Two Milestones

It is my pleasure to announce two milestones in the history of the Graduate School of Business Administration.

First: A major capital fund campaign for the School has been approved by the Board of Regents of the University. A major expansion of the School's physical plant will be needed to meet program demands of the 1980's and beyond, and the School plans to raise $15,000,000 for three new facilities: a library; a building which will be shared by two components — new computing facilities and the Executive Education Center; and a dormitory to house executives participating in programs of the Division of Management Education.

The University of Michigan is planning a comprehensive and intensified capital fund program over the next ten years as part of an overall strategy to provide the financial and human resource base necessary for its continued and enhanced excellence. During this decade the University will seek major gifts for program support, educational endowment, and building expenditures. The campaign for the Graduate School of Business Administration is part of this substantial University-wide effort. As such, it will enjoy high visibility: its success is vitally important.

Already, a substantial amount has been committed to the Business School Capital Campaign. Enough so that I can announce the second milestone: ground was broken on October 8, 1982, for two of the three proposed buildings — the library and the Computing/Executive Education facility. We hope to begin work on the third building in the near future. And we need your help to complete and equip all three.

I invite your interest and support of this exciting and important new endeavor of the Graduate School of Business Administration.

Gilbert R. Whitaker, Jr.
Dean
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Photo by Virginia Geren.

Dean: Gilbert R. Whitaker, Jr.

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Anneke de Bruyn Overseth

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We're On Our Way!

A major capital fund campaign for the Business School has been approved by the Board of Regents of the University to finance a major expansion of the School's physical plant. The campaign to seek funds for three new facilities has been inaugurated, and already, over ten million dollars have been committed to the proposed building program. The project will be funded entirely through private donations pledged to the Capital Campaign.

The School plans to raise $15 million for three new facilities: a library; a building which will be shared by new computing facilities as well as by the Executive Education Center; and a dormitory to house executives participating in programs of the Division of Management Education. Ground for the first two buildings was broken October 8, allowing the School to benefit from the low construction costs now prevalent in Michigan (see story on following pages). A $2.5 million challenge grant has been given to the School by the Kresge Foundation for the construction of the library, which is to be named the Kresge Business Administration Library.

The capital campaign is part of a long-range development program begun three years ago by Dean Gilbert R. Whitaker, Jr. soon after he came to U-M from a similar post at the M.J. Neeley School of Business at Texas Christian University. The Dean's ultimate goal is to ensure the U-M's leadership among the nation's top business schools, both public and private.

Corporate executives predict the building project will have a positive impact on both the University and the state's business community — but not at taxpayers' expense. As the campaign is now publicly announced and goes nationwide, it is worthwhile to point out that local support has been gratifying: to date over 50% of the preliminary gifts have been given by Michigan corporations, indicating not only a faith in the future of the Graduate School of Business Administration, but — equally important — a faith in the future of the Michigan economy.

For More Information
If you have any questions or need more information, please do not hesitate to contact the Campaign Office, Graduate School of Business Administration, The University of Michigan, Ann Arbor, Michigan 48109,(313-763-6930).

In particular, the executive education facilities may familiarize executives from throughout the country with Ann Arbor's offerings in areas of high technology and robotics research, notes Jack Edman, vice president of General Motors. Edman, a U-M MBA, chairs the Capital Campaign Steering Committee.

"It's possible that more fledgling high technology businesses could germinate in Michigan as a result of the interface between University people and business representatives who attend the executive seminars," Edman said. In addition, the new library and computing facilities are sure to attract even more quality faculty to the School, he said.

Alumni and campaign leaders believe that success will enable Michigan someday to boast one of the three top-rated business schools in the country. It already is becoming known as a pioneer in relatively new research fields such as computer information systems.

To rank among the very best, however, the School must expand its role as a center of research activity and executive education, Dean Whitaker believes, in addition to maintaining "excellent standards of teaching that attract top faculty and students."

The pressure points are evident. The number of full-time or equivalent faculty positions has grown by more than 40 per cent since 1978. And the library currently serves more than twice the number of students it was built to accommodate in the 1940s.

The School's reputation has resulted in substantial growth during the past two decades. Increased numbers of both faculty members and students have strained existing facilities, however. "One of the main reasons for expanding our physical
A Capital Campaign

plant is to help us catch up with growth in a number of areas," says Dean Gilbert Whitaker.

The School has an unusually faithful cohort of alumni and friends. Many are enthusiastic contributors to the ongoing development of a business school which has produced notables such as Roger Smith, chairman of General Motors Corporation, and three other past GM chairmen.

"Such an extensive effort could only succeed with the energy and cooperation of many devoted volunteers," said Anneke de Bruyn Overseth, director of development for the Business School. "We are indeed fortunate in having so many enthusiastic and dedicated supporters who are willing to give of their time and energy. Our campaign leadership is enthusiastic and hard-working, and response from major donors has been favorable."

Members of the Capital Campaign Steering Committee and the School's Development Advisory Board are as follows:

**General Chairman, Capital Campaign Steering Committee**
John R. Edman, Vice President, General Motors Corporation, Detroit, Michigan.

**Chairman, Development Advisory Board**
Louis G. Allen, Deputy Chairman, Manufacturers National Bank and President, Manufacturers National Corporation, Detroit, Michigan.

**Primary Gifts Division Co-Chairmen**
Oscar A. Lundin, Vice Chairman (retired), General Motors Corporation, Detroit, Michigan.
Donald R. Mandich, Chairman, Comerica Incorporated, Detroit, Michigan.

**Special Gifts Division Co-Chairmen**
Allan D. Gilmour, Vice President-Controller, Ford Motor Company, Dearborn, Michigan.
John C. Morley, President & Chief Executive Officer, Reliance Electric Company, Cleveland, Ohio.

**Business School Family Division Co-Chairmen**
Paul W. McCracken, Edmund Ezra Day Distinguished University Professor of Business Administration, The University of Michigan.
Alan G. Merten, Professor of Computer & Information Systems, The University of Michigan.

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Wilbur K. Pierpont, Professor Emeritus of Accounting, The University of Michigan.
John E. Riecker, Senior Partner, Riecker, George, Hartley & Van Dam, Midland, Michigan.
Sanford R. Robertson, Partner, Robertson, Colman, Stephens & Woodman, San Francisco, California.
Goff Smith, Chairman (retired), Amsted Industries, Chicago, Illinois.
W. Paul Tippett, Jr., Chairman & Chief Executive Officer, American Motors Corporation, Southfield, Michigan.
School embarks on a major effort to expand its physical plant in order to meet the program demands of the 1980s and beyond.

It was one of those beautiful October days in Michigan — clear, cool and sunny, and the atmosphere was festive as the Business School broke ground for the construction of the new Kresge Business Administration Library and the new Computer-Executive Education Center.

The spot for the groundbreaking was marked by a colorful bouquet of 24 helium filled balloons. U-M President Harold Shapiro, Dean Gilbert R. Whitaker, Jr., John R. Edman, GM vice president and Chairman of the School's Capital Campaign, and Student Council President Ken Kelly, officiated at the ceremony which took place Oct. 8th.

The project, budgeted at $10.8 million, is being funded as part of the $15 million capital campaign, in which the Business School already has pledges of just over $10 million, with the major alumni effort getting underway. (See story page 4.)

Included in the total is a $2.5 million challenge grant by the Kresge Foundation of Troy, Mich, for the construction of the new library.

The new library will provide 55,000 square feet of space for open stack collections on three levels, with self storage capacity and seating capacity each almost three times that of the present facility, which is largely unchanged since the 1940's.

"Greatly expanded student use of library facilities is expected in the upcoming years," commented Dean Whitaker, "as well as growth in research activity. The use of micro-form material will continue to grow, and a change to an on-line computer catalog is anticipated." A prime need for the library is for more seating space. Carrels, reading chairs, individual work surfaces for research, and group study rooms are needs not currently met in the Business Administration Library. The new library will be a welcome and much needed addition.

The second part of the addition will afford 25,000 square feet of space for computing activities.

Computing activity will be greatly expanded in this building, which will be shared by Division of Management Education (DME) classrooms, A Michigan Terminal System computing laboratory is currently maintained cooperatively by the business school and the University Computing Center is a relatively small space. It has been heavily used as computing has developed in importance in the School's instructional and research programs.

Executive program classrooms and staff offices will occupy another 25,000 square feet of space on three levels of the complex. Included will be two amphitheaters, two large case rooms, four seminar rooms, and several smaller discussion rooms. The new classrooms will accommodate 420 people.

Plans are already underway for a third structure: a dormitory to house executives participating in programs of the School's Division of Management Education.

The business school complex has been designed by the architectural firm of Carl Luckenbach/Robert L. Ziegelman, Inc., of Birmingham, Mich.

Dean Whitaker said, "These new facilities will contribute to the major objective of the Graduate School of Business Administration, which is to assume a strong leadership position among America's outstanding business schools by the end of this decade. An aggressive blueprint for action has been formulated that articulates challenging but achievable goals of faculty and facility development to make an excellent school of business an outstanding one."

The new U-M business school complex will continue a history of private support for the institution. In the last decade three major facilities — the William A. Paton Center for Accounting and Research, the Kalmbach Management Center, and the Assembly Hall — were made possible by private gifts from the school's alumni and friends.
Dean Whitaker (center) talks to Alan Merten (left) and Billy E. Frye at the groundbreaking reception. Merten, professor of computer and information systems at the Business School, is co-chairman of the Business School Family Division of the Capital Campaign. Frye is U-M vice president for academic affairs.

Will M. Caldwell, executive vice president of Ford Motor Co. (left) and Daniel T. Carroll, chairman and president of The Carroll Group Inc. of Ann Arbor. Both are members of the Business School's Visiting Committee.

Barbara Curl, president-elect of the Ann Arbor Chamber of Commerce, was among the guests at the groundbreaking.

Harry A. Towsley, M.D. and Chris Trautwein of Warner Lambert-Parke Davis enjoy a chat at the reception before the groundbreaking luncheon.
Left, John R. Edman, vice president of General Motors Corporation and general chairman of the Capital Campaign Steering Committee, prepares to "dig in" with the special shovel presented to him as a surprise at the luncheon preceding the groundbreaking.

Below, Allan D. Gilmour, vice president-controller of Ford Motor Company, greets a friend at the groundbreaking reception. He is co-chairman of the Special Gifts Division of the Capital Campaign.

Above, Paul McCracken at the groundbreaking luncheon with Joseph G. Conway (right), vice chairman of the National Bank of Detroit who is a member of the Capital Campaign Steering Committee. McCracken, Edmund Ezra Day University Professor of Business Administration, is co-chairman (with Alan Merten) of the Business School Family Division of the Capital Campaign.

Left, Student Council President Ken Kelly enjoys a glass of punch at the reception following the groundbreaking ceremonies.
The scene is a State Street delicatessen at 11:30 at night. The year is 1974. Seated at one of the tables is Steve Eberbach, MBA ’67, an aerospace engineer who designs speakers in his spare time and would like to have his own business. At the next table, with his back to Steve, is Howard Krausse, BBA ’77, who also is fascinated by speakers and other audio equipment and who also would like to have his own business.

During a lull in the usual background noise of the delicatessen, Howard and Steve happen to hear each others’ conversations. They are both talking about speakers. At which point Howard turns his chair around, taps Steve on the shoulder and says, "Are you into speakers?" Steve says, "Yeah." Then Howard says, "You’ve gotta meet my friend Bob."

Thus DCM Corporation was born. Since then it has grown into a two million dollar company which manufactures five different types of speakers, the most well known of which is the Time Window. This growth has taken place without benefit of advertising, because DCM’s founders put all their money into their product and keep their profit margins low. But we are getting ahead of our story.

