He writes, "Minneapolis is one of the finest places to live in the country. Friendly. Progressive. Positive. I actively participate in the American Lung Association Run-a-thon Corp. Series. Enjoy racquetball and running to relax. But there's only one 'U of M'."

## Ph.D. Notes

JOHN LAWRIE, MBA '58, Ph.D. '63, is President of Applied Psychology, Inc. and has recently put together a self-study course for beginning supervisors called, "*Developing Your Leadership Skills*." He reports that it's now being used by more than 2000 people in over 60 organizations.

JOSEPH P. YANEY, MBA '64, Ph.D. '69, is working at the Texas Center for Productivity and Quality of Work Life as associate director, and serving as professor of management at Texas Tech University. He writes that productivity intervention strategies showed a 26% increase in textile productivity in Tennessee plants. Among new projects the Center is working on is one for state mental health hospitals which are seeking help in reducing the 100% rate of turnover in entry level jobs.

THOMAS A. CASE, Ph.D. '74, is managing partner of Catho Progresso Professional Ltd. in Sao Paulo, Brazil. He writes, "Our business began three years ago and was the first Brazilian professional service to help executives

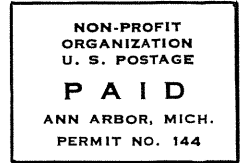
find new positions. To date, we have had more than 400 clients, including presidents, managers, engineers and accountants . . . and introduced the "outplacement" concept to Brazilian business. As a result of our extensive direct mail advertising, companies have invited us to do executive search work for them as well as to do their direct mail advertising. Some clients include the Brazilian subsidiaries of Alcoa, Amoco, Sunbeam, Metellury, Exxon, Chevron, Dale Carnegie and Austin. Today our small business has 20 employees. We expect this year a minimum of 300% real growth. Much credit is due to the teachings of Professors Terpstra, Dufey and Adams."

IAN H. GIDDY, Ph.D. '74, is presently on a one year assignment at the International Monetary Fund. He is on leave from Columbia University, where he teaches international finance. He lists his home address as "shifting," writing that he is traveling a lot on "teaching, consulting, or wandering grounds" and that he was recently in Hong Kong, Singapore, and Borneo.

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### **DME Offers Seminar Designed Especially for Corporate Directors**

Experienced corporate directors who are also well-established seminar speakers will comprise the faculty of a new program presented by the Division of Management Education of the Business School. The seminar addresses itself to critical governance issues, and is specifically designed for chairmen, chief executive officers, and members of corporate boards of directors. Two sessions are scheduled: one in San Francisco, February 8-10; the other in South Carolina, May 3-5.

Entitled "The Effective Corporate Director," the seminar is structured as an intensive three day program. It will address such questions as: How are changes in boardroom attitude, composition and structure changing the director's relationship with management?; How will requirements of the Foreign Corrupt

Practices Act and recent SEC disclosure requirements affect director duties and liabilities?; What are effective ways for outside directors to secure special staff support and legal counsel to improve information gathering?; How can innovations in board structure, organization and director selection improve boardroom performance?; How is the "shareholder democracy" movement and other proxy issues affecting the election of directors?

Seminar topics will be introduced by brief lectures and explored by extended discussions. Boardroom simulations and scenarios of alternative futures will also be employed. In order to allow maximum individual participation, enrollment will be limited to 30 selected directors for each seminar session with no more than three directors from the same company attending the same session.

Seminar leaders include C. William Verity, Jr., chairman of the board of Armco Inc.; James W. McSwiney, chairman of the board and chief executive officer of Mead Corporation; Robert K. Mueller, chairman of the board of Arthur D. Little, Inc.; John R. Evans, commissioner, Securities and Exchange Commission; Patricia Shontz Longe, corporate director and professor of Business Administration, University of Michigan; Victor M. Earle, III, general counsel of Peat, Marwick, Mitchell & Co., and Myles L. Mace, corporate director and professor emeritus of Harvard's Graduate School of Business Administration.

Further information about the seminar can be obtained by writing the Division of Management Education, Graduate School of Business Administration, University of Michigan, 1735 Washtenaw Avenue, Ann Arbor, Michigan 48109; telephone 313-763-1000.

*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.