Steve and Howard left the delicatessen that night, went over to Howard’s house and called Bob in Traverse City. "I sat in the stairwell and talked to Bob for an hour and a half," said Steve with a grin. "Then I said, ‘If you want to work on an amplifier, come on over to my house, I’ve got a lot of equipment.’"

Serious work on the amplifier was not to begin, however, until the summer, when Howard and Steve and Bob went to the Chicago Electronics Show where they met a diamond salesman (honest!) who claimed he had semi-conductor companies all over the world and told them he could have their amplifier manufactured if they would give him the specs and drawings. That did it. Driving back from Chicago the three of them decided they were going to start a company.

The first project was getting the amplifier off the drawing boards and actually built. They set up shop in Steve’s living room. Bob moved to Ann Arbor from Traverse City and Howard (who lived two blocks away from Steve) dropped out of school to give all his time to the project. "We had no money, though," says Howard, "so we had to start scrounging free samples from various suppliers. Otherwise, our only source of money was Steve’s credit card. We also had a car (Bob’s) which we eventually drove to death, and a truck (Steve’s). That was it.

Obviously there was a need for some financing.

A friend put them in touch with a venture capitalist in New York who made them a proposal. "I deal in money and talent," he said. "If you will bring your amplifier to be tested by my friend at Argonne Research Lab and he OKs it, I will finance it." This sounded better than the deal the diamond merchant offered them, so they set to work getting the amplifier ready to be tested. "We did all that he asked," said Steve, "and the amplifier checked out fine. But when it came time to sign the contract, the terms were ridiculous. We battled to the death over the contract until we were flat broke."

Discouragement, quite naturally, set in. But Sam Russo (the man they had chosen to manufacture their amplifier when and if it was ready to be manufactured) gave them some good advice. "Don’t ever forget your partnership is really strong — something which is unusual," reminded Sam, adding meaningfully, "there are many people out there with money, but there aren’t very many people with ideas like you, and maybe you ought to consider a different approach to your business," said Sam, "which is Keep It Small — Keep It All."

At this point, the recession of 1974 rolled in — 'bad for business,' says
Steve Eberbach, MBA ’67 and Howard Krausse, BBA ’77 (right) are pictured here in the DCM factory along with the firm's mascot, Nate (who woofs but doesn’t tweet).
Howard, "but good for us because it put us in a more realistic frame of mind. First, we postponed manufacturing our amplifier and instead built a pair of speakers. Then we put our amplifier and speakers in Bob's car and started carting them around, pounding on doors and making appointments for dealers to hear our equipment. It was our own informal market survey, and we drove all around the country getting advice from dealers. Immediately after we arrived back home, the bank repossessed the car, but the trip was very useful, because we learned what people wanted. With a $500 loan from Frank Villani and Sam, we designed our speakers so they would be smaller and less expensive."

"We took the money, ate, built another pair of speakers, sold them, ate, built another pair of speakers, and so forth."

By this time, however, they had barely enough money to provide them with food, let alone rent. And by the time they got a pair of their redesigned speakers actually built, they were so low on cash that all they could do was post a few ads in dormitories. The speakers sold right away. Says Steve, "we took the money, ate, built another pair of speakers, sold them, ate, built another pair of speakers, and so forth." Then, under the unlikely name of "Johnny Zener's Cosmic Home of Ultra Fidelity," they bought used hi fi equipment to go with the speakers and sold them as a unit — all out of Steve's house.

Howard then decided to go back to business school — figuring that either the company was going to be successful, in which case he would need business training, or it was NOT going to be successful, in which case he would need business training. Meanwhile, Bob and Steve were continuing to manufacture speakers six at a time, tinkering with them all the while to make improvements. "We did our R and D testing with the people who came to the house," says Steve.

Although everybody was managing to keep eating under the system of building and selling a few speakers at a time, it was obvious that this was no way to run a business. So when a friend offered the use of his warehouse and tools in off hours, they took him up on the offer. They could now build most of the parts for 100 speakers (leaving the most expensive components to buy as they needed them). Soon afterwards, they found someone to build the cabinets for their speakers, which speeded up production.

"By this time," says Howard, "the business was supporting all of us although not in the style to which we would like to become accustomed." And now they settled down to a period of slow growth, steadily improving the speakers and selling them, still to a totally local market.

Another jump in expansion came when a man from Birmingham who was selling equipment out of his house placed an order for 100 speakers and at the same time loaned the company $10,000. This enabled them to rent a 400 foot space in a 3,000 foot garage and start manufacturing on a small scale. At the same time, Bob started traveling to other towns to sell the product. A newly hired marketing director advised them to double their price. "He said the product needed to be much higher priced both in order to be credible and to make enough margin for dealers to handle it," said Steve. "That advice was excellent and we took it."

By the time Howard graduated from Business School in 1977, it was clear the business was going to grow. Howard put his effort into production, Steve was the design and purchasing agent, and Bob managed the selling. But the company needed capital to expand.

Enter Jim Crosby, loan officer at the Ann Arbor Trust Company. Through him, the bank was able to provide the growing company with a loan of working capital which made it possible for the business to move to a 1,200 square foot facility. "This," says Howard, "is when we really got into production, and we hired our first employees." That year (1977) they sold $250,000 worth of speakers, five times more than they had sold the previous year. (But even with the expansion, they were having to paint their speakers in the parking lot.) In 1978, they moved to an 8,000 square foot facility and did $1 million worth of business. And in 1979, they expanded their facility to 12,000 feet and did $2 million worth of business. In 1980, sales hit a peak of $2.8 million and the firm had 33 employees. The growth slowed somewhat in 1981, and the partners are now putting their current efforts into designing new products and positioning themselves so that when the economy turns around they will be ready.

DCM Corporation supports about 20 extra people in "cottage industries" (for example, building cabinets for the speakers). "We have always followed a course of low overhead operation," says Howard, adding, "One of the big secrets of starting a business with no capital is convincing others that they should believe in you and invest their money in you and your products. This spreading of the overhead, capital, and risk is what allowed us to grow using very low capital investment."

It is interesting, when you talk to Howard and Steve, how they keep coming back to the same themes to explain where the strength of their company lies. First, in the partnership: "We each wear a different hat, but we rule by consensus. Any decision needs to be unanimous. If there is a disagreement, we always work on it until we all agree or until we come up with a compromise acceptable to all of us." Second, excellent design and quality: "We have a reputation for reliability, dependability, sound quality and consistency of service. Any speaker that is damaged is returned and replaced. And we study the cause of every failure and fix it."

Third, the strength of their marketing efforts: "We keep a unified philosophy between us and our dealers. Our dealers now are cutting back and strengthening their marketing positions for the day the economy turns around. That is the same philosophy we are following."

So there you have it. Three people who have turned what they loved to do into what they do for a living. And so, in the truest sense, their hobby is their business and their business is their hobby. And that sounds like a pretty good formula for success.
Firms interested in buying computer systems today face a significantly different situation than they did in the 60s and early 70s, because the relationship between the customer and the vendor has changed radically. These changes have given rise to some interesting problems in law as it struggles to deal with this new technology. In this article, I am going to explore aspects of this new situation, and make a suggestion or two on how buyers can deal with it.

Not so many years ago, the relationship between consumer and vendor of computer systems was relatively clear-cut. The consumer expected the vendor to provide a functional system appropriate to the user's operation. Buyers, especially those purchasing systems for the first time, were not sophisticated in the subtleties of computer systems, and relied on the vendor to help them determine which of their functions should or could be automated. Vendors willingly accepted the role of expert, eagerly providing advice to prospective buyers.

But in those days, first time users were mainly large firms whose ultimate information systems investment would total millions of dollars, and vendors were willing to devote sizable amounts of the time and energy of their sales staff to bring in such accounts.

Furthermore, many of the functions computerized during this period were routine manual processes such as payroll or customer billing. The development of these systems was straightforward and relatively standard between different consumers, enabling vendors to enjoy economies of scale, and making cost-justification of these purchases easy to establish. Each sale was sufficiently profitable that the vendor could invest enough sales staff time to assure that their systems would meet or exceed the buyer's expectations.

Times have changed. In the seventies, both the hardware and software industries saw the entry of hundreds of new firms. Competition increased dramatically, causing profit margins to decline. Vendors could no longer afford to invest as much effort into an analysis of the buyer's operation before selling him an information system, and salespeople were under more pressure to make sales, rather than to evaluate the ability of their product to fill the

About the author: William Sasso is a Ph.D. student in the Computer and Information Systems Department.
customer's needs. In addition, firms large enough to afford computer systems had already automated their routine functions, such as bookkeeping, and were now interested in automating more complicated and less standardized functions, such as cash planning, production scheduling, and materials requirements planning. Vendors were thus in a dilemma. These more sophisticated systems required greater development effort and their customization to fit the needs of each buyer involved major effort, but at the same time, passing these costs on to the customer was becoming more and more difficult due to increased competition.

All of these conditions left the salesperson between the devil and the deep blue sea. On the one hand, sales had to be increased to counterbalance the lower profit per sale. But on the other hand, more sophisticated systems had to be sold, because most customers already had the "basics." Thus some systems were sold which did not meet customer expectations even after extensive modification by the vendor's technical support personnel. To safeguard themselves against lawsuits, it became common for vendors to include the following disclaimers on their standard sales contract form:

"There are no understandings, agreements, representations, warranties, express or implied including any regarding merchantability or fitness for a particular purpose, not specified herein, respecting this contract or the material or services hereunder. This agreement states the entire obligation of the vendor in connection with this transaction. It must be understood that you assume full responsibility for the overall effectiveness in which the equipment and software are to function, as well as responsibility for the cooperation of your personnel. Once an order is placed for this equipment such order shall not be subject to cancellation by the purchaser due to any of the matters which are the purchaser's responsibility."

Vendors also added clauses limiting their liability in case the system did not provide the specified performance:

"Purchaser hereby expressly waives all damages whether direct, incidental, or consequential."

Inevitably the legality of such disclaimers has come to be challenged in the courts. Because vendors are no longer willing to accept the role of expert they had previously played, and because consumers still feel that the vendors should assume that role, the question has been referred to the judicial system.

Analysts in Wonderland

An examination of the legal decisions on the responsibility of the vendor for information sold to a customer reveals the fact that there is currently no consensus among the courts on this question. Furthermore, there are a great many difficulties in the analysis of legal decisions in this area. Here are a few of the problems this author discovered:

1) When, as in our case, the situation in question has no direct precedent, some rather curious precedents are presented. We find, for example, one court considering the similarity between a player-piano roll which governs the operation of the piano, and a computer program which issues instructions to the computer. When precedents like this are the best that can be offered, the arguments supporting their applicability become very important, and often a highly subjective element is present in the decision handed down.

2) The basic question in many of these cases is whether the seller is providing a good (subject to the Uniform Commercial Code), or a service (not subject to the UCC). The author asked Professor James J. White of the U-M Law School to give analogies for this situation. Professor White first noted that this question really applied only to software, since computer hardware is indisputably classified as goods and its purchase is governed by the Uniform Commercial Code. Then he suggested two possible legal analogies: one involving suits brought against hairdressers, and the other involving suits brought against construction firms.

In general hairdressers are considered to be providing a service — that of arranging the customer's hair. While the application of certain goods, such as shampoo, conditioners, is part of the hairdressing process and their cost is included in the charge for the service, they are incidental rather than basic to the process. The buyer is not primarily buying shampoo per se. In some cases the shampoo used has harmed the scalp of the buyer, and suit has been brought against the hairdresser. Unfortunately, there is no clear trend in this type of suit — some courts have found for the hairdresser and some for the customer, under very similar circumstances.

The analogy drawn with the construction industry is not much more helpful. Here the question is whether, in engaging a construction firm, one is buying a service (the time, efforts, and use of the equipment) or buying a good (the structure to be built). Similarly, if I hire a software house to design a custom computer system for my firm, am I hiring the services of the software house, or paying for the system desired? As we have seen above, this is important because different laws may apply depending on your answer. Unfortunately, the courts have not reached a consensus on this question. Approximately fifteen cases of this type have been heard, and the findings have been split down the middle.

3) The court's function is more than simply the decision as to which law is relevant. It must further apply the law, which involves interpretation. Commonly the courts of each state or federal district will try to be consistent in their interpretation of a law, which means that a precedent case decided here in Michigan will carry more weight here than will one decided in California. Sometimes these interpretative traditions will vary widely in different states.

4) In practically every state, a different legal code applies. While the Uniform Commercial Code, which governs transactions between buyers and sellers, has been adopted by 49 of the 50 states, many states have made minor modifications
which can sometimes make significant differences. (Louisiana, the state which has not adopted the UCC, has a somewhat similar code known as the Louisiana Bulk Sales Law.)

5) The duration of the litigation process itself presents another significant problem. A decision handed down today may have entered the courts in 1978, and may refer to actions during 1974-76 based on an agreement entered in 1973. Since a number of tactics intended to help buyers in the contract negotiation process have been suggested only in the past several years, we are unable to gauge their effectiveness.

6) Many cases are settled out of court, and it is often difficult to find out the terms of these settlements. This biases our analysis towards those suits which go to judgment, and we have no idea which direction this bias takes.

At this point it should be clear why we haven’t given a generally accepted statement of the vendor’s role in information system control — there isn’t one! The buyer’s idea and the vendor’s idea are diverging, while the courts have no single opinion themselves. Though they generally agree that hardware purchases are subject to the Uniform Commercial Code, they vary in their treatment of the disclaimer clauses. They are even less standard in their treatment of suits based on software purchases. What’s a buyer to do?

There are a number of steps the buyer can and should take. They involve the definition of the vendor’s role as part of the contract. The first step is to write a good, rigorous request for proposal (RFP). The RFP should specify, in reasonable detail, minimum acceptance performance levels for the system. When vendors have submitted proposals, the performance of each system should be critically evaluated against the performance levels in the RFP. When the decision to accept a proposal has been made, don’t just sign the vendor’s standard contract. Ideally the buyer should write the contract, incorporating the RFP specifications and indicating definite remedies for vendor nonperformance. If the vendor’s standard contract is used, the RFP minimum performance levels should be attached and included as part of the agreement. In any case, corporate legal counsel should review the contract before it is signed.

Today’s competitive market among computer hardware and software vendors gives the buyer enough leverage to insist that the purchase agreement follow these guidelines. There is extra time and effort involved, especially at the front end. A wise purchaser will consider it an investment, for it will show returns.
Five Differences That Will Change the World

By Thomas G. Gies
Professor of Finance

Editor's Note: This article is excerpted from the talk Professor Gies gave last spring at the first annual award ceremony of the Golden Key Honorary Society Chapter at the U-M.

Not since humans climbed out of caves, stuck seeds in the ground and began to domesticate animals have times changed so radically as they are changing now. We will see changes which will dwarf those of the renaissance, and they will not come about over a period of 400 years, but in one generation. I am a part of the last generation of a way of life which has been the same in some very fundamental respects for thousands of years — the last generation of a way of life which will be gone before we are.

No institution is going to change more than the American university in the next decade and, possibly, no institution realizes as little as we do the revolutionary changes which are about to come upon us. The reason our function will change is that our children are different from us in some very basic ways — ways in which children have never before been different from their parents. I believe these two generations are different both quantitatively and qualitatively. I am told that of all the people who ever lived on this earth, one quarter are alive right now. Half of all those people alive today are under 26 years of age. If the differences between our generations were only quantitative, we'd have quite a problem. But I believe our generations are qualitatively different as well. Different right down to the marrow of our bones because we are products of radically different kinds of worlds. I want to talk about these differences and to indicate how and why I think they are important.

Difference No. 1: You don't have to work to keep from starving to death in the United States any more. The generations preceding this one were work oriented. We were taught that work is good; and that through work man becomes worthy. If we were told that we couldn't work any more, half of us would have serious emotional problems tomorrow. The other half already have serious emotional problems. But the younger generation is not similarly work-oriented. They don't believe that work is good. They believe that work is — it may be good, it may be bad. And that makes them essentially different from us.

Difference No. 2: You may not be able to work any more. An executive of IBM has predicted that the 20-hour week is right around the corner. More optimistic pundits have said that in our time 2% of the population will be able to produce all the goods and services necessary for all of us. In 1951 there were 100 computers in the United States. In 1981 there were 400,000 and I don't know how many they've rolled out of San Jose since then.

In Washington both Republicans and Democrats are seriously considering a guaranteed national minimum income for everyone whether they work or not. The reason, they say, they're considering it is because economists tell us that if we only knew it, 25% of our population is economically obsolete right now. They can't do anything that we can't do better with a machine and, furthermore, by current educational technology they can't be trained to do anything that we can't do better with a robot. So we have developing in this country two distinct labor markets: A highly skilled market in which there is a chronic and deepening labor shortage. And an unskilled labor market where there is widespread and increasing unemployment.

Difference No. 3 concerns human identity. We old folks thought we knew what man was. But our children aren't so sure any more. Here's a problem in human identity which some members of the Law faculty are considering at this very instant. If we transplant a heart, and an artificial stomach, a goat's kidney, and perhaps another individual's brain, legally who is that person? What is her name? Does she
have a vote? When the donor’s great aunt dies, can she inherit the money? Is she responsible for the donor’s old debts? And what is the sex if the transplant brain is from a male? (Be careful, that’s his head making the judgment.)

You see, we are literally going to have to decide with which organ does human identity move, because we are right on the verge of being able, if you wish, to mix people up.

Problem two in identity: Dr. James Bonner, a biologist at Cal Tech, has announced that there is a good chance that we will soon be able to develop medical technology by which we can reproduce people vegetatively instead of sexually. It’s not as much fun, but it’s highly efficient. Dr. Bonner says we’ve done it already with toads. He took an egg from Toad “A” and scooped out the nucleus of the prime cell, took a bit of skin from Toad “B” and took one nucleus from one cell and planted it in Toad “As” egg. When Toad “As” egg hatched, it wasn’t Toad “As” baby. It wasn’t even Toad “As” kind of toad. And it wasn’t simply Toad “B”s baby either. It was Toad “B,” right down to the last chromosome. With a bit of skin from the end of your little finger so small we can’t even see it with a magnifying glass theoretically we should be able to reproduce you exactly as you looked at conception, ten times, a hundred times, a thousand times.

Some geneticists have said, if we can do it we will. And when we do it, the question is going to be, whom are we going to reproduce? And that decision, the geneticists say, will be made by a committee. And the name of the game in that day will be to get yourself on that committee.

Difference No. 4: You don’t have to stay on earth anymore.

If you are honest about it you’ve got to admit that everything we have taught is based in the final analysis on the supposition that whatever you did with your mortal existence, you were going to do it right here on this green planet third from the sun. And we have taught that there are only two ways off the earth. You could go up or you could go down, and you died first either way.

Well, for the younger generation, there is literally a third way off. You can go out. And, technically speaking, you can keep on going out forever. There are galaxies that can be picked up with powerful telescopes which are estimated to be from three to six billion light years away from this earth. Furthermore, they are travelling away from us at half the speed of light. That means that light we see tonight left the surface of those distant galaxies before the earth existed. What’s more, it means that one of those universes could blow up this very instant and before the light from that explosion reached the surface of this earth chances are considerably better than 50:50 that the earth would be a cold and lifeless chunk of rock floating forever and ever through time and space.

When you can teach a kid while he’s still a pre-schooler that he can see with his own two eyes evidence from which he can logically deduce from six to twelve billion years of time — time when the earth upon which he was born did not exist, and time when it will no longer support life — almost everything becomes just a little bit relative.

Difference No. 5: You don’t have to have children any more. That’s going to change things. It already has. One of the things it’s going to change is the structure of the American family. That’s another thing that we in the schools have plugged into all along — the sanctity of the home and the importance of supporting it. If we lose the family we’ve lost a powerful ally. Incidentally, the birth rate in this country is going down one point per thousand per year and has done this for the last five years. It is now 18.8 per thousand. And when you go down one point per thousand and you’re only talking about 18 in a thousand to begin with, that’s more than 5% decrease.

Let’s put this all together. What am I trying to say? The reason the taxpayers, particularly the childless taxpayers and the wealthy taxpayers, who don’t really need the public schools personally, have been willing to support free public education is because we in the schools have performed an important function in society. And we’ve done it magnificently, and we really never have been given credit or full economic recognition for the job we’ve done. The schools have been the chief social agent which has made children into adults — adults pretty much like those who already are adults. We have taken society’s children in kindergarten, and by the time we graduated them they were ready to blend into the adult scene with minimum waves. And it was important that we got them to conform because only through human conformity could we possibly have gotten human efficiency. And only through human efficiency could we have built the great society which we have built.

But now we are confronted by a generation who aren’t going to conform to some of the traditional values of our adult society. They don’t believe in conformity because they don’t see human efficiency as a goal for man. They don’t care about human efficiency because they’ve come to realize that if efficiency is our goal, we have had it in our time, because no matter how efficient man becomes he can’t possibly be as efficient as a machine. They are interested instead in creativity, and creativity is by definition the opposite of conformity. You cannot be creative except by finding a new way, except by not conforming. So now we have to do something more difficult than getting people to conform. Instead of teaching for a world in which everybody has to be the same in order to be worthy, we have to teach for a world in which it’s okay to be different. This is a difficult task because one of the hardest things for any person to do is to accept someone as an equal who is significantly different from him — to accept differences without feeling that one set of differences is better or worse than another.

I believe that we are either living right on the brink of doom or right on the threshold of the greatest Golden Age the world has ever known. And I think in a real sense which we go, depends upon whether or not the universities and the people who graduate from universities can create a new enlightened value system for our country.
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.

Five Year Experimental Program in Accounting Is Announced at B School

The Business School will begin to enroll students in September, 1983 for a new master’s degree program in accounting which will allow qualified students to earn both a BBA degree and a master’s in accounting in five years. The program was approved by the U-M Regents in July.

In commenting on the new program, Dean Whitaker said, "the field of accounting has become increasingly complex, requiring both increased depth of knowledge in technical accounting and increased breadth of knowledge of other aspects of business administration."

Admission to the program will be gained by application during the junior year of the B.B.A. program, and will require test score and grade-point averages equivalent to the upper half of admitted M.B.A. students in the business school.

"The trend in accounting education is toward the 150-hour program, and our accounting faculty firmly believe the fifth year is necessary to provide the breadth and depth essential for the student who plans to enter the profession of accounting," Dean Whitaker explained.

"Many schools are developing five-year programs and nearly all are simply adding one year to an undergraduate accounting program. We are in a unique position which can enable us to present a five-year program which we believe will be the best in the United States."

The excellent quality of our undergraduate students, plus our highly regarded M.B.A. program, will allow us to admit the students into our M.B.A. courses for their final two years. This will provide the student with both the professional background and the managerial breadth.

"The University of Michigan has been in the forefront in accounting education for sixty years, and this program will maintain, and even enhance, that position of excellence."

Joint Degree in Business and Music Is Approved

A new joint degree program between the School of Music and the Graduate School of Business Administration, has been approved by the U-M Regents. The program leads to the conferring of two degrees: master of business administration and master of music in arts administration.

The objective of the program, which will require no new courses or resources of any kind, is to prepare qualified administrators and managers for the broad spectrum of careers which utilize a combination of music and business skills. Examples of management or administrative careers in arts administration include orchestra manager, arts council director, arts center director, and development officer, according to the deans of the two schools.

The applicant must hold the bachelor of music or bachelor of musical arts degree from the U-M, or equivalent, and must have completed at least one course in principles of economics and at least one course in college-level mathematics.

Applications are accepted for the full term only and must be received no later than March 15. No more than five students will be admitted to the joint program each year.

The joint program requires a total of 65 hours of graduate work, normally comprising four terms and one summer half-term. Each student must complete an internship with an arts institution or organization.

The new joint program will begin with the fall term of 1983.

Business School Welcomes New Faculty

A newcomer's dinner in honor of our new faculty members was held September 10 in the ballroom of the Michigan League.

New associate professors include Janet Weiss, associate professor of organizational behavior and industrial relations; Stanley Kon, associate professor of finance; and visiting associate professors David Ricchiute (accounting) and William Marshall (finance).

New assistant professors include Victor Bernard (accounting); David Ulrich (organizational behavior and industrial relations); and visiting assistant professors David Shields (accounting) and Lawrence Crosby (marketing).

New lecturers are Grant Clowery (accounting); Edward Snyder (business economics); Michael Johnson (marketing); and Ram Rachamadugu (policy and control).
Business School Fund Has Best Year Ever

The 1981-82 Business School Fund campaign was concluded on June 30, with total gifts to the Fund reaching $285,863, a 62% increase over last year's total. When alumni gifts to department funds are added in, the grand total for annual giving to the Business School reaches $419,042.

According to Frank Wilhelme, director of alumni relations and of the Business School Fund, the 1982 student pledge campaign was also very successful. Two hundred and fifty eight students have pledged $79,925 to the School over the next five years. Since the program began in 1980, 639 students have pledged over $185,000.

DME Offers New Program in Executive Communication

A new program, entitled "Dynamic Executive Communications" has been inaugurated by the Division of Management Education. The five-day program includes analysis, training, and practice in both oral and written communication skills.

The program is designed for senior managers, and has as its objectives to enable the participating executive to assess his or her style of presentation in written and oral formats; to reduce the stress of public speaking; to clarify memos, reports and letters; to avoid wasteful and overly complex communications, and to improve the communication styles of subordinates. Each participant receives personal consultation for oral and written communications styles, using video taping sessions and critiques. Materials from the participants' own offices is analyzed, and instruction is given in methods of dealing with television and interviewers. For more information on this program, write or call Linda Brown, Division of Management Education, 1735 Washtenaw Avenue, Ann Arbor, Michigan 48109.

Standard of Living Up 10 Times Since George Washington

According to J. Philip Wernette, professor emeritus of business administration, the standard of living of the American people (average real family income) is 10 times as high now as it was in George Washington's time, because productivity (measured in output per man-hour) is now 20 times greater while the average work year (in hours) has declined 50 percent.

However, Wernette notes that the long upward trend of rising American productivity stopped increasing and actually declined in 1978-80, "thereby undermining our well-being and contributing to inflation via rising unit labor costs of production as wage rates continued to advance. And our standard of living will continue, as in the past, to depend on our productivity."

Lessons in Economic Recovery Are Taught in U-M Symposium

Problems and responses to the problems of industrial reconversion were addressed in a symposium entitled "Industrial Reconversion: the Experience of the Netherlands and the Promise for Michigan" held Sept. 20 and 21 at the Business School. The symposium is part of the University and State observance of the bicentennial celebration of the Netherlands-America Treaty of Amity and Commerce.

"The particular appropriateness of involving the Dutch is that theirs is an experience dating from the 1940s when, in the aftermath of World War II, large and important sectors of the Dutch economy underwent changes similar to those now being experienced by the State of Michigan and the northern part of the United States," said Professor Henry D. Pieter, assistant director of the Center for Western European Studies (CWES). CWES presented the symposium, in cooperation with the Business School and the Institute of Science and Technology.

Participants included representatives from both Dutch and American organized labor, industry, government and academia. Sessions were on various themes, including technology and industrialization; government planning: priorities and policies; markets and industrialization; and labor and reindustrialization. Keynote speech of the symposium was delivered by Norton Berman, director of the Michigan Department of Commerce.

B School Professor Chairs International Conference in Ann Arbor

The third International Conference on Information Systems will be held in Ann Arbor in December with Alan G. Merten, professor of computer and information systems, as chairman. The conference is sponsored by the Society for Management Information Systems (SMIS) and The Institute of Management Sciences (TIMS) in cooperation with the Association for Computing Machinery (ACM).

Twenty-seven papers have been selected for presentation among the 107 submitted by authors in academe and industry around the world. The conference will be truly international with nine of the papers to be presented coming from institutions in Canada, Europe and Asia.

The papers have been divided into five groups. They are: Information System Technology and Design; Information System Implementation and Use; Managing the Information Processing Function; Impacts of Information Systems on Organizations and Society; and Innovative Information Systems Curricula. The keynote address will be given by W. Michael Blumenthal, chairman and chief executive officer of Burroughs Corp. For more information, interested people should get in touch with Carol Dunn of the Information Systems Research Group, University of Michigan.
New Program Aims to Increase the Number of Minorities Choosing Business Careers

Thirty minority high school students from across the country spent most of July at the Business School studying aspects of business and possible careers in the field.

Selected on the basis of academic excellence and knowledge of current affairs, the 30 students were enrolled for four weeks in a "National Summer Business Institute for Minority High School Students."

Similar groups of 30 were enrolled in sessions at Northwestern University, Columbia University, the Wharton Graduate School of Business at the University of Pennsylvania, where a pilot session was held in 1980 under auspices of the Leadership Education and Development (LEAD) program.

Dr. Alfred L. Edwards, professor of business administration and director of the Division of Research was curriculum coordinator and host for the 1982 LEAD program at Michigan.

Activities for the high school seniors-to-be included classroom sessions with U-M professors and industry representatives, films, case studies, computer and equipment demonstrations, field trips to assembly line operations and corporate headquarters, and attendance at cultural, recreational, and athletic events. Students also were assigned a stock, commodity, and currency to monitor and report on.

Companies involved in various sessions included: Phillips Petroleum, Pfizer Corp., Scott Paper, Union Carbide, General Motors, AMAX, Dow Chemical, Standard Oil, Connecticut General, Procter & Gamble, Monsanto, Upjohn and DuPont.

Dr. Edwards explained that the LEAD Program in Business, Inc., "was initiated by academicians and business people concerned about the disproportionately low number of minorities who chose business as a career.

"The idea of LEAD was to contact minorities before they came to college, since by that time many seem to have developed negative attitudes toward business. It was their hope that, through the LEAD Program, minorities would come to regard the business profession as highly as they seem to regard the legal and medical professions. The number of minorities able and available to go into business would thereby increase."

Only 3.8 percent of the managers and officials of major corporations were black in 1978 (the most recent year of tabulation) while the overall black representation in the work...
"The case studies really teach," says Gary Chin from the Bronx. "They give you a situation that a business manager has to deal with. Yesterday we had a session about banking, and I'm thinking of going into that. I like math, and am going to take accounting next year. We had a lecture about financial managers and how they use their money in the most efficient way. There just seem to be many more possibilities in the business world than I expected."

force was 12 percent for that year, reports the Equal Employment Opportunity Commission. Hispanics, Asians, and Native Americans are equally underrepresented, according to the commission.

LEAD was established in 1980 to increase minority representation in business management. The non-profit, tax-exempt program receives financial support (including students' tuition and room and board), speakers, and company programs from more than 40 blue chip corporations.

"We encourage discussion of social responsibility in business dealings," says Edwards, U-M coordinator for LEAD, "and emphasize the human side of business to dispel the negative images many minority students associate with it."

U-M LEAD student Poonam Khanna is an example of a minority teenager who once saw business in that negative light. "I thought all business persons were out to make a profit at anyone's expense... that they're just inhuman machines," she says. "LEAD has shown me that profits aren't necessarily evil."

Whether or not LEAD students choose business careers, "they at least see opportunities for entrepreneurship beyond management of the family store," says Edwards.

Minorities have barely begun to enter the mainstream of corporate management, Edwards added. "The path toward upward mobility for minorities traditionally has been law, medicine, or dentistry — that's the message many students get from their families and high school counselors. LEAD provides valuable role models of minority members who have pursued successful business careers."

One such role model, a U-M alumna and financial analyst for DuPont Corporation, described her work to this year's LEAD students — who kept her overtime for an animated discussion of the recent DuPont-Conoco merger.

Few of LEAD's speakers can escape an orderly barrage of questioning on issues such as General Motors' market development in South Africa. A keen awareness of current events is just one of many qualities required of LEAD participants.

The 100 students selected each year also must have excellent academic records and verbal and written skills. Corporate representatives and U-M faculty members have been as impressed by LEAD's "extraordinary, articulate kids," says Edwards, as the students have been by the program.

Yet in many respects, this sampling of the nation's highest achievers is no different from other high school students. They would quickly tire of lectures and case studies alone, without the diversion of recreational activities as well. Thus, the U-M program interweaves outings to baseball games and amusement parks with trips to places such as the Continental Bank and Mercantile Exchange in Chicago. "But even at the game, we found ourselves looking at the business management side of baseball," comments John Wallace, a LEAD student from Turnersville, New Jersey.

In fact, most of this year's LEAD students say they appreciate the academic side of the program as much as the recreational. Members of the business school faculty provide overviews of their areas of expertise including economics, finance, and international business.

One of the program's most pragmatic, and according to students, "fun and frustrating" exercises is LEAD's yearly stock game. Students at all participating universities receive "money" with which to buy stocks. Those with the highest earnings at the end of the month-long sessions are declared the winners.

Besides simulating the competitive "real world" of the stock market, the game shows students that intelligent investment is "a lot more than gambling," says Dexter Harris, a LEAD student at U-M from Henderson, N.C. "It took a lot of research to decide which stock would perform the best."

Gwen Jones of Columbus, Ohio, is particularly interested in economics, psychology, and labor relations, and says the case studies that have been part of the LEAD program have made her realize how complex some of the problems can be, and also that there are different ways of approaching the same situation. "I'm really leaning towards business now," she says thoughtfully, "I don't think even now I realize all the benefits of LEAD. Til probably recognize them even more when I'm older."
You Don't Want to Buy a Horse That's Not Breathing

The entrepreneurial spirit is illustrated by five fascinating guests at the Dean's Seminars.

When Bob Evans was a student at the University of Michigan back in the 1920s, he didn't have any money, so he got a concession to sell raccoon coats. The coats sold for $500, of which he got $200, and he sold one or two a week. He saved his money, and when he got out of school, he bought a small company that made pumps for racing cars and boats. By the time he was 24, he had a quarter of a million dollars. Then the depression came and he found himself "flat broke and owing $60,000." What to do? Start over.

And start over he did. He told his story to a group of thirty fascinated students at one of the Dean's Seminars at which, says Dean Whitaker, "we hope to expose the students to the entrepreneurial spirit which cannot readily be addressed in the academic circles." The seminars are held in the Executive Board Room of the Assembly Hall — a small enough setting to allow for interchange between the students and the speakers.

Evans was only one of five entrepreneurs to speak at a Dean's Seminar. Each one had very different stories to tell — and every one illustrated the truth that people with the entrepreneurial spirit are elusive to define, fascinating to meet, and instructive to hear. That's why invitations to attend the Dean's Seminar are prized by students. Below, we introduce you to five:

Evans, chairman and director of Evans Industries, Inc., of Detroit, has been described as a one-man conglomerate. He has held land development firms in Florida, manufacturing plants in Michigan and Wisconsin; marine hardware factories in California; oil and gas wells in Illinois, Indiana, and Texas; banks in Michigan; plantation land in North and South Carolina; farms in Maryland; and building-supply outlets in Florida. At one time he was the largest single stockholder in American Motors Company and was the chairman for a year. In 1972, Evans started his own company, Evans Industries, Inc. which makes thermostet plastic molded parts, inboard gas and diesel and engine generator sets. In 1980 the company had sales of $20 million.

One of Evans' specialties over the years has been buying sick companies and turning them around. "The first thing to do when you buy a sick company," he explained to his listeners, "is to tackle expenses and bring them down." For instance, one company he bought was losing $40,000 per month. Analysis of the distributorships showed that 26 of the 60 distributors were selling 80% of the business. So Evans eliminated the 34 other distributors, and concentrated on the 26. Sales tripled in three years. The company became a big success, and several years later, he sold it for $10 million.

The criteria for buying a sick company, Evans told the students, are very important, "because you don't want to buy a horse that's not breathing." What you want is a company that is 1) overexpensed, 2) has poor management, 3) has out of date products, and 4) has enough assets so that you can borrow.

Heinz Prechter

Heinz Prechter, chairman, president and chief executive officer of American Sunroof Corporation, came to the U.S. from his native Germany at the age of 21 with $11 in his pocket, and enrolled at San Francisco State College to study English and business. To help pay for his schooling he installed sunroofs at a local shop. Within fifteen months, he made an offer to purchase the business. The offer was refused and Prechter started a similar business in Los Angeles. Within nine months, he bought the business for $3,500 and assumed the name American Sunroof.

In 1967, wishing to expand his business, Prechter came to Detroit carrying his tool box, and performed sample installations. He served the multiple role of salesman, engineer.
and craftsman. He installed a sunroof in a show car which attracted favorable attention. Soon, he had inquiries from the major automakers. Shortly thereafter, the first sunroof offered as a production option was installed in a Mercury Cougar. Before long, American Sunroof was installing sunroofs and providing design and build services to General Motors and Chrysler.

The growth of Prechter's American Sunroof since has been extraordinary. In addition to his sunroof work, he designs automobile packages for special manufacturer sales programs as well as designing customizing packages for dealers and individuals. American Sunroof Corporation's facilities have expanded from a two-car garage to a thirty-four acre, six building complex in Southgate, Michigan and includes locations in all major population centers in North America, Australia and a technology agreement with a major European company.

William Davidson
William Davidson, BBA '47, president and chairman of Guardian Industries Corp. in Northville, Michigan, launched his career in business in the early 50s, when he took over the bankrupt Frank W. Kerr wholesale drug company, then the near-bankrupt Rupp \& Bowman Co., a surgical supply firm; and finally Guardian Industries, which was floundering into bankruptcy in 1955 when Davidson took it over. In two years he turned it around, paying off creditors 100%. Guardian is primarily a manufacturer and fabricator of flat glass products for construction and, to a lesser extent, automotive applications. Through its Photo Division, the company also processes film for the amateur photography market.

Says Davidson, "The key to financial success is how to manage people. The most important thing is to get people to do what you want them to do, joyfully."

Sam Zell, chairman of the board and principal of Equity Financial and Management Company, became active in real estate investment, operation and management (primarily of student housing) while pursuing his education. He is now the founder and principal stockholder of Equity Financial and Management Company, where he is responsible for negotiation, financing new ventures, and long-term planning. Since the company was founded in 1968, Zell's involvement in real estate has covered almost all forms of property ownership, management, and financing. "Real estate," he told the students, "is very entrepreneurial and very transactional. It has a lot of ups and downs and requires a lot of physical energy. The real definition of making money in real estate is staying power. In 1973-75 three quarters of the real estate business was wiped out in about 18 months. But those people who had staying pow' er made exponential gains.

"Ninety five percent of the real estate business is a highly sophisticated form of the finance business," said Zell, explaining some of the complex 'deals' he has put together. "But today's developer is becoming a packager rather than an owner of assets. Slowly but surely the real estate industry is becoming
institutionally owned. However, he promised, in the next 10-15 years there will be unique opportunities to take advantage of financing that's already in place.

Pete Dendrinos
The fifth speaker in the entrepreneurial series was Pete Dendrinos, BBA '51, retired chairman and CEO of Chef Pierre, who took his company from zero to a 100 million dollar corporation in 25 years. His father had owned a small home-made pie business, and after graduating from Business School, Dendrinos began thinking about the frozen pie industry, which was beginning to move in on his father's business. He started working for his father and decided to make the best apple pie that could be made, and then freeze it. Eighteen months of experimentation with recipes, from crusts to fillings and back again, followed. Finally the recipe was perfected and Dendrinos started freezing 600 pies at a time. By 1957, the frozen pie part of the business was successful enough so Dendrinos could buy his father out and convert the whole operation to frozen pies. One thing led to another — more expansion, more new products and again more expansion, until in 1972 Chef Pierre went public with an offering of 200,000 shares. A second public offering followed in 1975, and finally the company merged with Consolidated Foods. (A more extensive write-up of Dendrinos and Chef Pierre appeared in the Fall, 1981 issue of Dividend.)

Who Are the Entrepreneurs?
Organization psychologists emphasize there is no one personality profile that fits all entrepreneurs. "If it were true that there were distinct characteristics, then we could just look around the country for Henry Fords, and provide them with venture capital and a pat on the back," says LaRue T. Hosmer, professor of policy and control. But entrepreneurs are a special breed of people; varied, talented and creative. Students who have attended the Dean's Seminars have had a delightful and educational opportunity to meet and to learn from some of these special people.

Sales of Goods
Under Soviet Law

Some basic concepts and rules in Soviet civil law are surprisingly similar to aspects of our own.

By George D. Cameron III
Professor of Business Law

Throughout most of Soviet Russia's 60-plus years in existence, Western scholars' discussions of its legal system have focused on the system's pervasive substantive and procedural defects, particularly in the area of criminal law. Most of these fundamental defects still exist, since the USSR has not yet metamorphosed into a liberal democracy. The lack of legal protection for the civil rights of dissidents and would-be emigres is reported almost daily in the Western press. Even in the crucial area of criminal law, however, there has been some progress towards regularity and rationality. The infamous "crime by analogy" provision has been removed from the criminal code (although its provisions are still vague enough to cover almost any sort of activity which the regime wishes to prohibit); and the new codes of criminal law and criminal procedure contain important restatements of rule of law principles.

Over the course of the last 20 years, the Soviets have made a substantial effort to update and improve the operation of their legal system. By all indications, Soviet lawyers have had a significant input into this process. They have evidently convinced the leadership that the system will work more smoothly, easing social tensions and fixing responsibility for production foul-ups, if the legal professionals are in charge. Moreover, the regime seems to have fully accepted the lawyer's role in building communist society; ten new law schools have been opened, and there are official recommendations that every social organization have its own staff legal advisor.

What astounds most Western lawyers who examine the Soviet legal system more closely is the remarkable degree of similarity between many of the basic concepts and rules in Soviet civil law and those used in their own system. Proceeding from an almost totally different historical development under the tsars, warped by the Marxist rhetoric of the revolution (law and the state will "wither away," etc.), Soviet civil law shows an amazing degree of consistency with Western systems in dealing with some of the everyday problems of tort, contract, and property. The Soviet law of sales of goods, despite some fundamental differences, contains several such examples in its specific operative rules.

Sources of Law
The relationship between the USSR's national government and its several republics is quite different.
than that which exists between the U.S. national government and the 50 States. Here, the States are the primary source of most civil law rules (topics such as tort, contract, and sales of goods), while the national government is involved only to the extent Congress or one of the regulatory agencies created by it is regulating interstate commerce (problems such as in-home sales, garnishments, holders in due course, and the like). Civil law here is predominantly State law; sales of goods law is found in the Uniform Commercial Code, adopted by all 50 States (but with modifications in Louisiana). National regulation occurs only marginally, as in the Magnuson-Moss Warranty Act and under the Consumer Product Safety Commission. Much law is still judge-made, under the doctrine of precedent.

In the USSR, there is no doctrine of precedent; the legal rules are stated in comprehensive legislative enactments, or "codes." The USSR Supreme Soviet adopts the basic rules, or "Fundamental Principles," in each area of the law; these basic rules, corresponding roughly to the General Part found in some Western European code systems, may be supplemented but not overridden by specific rules adopted by the Union Republic Soviets. The Soviet law of sales of goods is thus found in the 1961 USSR Civil Code, and in the supplementary civil codes in the constituent republics. (The 1964 RSFSR Civil Code was used for most of the comparisons made herein.)

Dispute Settlement Mechanisms

In the U.S. there is of course a dual court system, with the national courts and the state courts having concurrent subject-matter jurisdiction in many civil cases. Ordinary tort and contract disputes may find their way into a U.S. District Court on the basis of diversity of citizenship between the parties (different states or countries of domicile) if at least $10,000 is at issue, even though no "national-law" issues are involved. Such cases are usually tried in U.S. District Court if either party so wishes. Appeals proceed upward through the system in which the trial was held, with no switching back and forth, and with the U.S. Supreme Court having the power to review state decisions only when a point of national law is at issue. Thus the applicable precedents on most points of civil law are still predominantly state court decisions.

The USSR has a unified court system. The only truly national court is the USSR Supreme Court, which has general review power over all the courts in the system. Most supervisory functions are exercised by the republican supreme courts. There is no trial by jury in the USSR, although it was available for major criminal cases under the tsarist legal reforms of 1864. Popular participation at the trial level results from the use of two lay assessors, who sit with the trial judge as a panel to decide all questions of law and fact.

Disputes between economic units are decided by a special system of administrative courts called Arbitrazh. If the units are under the jurisdiction of different ministries or regional economic councils, their dispute will be resolved by the State Arbitrazh. If the agencies belong to the same ministry or council, its own Departmental Arbitrazh will hear the case. (These are not really "arbitration" cases, since jurisdiction is not optional with the parties.) Although placed under the general civil law in the 1930's, and told to decide cases according to the legal rules, Arbitrazh still function to some degree as problem-resolvers, and well as dispute-deciders.

Plan and Contract

The USSR, of course, operates as a planned economy. This means that individual economic units have duties of production and distribution imposed on them from above. At the same time, the regime wishes to improve productive efficiency by giving each group of managers and workers a "direct interest in the results of their efforts." This means that each enterprise has its own capital, equipment, and credit, and is operated on the basis of "business accountability." Funds provided by the central planners are allocated and reallocated to the various economic units in the form of permits (nariady), which give the units the right to purchase materials and supplies. The contract with the seller-supplier then provides the specific terms as to quantity, quality, price, packaging, and delivery. For funded products, both permit and contract are necessary to impose duties on a buyer and seller. However, some products are not funded but may be freely acquired by contract, and some are allocated on the basis of regional quotas. Depending on the perceived economic significance of the product, the specific terms of the contract itself may be subject to more or less regulation by the central economic planners. Soviet sales of goods contracts, then, are not always subject to free negotiation between the parties, particularly when the parties are state economic organizations, rather than individuals.

One other notable difference arising from the socialist system is the exemption of some kinds of property from "civil commerce." Land, forests, water, industrial establishments, railroads, and merchant marine vessels are examples of such "unsalable" assets.

Soviet Sales — Problems and Rules

The really striking feature of the Soviet law of sales of goods is the remarkable degree of similarity with western systems, both in terms of the problems recognized and in the rules provided. The problem of delayed delivery of an acceptance communication, for example, is recognized in Article 162 of the 1964 RSFSR Civil Code, although in this instance it does not adopt the "mail-box rule" used in the U.S. and England. While Article 162 provides that an acceptance communication takes legal effect so as to form the contract only on its receipt by the offeror, section 164 does say that the offeror must promptly notify the offeree if the transmission delay is obvious, otherwise the late acceptance is effective.

Soviet sales law not only also recognizes the "Statute of Frauds" problem (when must contracts be evidenced by a signed writing to be enforceable in court), but has also fluctuated between the 100 and 500 figures just like our own States. Under the old Uniform Sales Act as adopted in most of our States, contracts for the sale of goods with a
"When the buyer resold the first four carloads at a sum much lower than the contract price, Odessa sued in Gosarbitrazh for the difference. Gosarbitrazh not only upheld Odessa's claim, it also informed the government watchdog/public prosecutor of the resort administration's mismanagement."

price more than $100 were unenforceable unless evidenced by a signed writing. The Uniform Commercial Code, which has superseded the Sales Act, raises the dollar limit to $500. Under the 1922 RSFSR Civil Code, the corresponding figure was 500 rubles. The 1964 RSFSR Civil Code sets the amount at 100 rubles, but the ruble has been "devalued" ten for one in the meantime.

Soviet sales law also recognizes the need for rules to determine when ownership interests pass from the seller to the buyer. Unlike the more complicated provisions of the U.C.C., however, both the 1961 USSR Fundamentals of Civil Law and the 1964 RSFSR Civil Code say that title passes to the buyer on delivery of the goods. Article 136 of the 1964 Code does say that delivery of a required document of title (bill of lading, warehouse receipt) is the same as delivery of the goods themselves. As was true in this country under the Uniform Sales Act, under Soviet sales law (Article 138 of the 1964 Code) risk of loss on the goods follows title.

Where goods have been sold to a bona fide purchaser by someone other than the owners, Soviet law agrees with the U.C.C. in two out of three situations. If the sale was made by a thief or a finder, both systems agree that the original owner recovers his goods from the BFP. Where the sale was made a bailee of the owner, however, the two systems apparently diverge. The U.C.C. would still permit the owner to recover the goods, unless he had entrusted them to a merchant who dealt in goods of that kind and who had resold to a buyer in the ordinary course of business. Soviet law (Article 152 of the 1964 Code) apparently would permit a BFP from the owner’s bailee to keep the goods. In this case, at least, the marketplace is stronger in the USSR than in the US.

While consumer installment sales are still in the early stages of development in the USSR, in one respect Soviet law was at least 30 years ahead of the UCC. Under Article 9 of the UCC, where a consumer debtor is in default and has not yet paid 60 percent of the contract price, the creditor/seller may elect to cancel the contract and keep the goods in full satisfaction of the buyer’s contract obligation. As early as 1923, the USSR had a similar rule, with the exact 60 percent dividing line, although it was not limited to consumer credit sales.

**Product Liability**

Soviet law generally rejects the concept of liability without fault (Article 37 of the 1961 USSR Fundamentals of Civil Law). In this sense it is less paternalistic than the strict liability rules currently used by nearly all US jurisdictions, although one must remember that the social insurance system in the USSR would cover most medical costs where persons were injured by defective products. Product liability in the USSR must be based on negligence or breach of warranty. The basic warranty rules are found in Article 245 of the 1964 RSFSR Civil Code, and are quite similar to those found in the U.C.C. The goods must correspond to the terms of the contract. Where the contract does not contain quality specifications, the goods must correspond to "customary demands." Since many Soviet sellers are state trading organizations, goods sold by them must meet state standards or specifications, "unless otherwise indicated by the nature of the particular type of contract." The last proviso was probably inserted to permit the trading organizations to dispose of defective or outmoded goods, so long as the contract clearly indicated what was happening.

The operation of similar Soviet warranty provisions is illustrated by one of the recollected cases of Boris Konstantinovsky, formerly a lawyer for the Odessa Bread Trust. A health resort administrator, lacking permits to buy high quality biscuits from the People’s Commissariat of Food Industries and fearing that he would be left with no baked goods at all for his clientele, purchased sixteen carloads of low quality tea biscuits from the Odessa Bread Trust. After receiving the first four carloads, he unexpectedly received permits for the best quality biscuits. To try to get out of the contract with Odessa, he alleged that their biscuits were of inferior quality, even though they conformed exactly to the terms of the contract and the samples which had been sent. When the buyer resold the first four carloads at a sum much lower than the contract price, Odessa sued in Gosarbitrazh for the difference. Gosarbitrazh not only upheld Odessa’s claim, it also informed the procurator (public prosecutor/government watchdog) of the resort administration's mismanagement.

Soviet law contains both contradictions and consistencies with Western systems. This ambiguity is particularly noticeable in the sale of goods area, where very similar operating concepts and rules have been superimposed on a fundamentally different economic system. Neither the similarities nor the differences should be allowed to obscure each other, as Western observers study the Soviet legal system.
Arend and Maxine Bruinsma have many strong ties to the Business School. Arend (pictured second from left) received his MBA from here in 1950, and he and Maxine have three sons, all of whom also graduated from here. From left to right, they are: James, BBA 73; Arend and Maxine; William, BBA '81; and Gordon, BBA 75. James also has a JD degree from the U-M law school and is now an attorney with Miller, Johnson, Snell & Cummiskey in Grand Rapids; William is currently an MBA student here; and Gordon is vice president of the Old Kent Financial Corporation in Grand Rapids. Arend is president of the Goodrich Division of Conrac Corporation in Hudsonville, Mich.

J. E. KING, BBA '23, is chairman of the board of Peoples National Bank and Trust in Albia, Iowa. He moved to Iowa in 1928 and worked for the State of Iowa Department of Banking as receiver of closed banks during the 30s. He purchased an interest in the Peoples National Bank and Trust in 1935. His son is now president of the bank. Mr. King served one term in the Iowa legislature in 1967. He now lives in Tucson, Arizona, where he is a member of the U of M Alumni Club.

J. O. A. HARRY JACKMAN, MBA '39, retired in 1974 after 35 years as a CPA in Detroit, Hamburg, New York, Los Angeles, and Caracas. He writes, "I'm living in beautiful Montecito, California, and loving it. I make occasional visits to our hilltop house in the redwoods near Big Sur. I served in the Navy from 1942-46 as a supply corps officer. We've had a lot of wonderful trips around the world, the most recent by Delta Line around South America and back to L.A. We have five children scattered around the country, with thirteen grandchildren, including twins born March 2. I would be delighted to hear from any old classmates, particularly if they're planning to pass through the Santa Barbara area."

VANCE N. WILSON, MBA '41, is president and owner of Industrial Ammonia, Inc. In 1976, he and a minority shareholder purchased the business that they had formerly operated for a subsidiary of Sun Oil Company. It has been operating profitably ever since. They
serve industrial users of anhydrous ammonia, principally industries that do heat treating or that have large refrigeration plants (such as meat packers, dairies, ice cream and cold storage plants). They market in a 100 mile radius of Rockford (excluding Chicago) to about 60 customers. He writes, “We probably fit into the category of a "small" small business with 3 to 4 employees — one where the president cleans the office, keeps the books, and does the selling. It is mentally rewarding, fun (except in blizzard conditions), and nice to know that retirement is solely your own decision (not yet for me). We have little contact with the University, but one or two friends from the U of M occasionally will attend a Wisconsin vs. Michigan football game at Madison. I have to add that the business degree comes in very handy, but usually not too early in one's working career.” Vance is active in tennis and golf, and is also a private pilot.

9 A Q E- PARKER CUMMINGS, BBA '48, is director of corporate relations at the College of William & Mary in Williamsburg, Virginia. He writes, “After 33 years of corporate life, we took advantage of early retirement and moved to beautiful colonial Williamsburg. A year and a half later, it's back to academia as director of corporate relations at the nation's second oldest university — a completely new life! (Retirement at 55 was pretty slow.) Our five children — Victoria, William & Mary '72; Cynthia, Mount Holyoke '73; Peter, College of the Virgin Islands '74; Parker John, U of M BA '77; and Richard, U of M BA '78 - are scattered all over the United States. However, it is easy to get them to visit us, living in downtown Williamsburg as we do. I've been accepted in the fall class for work on my MBA. Better late than never!”

JACK TRUSTMAN, BBA '48, is president and owner of Trustman Advertising in Tucson, Arizona. He says, “I recently moved into new quarters after operating my own ad agency in Tucson for the past 18 years. I left Detroit in 1959 after running my own agency there for 5 years. My older daughter Mindy Kay, a graduate of the University of Arizona, Tucson, has been my account executive for the past year. During that time our firm has recorded the highest billings in our history. My wife Yetta (also an ex-Detroiter) is secretary/treasurer of the agency. We are a full-service agency, serving clients locally, regionally and nationally. We love Tucson and the great Southwest!”

J K K GEORGE J. NICHOLS, BBA '51, was group vice president of Hoover Universal Inc. until his resignation last year to form Arbor Plastic Products, Inc., the Fremont, Ohio manufacturing company of which he is now president. George and his wife Marjorie (Price), BBA '55, continue to live in Ann Arbor.

ROBERT A. COOCH, MBA '51, is president of the R. A. Cooch Company of Ann Arbor, Michigan's largest real estate appraisal firm. Following graduation in 1951, Bob was employed by Ford Motor Company and by General Motors in the fields of personnel and labor relations. He entered the field of real estate in 1954, and in 1955 founded his own company. Since 1958, his company has been engaged exclusively in real estate appraisal activity. Bob has appeared as an expert witness on real estate valuation in over 500 court cases, is a licensed broker in Michigan and Indiana and a member of the American Institute of Real Estate Appraisers, the American Society of Appraisers, the Society of Real Estate Appraisers, the Ann Arbor Board of Realtors, the Ypsilanti Board of Realtors, the Michigan Real Estate Association, the National Association of Real Estate Boards, the National Institute of Real Estate Brokers, the American Right-Of-Way Association and the Urban Land Institute. As a member of the International Real Estate Federation, he has attended recent meetings in Paris, Athens, Stockholm and Toronto. He and his wife enjoy travel and have participated in some 15 European trips with the U of M Alumni Association.

ROBERT E. CREVIER, BBA '55, joined Burns International Security Services, Inc., as group vice president of sales and marketing in January 1981. Burns was recently merged into Borg-Warner Corporation, and Bob was promoted to the position of division vice president of sales and marketing for the new nuclear security division. This division will be
responsible for developing and operating the special contract security for nuclear power generating stations in the United States. Prior to joining Burns International, Bob had served as vice president of sales and marketing for the Anderson Company (ANCO) of Gary, Indiana, since 1969.

J K P  J A C K  A.  R O U N I C K ,  B B A  ' 5 6 ,  %J O  is a senior partner with Pechner, Dorfman, Wolfe, Rounick & Cabot, a law firm in Norristown, Pennsylvania. He is the author of "Pennsylvania Martrimonal Practice," a three volume series on family law in Pennsylvania, with special emphasis on the new Pennsylvania divorce code. Jack is also the president of Hallowell Gallery, Ltd., a new art gallery which will feature Yankel Ginzburg as well as other well known artists.

'57  R I C H A R D  T.  G O O D ,  B B A  ' 5 7 ,  started his own management consulting firm in 1980 after over 20 years in marketing management with Procter & Gamble, McKinsey & Company, and Ponderosa System, Inc. R. T. Good & Associates, Inc. specializes in strategic planning and other market-related projects for packaged goods and retailing companies, with emphasis on restaurant chains. Dick has also been involved with community activities, including a term as president of the U-M Alumni Club of Dayton. In addition, he has served as president of the Dayton Ballet Association and is on the boards of the Dayton Art Institute and the Dayton Performing Arts Fund.

J K A  J O H N  W.  L A W R I E ,  M B A  ' 5 9 ,  has been named associate editor of "Personnel Journal," a monthly magazine that contains both theoretical and research-oriented articles of interest to personnel practitioners and management people. In his capacity, Lawrie will write a series of six articles on human resource development and review submitted pieces by other contributing authors. He has written a book entitled, "Developing Your Leadership Skills." Used by more than 2,000 people in 26 different organizations, the manual presents a programmatic approach to the problems associated with leadership. It stresses the application of leadership characteristics through exercises, inventories, opinionaires and situational analyses. He is also an associate professor of psychology at Wabash College in Crawfordsville, Indiana.

ROBERT G. COPE, BBA '59, is associate professor of higher education management at the University of Washington, Seattle. He and Professor La Rue Hosmer of the UM Business School published the first two books on strategic planning as it applied to colleges and universities. He is now focusing attention on the financial plight of colleges and universities, and recently visited the University of Michigan to learn more about how the university is dealing with fiscal crises.

T o m  D o o l e y ,  B B A ,  M B A f 5 4 f , is CFO at California Federal

Moss recently, Tom was executive vice president of MirVu Inc. He was involved with Manufacturers National's anchor bank, Manufacturers National Bank of Detroit, from 1968 to 1977. Prior to that, he was first vice president of American National Bank & Trust Company, Kalamazoo, Mich.

In his new capacity, Tom will be responsible for all financial affairs of the bank in 1962 as a credit analyst trainee. Prior to his present appointment he was a senior vice president.

GARY SLAUGHTER, BBA '61, is president of Gary Slaughter Corporation in Bethesda, Maryland, a company offering a wide range of products and services designed to help organizations manage their computer personnel more effectively.

VERNE G. ISTOCK, MBA '63, DO has been appointed executive vice president in charge of U.S. corporate banking for National Bank of Detroit. Verne joined NBD in 1963 as a credit analyst trainee. Prior to his present appointment he was a senior vice president and head of the United States division.

H A  M A L C O M  P O N D E R ,  M B A  ' 6 4 , is a financial consultant in California. He started his financial and tax consulting business 5 years ago and is now serving small businesses and personal clients throughout California. He has two children, Katie, 14, and Larry, 12.
Richard Brenner, BBA '66, MBA '67, Named Vice President of Crowley

Richard K Brenner, BBA '66, MBA '67, has been named vice president of personnel and planning for Crowley Maritime Corporation, based in San Francisco, at Crowley's corporate headquarters, Dick's responsibilities for this multimodal marine transportation company include all human resource matters as well as strategic planning.

Dirk joined Crowley in October, 1974, as corporate director of personnel, and in February, 1981, was named corporate director of personnel and planning. Before joining Crowley, he was with Litton Systems, Irving, in Sunnyvale where he served as director of personnel and industrial relations. Prior to his employment at Litton, he was the director of personnel and labor relations for a division of Areata National in Menlo Park. Earlier in his career he worked at Whirlpool Corporation in St. Joseph, Michigan.

BA, LSA '74, and they have a 4 year old daughter, Amanda. They all visit Ann Arbor regularly for dinners, ball games and antique hunting.

Michael R. Hallman, BBA '66, MBA '67, was promoted in June 1982 to vice president of product marketing for the national marketing division of IBM Corporation. He is currently working in Atlanta.

J E E Roger E. Kaplan, MBA '67, is president of WXLC, an FM radio station in Chicago. After receiving his MBA, he joined Touche Ross & Company in Chicago as a management consultant. In 1971 he became director of financial operations at Michael Reese Medical Center in Chicago. He left Michael Reese in 1975 to purchase WXLC. Since then, he has transformed WXLC from the lowest-rated station in the market into the top-rated station. In the process he has increased revenues fifteen fold. His latest efforts include broadcast consulting and the financing of radio, TV, and cable properties.

Cass I. Gittins III, BBA '67, is supervisor of employment and services at the Management Sectional Center post office in Jackson, Michigan. He has been with the U.S. Postal Service since 1976 and is involved in labor relations in addition to supervising personnel operations. He recently completed training qualifying him as an arbitration advocate for the U.S. Postal Service. He is married to Wendy B. Gorzen, HRM '67, and they have a 4 year old daughter, Amanda. They all visit Ann Arbor regularly for dinners, ball games and antique hunting.

JOHN Q Scott H. Dodge, BBA '68, O O has been elected president of the Institute of Trustee Sales Officers. He is associate counsel on the home office legal staff of SAFECO Title Insurance Company with responsibilities in Southern California and the State of Arizona. He also teaches real property law at the University of San Diego and serves as treasurer of the University of Michigan club of San Diego.

Arthur Schwartz, Jr., BBA '67, MBA '68, recently became an associate professor of finance and real estate at the University of South Florida at St. Petersburg. Previously he was a visiting associate professor of finance at the University of Hawaii.
in Honolulu. Mr. Schwartz's paper on seller-financing of real property is due out shortly in the *Real Estate Appraiser and Analyst*.

**70** C. WENDELL TEWELL, MBA '70, is executive director and vice president of Morgan Grenfell Incorporated in New York City. He joined them in May 1982 to start a leasing activity in the United States. He and his wife Mila had a son (Adam) in November 1981.

**97** I CLIFFORD J. ENDERLE, MBA '71, has been appointed an assistant vice president of Morgan Guaranty Trust Company of New York. He is in the financial division. Clifford joined the bank in 1976 and was appointed an assistant treasurer in 1979.

**97** CHARLES H. FRIDLEY, MBA '72, is currently the sales and marketing manager for thermal insulation products at 3M. He writes, "In this position I am responsible for the marketing and sales of Thinsulate Thermal Insulation, a premium apparel insulation competing with down and fiberfills. I have been involved in this business since joining 3M in 1974. Because it is unrelated to other 3M markets and products, we have spent a considerable amount of time learning how to market an apparel insulation and develop a profitable business. Fortunately, we have plenty of support and advice from 3M upper management, all of whom own apparel insulated with Thinsulate. I believe my education at Michigan prepared me well for a career at 3M."

**RON HOFFMAN, MBA '72,** has been promoted to vice president controller of the Pacific International Division of American Hospital Supply Corporation. The Pacific division is responsible for AHSC's business in Asia, the Pacific Basin, Mexico and South America. Ron began his career with AHSC as manager of corporate reporting. Prior to joining AHSC, he was employed by Arthur Andersen & Company. Ron and his wife Janice live with their daughter Rachel in Lake Forest, Illinois.

**William J. Dormer, Jr., MBA '61, Receives Homminga Award**

William J. Dormer, Jr., MBA '61, president of Blodgett Memorial Medical Center, Grand Rapids, has been awarded the Michigan Hospital Association's highest honor, the Joseph R. Homminga Award. The Award, given annually since 1974, honors administrators of MHA member institutions who have made outstanding contributions toward the betterment of hospital care for Michigan hospital patients through leadership to the field of health care delivery planning. The Michigan Hospital Association, a trade organization of hospitals, serves the advocacy, communication, and education needs of more than 240 institutions throughout the state.
settled down at Michigan Bulb Company where he is now vice president of operations. He lives in Grand Rapids with his wife and two

DAVID E CROOK, BBA 74, joined Mintz Markowitz & Small, EC, Certified Public Accountants as a participating principal in June 1982, in charge of their management consulting department. David previously worked for the firm Kelman Rosenbaum Levitsky & Rollins, PC, for six years as an accountant, management consultant, data processing manager, and health care third party reimbursement consultant.

VICKI BRODER, BBA '74, is presently a buyer for Macy's in New York. Before becoming a buyer she participated in Macy's training squad and held positions at various levels of management. Vicki has been a buyer for the past 4 years. She buys women's sportswear and recently recruited on campus for Macy's executive program. She and her husband, Ron Speranzini, live in Dumont, New Jersey, and have a 19 month old son, Brian Philip. She writes, "My vote for the Student Award for Teaching Excellence (SAFTE) would have gone to Professor Cameron. I called him during my recruiting session but he was in class all day. For the second SAFTE, I would have voted for Professor Hildebrandt, who was also not available when I visited."

RICHARD N. FEDOCK, MBA '74, was recently named audit manager for Exxon's exploration and production operations in Alaska. He joined Exxon after graduation in the Spring of 1974, starting as a financial analyst at the company's refinery complex in Linden, New Jersey. After a rotational assignment in the refinery's materials department, he was transferred to Exxon's U.S. headquarters in Houston. There Richard held a number of financial analysis positions in the controller's department. Before relocating to Alaska, he was the senior supervisor of the Houston-based refining/chemicals audit staff. Richard and his wife, Carole, live with their two-year old son, Brian, in Anchorage, Alaska.

MICHAEL SLISHINSKY, BBA '74, is an account executive with Merrill Lynch in Denver, Colorado. After graduating from the University of Michigan, he began work at Burroughs in Detroit. Meanwhile, he worked on a MBA at night at Wayne State University. Upon receipt of his MBA he switched to Merrill Lynch, got married, and moved to Denver. Michael writes, "My wife and I enjoy skiing and fishing in the mountains on weekends. Last year we got together with the Denver U of M Alumni Club to watch the nationally televised Michigan-Ohio State football game. Better luck this year. Go Blue!"

HENRY JOHN H. REYNOLDS, MBA '75, is a senior consultant for Standard Oil of Ohio in Cleveland, Ohio.

KIMBERLEY EW BANK REYNOLDS, MBA '75, is a compensation consultant for Towers, Perrin, Forster and Crosby in Cleveland. She and her husband, JOHN H. REYNOLDS, MBA '75, had a daughter, Jameson Barkett, on January 21, 1982.

DENNIS RIZZARDI, MBA '75, is the vice president of marketing for Gould Ocean Systems Division in Washington, D.C.

STEVEN J. LEMBERG, BBA '75, graduated from the University of Michigan Law School in May 1979, and passed the Michigan Bar exam in July. He writes, "I spent the next two years working in the tax department of Coopers & Lybrand in Detroit. Last July I was hired by Sports Unlimited, Inc., nationwide publishers of the Entertainment passbooks, to serve as their corporate legal counsel. My present position at Sports Unlimited is working out great, and I find my business school education to be of tremendous benefit to me in this pursuit."

DAVID S. FRIEDLANDER, BBA '75, is a manager at Peat, Marwick, Mitchell & Company in Chicago. In 1978 he received his JD degree from St. Louis University School of Law where he was a member of the editorial board of the St. Louis University Law Journal. He is a member of the Illinois, Chicago, and American Bar Associations as well as of the Illinois and American Institute of Certified Public Accountants. He writes, "The greatest thrill of my life came on May 2, 1981, with the birth of our daughter, Barri Ellyn. My wife Helene and I live in Vernon Hills, a northern suburb, where our daughter (already with 4 U of M T-shirts to her name) keeps us very busy."

W. L. AAMOTH, BBA '76, currently serves on the corporate treasury staff of Clark Equipment Company where he was recently promoted to manager for financial planning. His responsibilities include the
management of foreign exchange risk, and domestic and international funding. Aamoth obtained a MBA in finance from Michigan State University in 1978.

RAY D. BARNES, MBA ’76, is presently a transportation specialist for the Arabian American Oil Company (ARAMCO) in Dhahran, Saudi Arabia. He resigned from the Ford Motor Company in September 1980, after eight years of employment. Having concentrated in international business at the Business School, he is applying the tools learned and developing new skills in an international environment. He is married (Gail, U of M school of Music, ’75) and has two daughters, Regina, 5, and Raegan, 2.

DAVID WIBLE, MBA ’76, assistant vice president with Central National Bank of Cleveland, has been appointed Central’s Mexico City representative. David joined Central in 1977 as a credit analyst. He moved to the international department as an administrative assistant in 1978, was elected an international officer in 1979 and assistant vice president in 1981. He now lives in Mexico City.

JAMES SWIGART, MBA ’76, and his wife SUZANNE (BBA 75) had their first child, Christopher Michael, in February 1982. In March he accepted the position of vice president at Dean Witter Reynolds, Inc. in the project finance group. He has been involved primarily in lease financings. Prior to joining Dean Witter, Swigart was a vice president in Citibank’s leasing group. Suzanne is an attorney with the National Bank of North America. They live in Rye, New York.

JOAN E. HAUSER, MBA’77, has been promoted to program manager in IBM’s new management school at corporate headquarters in Armonk, New York.

WILLIAM R. BATES, JR., MBA ’77, is now working with the Business Research Group of Nissan’s North American Liaison office. He writes, “As one of only two American staff members in an office with 16 Japanese staff, I am experiencing the ‘mystical’ Japanese business culture firsthand and am really learning from it. Books such as Theory Z and so on are no substitute for the real thing!” William is also studying conversational Japanese at NYU in preparation for an extended stay in Japan. He hears, there are a lot of U of M alumni.

There are two things you shouldn’t watch being made — sausage and law.

The above quote, said by Michigan state senator Basil Brown, was used in the beginning of an article written by Eugene Carlson and published in the Wall Street Journal of March 19, 1982. The rest of the article is reprinted here:

There is a myth, nurtured by politicians and reinforced by civics textbooks, that legislatures are orderly, dignified places where reason and civilized debate hold sway. “Taint so. As every capitol observer knows, things can get pretty flaky down at the Statehouse.

Take Michigan. Rhetoric in that state’s Senate and House has been known to fall short of Churchillian standards. Proof can be found in the capitol pressroom, where reporters for the past eight years have been compiling the pitiable quotes of Wolverine lawmakers, including Sen. Brown’s words noted above. The list, typed on sheets of yellow paper, covers most of one wall.

To qualify for the honor roll, the words must have been spoken in a public forum and heard by at least two reporters. Herewith a sample, from Michigan’s finest legislative minds. Each statement — including the one in the above headline — was intoned by a different elected official.

* Before I give you the benefit of my remarks, I’d like to know what we’re talking about.

There comes a time to put principle aside and do what’s right.

*I don’t see anything wrong with saving human life. That would be good policy, even for us.

This bill goes to the very heart of the moral fiber of human anatomy.

It’s a step in the right direction. It’s the answer and it’s constitutional which is even better.

Some of my friends want it in the bill. Some of our friends want it out. And Jerry and I are going to stick with our friends.

I’m not only for capital punishment. I’m also for the preservation of life.

Frankly, I’m watching everything I do with fine-toothed combs.

The bill would make members feel that they were talking about the intellectual level of other members. That always leads to problems.

Mr. Chairman, fellow members and guests. That’s a goddamn lie.

I don’t think people appreciate how difficult it is to be a pawn of labor.

This state’s atypical. We’ve got some real weird ducks and I think that’s reflected in this senate, with all due respect.

Let’s violate the law one more year.

Mr. Speaker, what bill did we just pass?”

her new occupation she writes, “It allows me to care for my sons, James Richard, 2, and Michael Kimmen, 9 months.” Her husband Richard (Rochester Institute of Technology, MBA 79), formerly with Touche Ross & Company, is now controller and manager of financial reporting at Framingham Union hospital.

DAVID B. MARCON, BBA ’78, earned his JD degree from Wayne State Law School in June of 1981 and was
admitted to the State Bar of Michigan in November. He reports, "On April 16, 1982, I was sworn in as deputy treasurer for the city of Warren, Michigan, where I hope to apply some of the financial and managerial skills I learned while at U of M."

THOMAS E. SULLIVAN, BBA 78, received a MBA degree from the Colgate Darden Graduate School of Business Administration at the University of Virginia in Charlottesville on May 23, 1982. While at the Darden school he was a member of the finance club, the marketing club, and Opportunity Consultants, Inc. Thomas has assumed the position of financial analyst with Standard Oil of California in San Francisco.

JOHN MARK YOUNG, MBA 78, recently joined Mobil Corporation as a senior systems analyst. He was a senior consultant for Arthur Andersen & Company for %/% years.

BARBARA YOUTZ YOUNG, MBA 78, is employed as an audit senior for InterFirst Corporation. Her primary responsibility is managing selected audits of First National Bank in Dallas, the lead bank of InterFirst. Her husband, JOHN MARK YOUNG, MBA 78, recently joined Mobil Oil Corporation as a Senior Systems Analyst.

FUAD S. SABA, MBA 78, is an assistant manager with the First National Bank of Chicago in Dubai, United Arab Emirates. He writes, "I am no longer with Touche Ross & Company. In October of 1981 I made the move to the First National Bank of Chicago as an assistant manager in their worldwide banking department. After some on-the-job training, I attended their banking school program and graduated with honors after also enduring Chicago's coldest winter in recorded history! I've transferred to the Middle East, specifically the United Arab Emirates, where I am an officer at the Dubai branch of FNBC, working on credits and marketing. I should be here for a while, so drop by if you're in the area — especially during the cooler months when the weather is simply perfect — and meet our daughter Alexandra, who wants to know where all the MBA 78 LATE people are!"
JOHN T. BARBOUR, BBA '79, Atlanta by the First National Bank of commercial officer for metropolitan Q CHERYL ALPERIN, BBA '79, 9 in 1980 in the bank's management training program. She is currently responsible for commercial installment lending and for assisting other lending officers in maintaining the bank's credit policy procedures.

JOHN T. BARBOUR, BBA '79, graduated from Wayne State Law School this past May, and is now working for Central Michigan Paper Company in Grand Rapids. He writes, "I would like to acknowledge Professor George Seidel's fine influence on my education, and therefore, on my life. Even though I am returning to the business world, law school has been a great experience and has rounded out my education."

JODI DIMICK, BBA '79, has been named mid South area sales manager for the American Hospital Supply Corporation. Jodi joined American in July 1979 and is now a sales trainee in Detroit, and subsequently assumed her current position as sales representative reporting to Grand Rapids. American Hospital Supply is a distributor for a complete line of hospital supplies and equipment.

JOHN C. MCQUEEN, MBA '79, writes, "Upon graduation, I went to Atlanta as zone sales manager for General Motors. In February of 1981 I went to work for Cox Cable Communication in Atlanta as marketing manager. I was responsible for developing a product plan for their videotex product, Indak. Continental Telephone in Atlanta recruited me in January 1982 to become project manager for their videotex program, ContelVision. Thus, I am now on their corporate staff and am heading up the new subsidiary. My wife and kids are turning into real Southerners."

ROBERT ROTH, MBA '79, is with Arthur Young & Company in New York. He joined their audit staff after graduation and has been employed there for the past three years. Robert now lives in Kew Gardens, New York.

Marilyn Watkins, BBA '79, was recently named a trust officer at the Northern Trust Company of Chicago. She serves in the master trust processing area in the trust department. Her responsibilities include the managing of master trust investments. Marilyn joined the bank in June 1979.

BILL ZEILSTRA, MBA '79, has accepted the position of controller of the retail division of Zondervan Corporation in Grand Rapids. Zondervan is a major publisher of bibles, religious books, printed music and recordings with 70 retail outlets in major malls across the USA.

MARK BENYAS, BBA '79, received his JD degree from Wayne State University in 1982 and is now working in the tax department of Arthur Andersen & Company in Detroit. He and DOROTHY WALDBOTT, BBA '81, were recently married.

MILTON K. REEDER, BBA '79, is currently chief financial officer for Siena Real Estate Advisors, Inc., a San Francisco-based public real estate syndicator. He writes, "We sponsor Real Estate Investment Trusts (REITs) and we recently completed a $80 million public offering. Also, I'm living with MICHELLE JENKINS, BBA 79, who is a senior systems engineer for Oxford Software. Now that we live in California, we are eagerly awaiting Michigan's 1982 Rose Bowl victory!"

GARY D. PETT, BBA '79, has been elected a commercial banking officer of Harris Bank in Chicago. Pett joined Harris' credit services division in 1979 as a commercial loan analyst and in 1981 moved to the metropolitan banking department, where he is a commercial lending representative. Pett and his wife Martha live in Evanston, Illinois.

J Q A BRIAN M. BLAUVELT, MBA O L '80, has been promoted to technical sales representative for Exxon Chemical Americas in Minneapolis, Minnesota. He is in charge of fertilizer sales for the eastern half of the United States. He writes, "I cover from the Montana border east but most of my jobs are in the upper midwest farming states."

After leaving Michigan, Brian went to work for Exxon in their Houston headquarters where he was a supply analyst for sulfur and dry bulk fertilizer, two products in Exxon's agricultural chemicals line. Brian reports, "DREW MODSEN, MBA '80, lives in the same building as I do and I see him periodically."

NOEL R. UNOWSKY, MBA '80, is in El Paso working as a systems analyst for General Electric at their component products group headquarters. "High craggy mountains, marvelous Mexican food, wide open spaces," he writes, "this part of the US is thriving! El Paso is on US Route #10 between San Diego and Jacksonville, Florida — anyone passing through is welcome to stop over and exchange experiences."

DAVID L. FLESHER, BBA '80, writes, "Upon graduating I went to work for the Construction Equipment Group of International Harvester in Schaumburg, Illinois. They sent me through a rigorous technical/mechanical and managerial training program. After one year in the Chicago area I was transferred to the Mexico City office where I worked on the marketing/sales staff. I was forced to learn the Spanish language in a hurry and at one point taught an earthmoving class in Spanish to the Mexican distributors. I am presently working for Sigma Software, Inc., a small computer software firm specializing in life insurance programming in Randolph, New Jersey. I find the computer industry to be much more exciting and dynamic than construction equipment, but both have pros and cons."

J O L DAVE ANDERSON, MBA '81, was recently promoted to assistant manager of a Sambo's restaurant in Fargo, North Dakota. He started out there as a fry cook. He writes, "The job is quite challenging. I constantly refer to my business school coursework, especially production management and financial control. I would like to thank a few people who steered me towards this rewarding career: James Filgas (U of M professor); MAT LINSEY, MBA '81; and PETE BERGMAN, MBA '81."
Class Notes
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ERIC LEININGER, MBA ‘81, works in marketing research for Quaker Oats in Chicago. In April of 1982 he was promoted to senior research analyst. He and his wife Claire are happy to announce the birth of their daughter Elizabeth on July 30, 1982.

ELLEN ERNST, MBA ‘81, and SANFORD KOSSEK, MBA ‘81, have married. Ellen sends her thanks to Professor Earl Keller for seating the two next to each other for his 8 a.m. 501 accounting course. She has returned from GTE’s office in Geneva, Switzerland, and is now working at their corporate office in Stamford, Connecticut. Sanford is working for the capital budgeting department of IBM in Sterling Forest, New York.

KAREN VAGTS, MBA ‘81, reports that she is "very happy living in New York City and working as an assistant portfolio manager for the Swiss bank, Julius Baer."

CAROL WILKINSON, MBA ‘81, is now with Ernst & Whinney as an advanced staff accountant in Kalamazoo. She had been an assistant accountant with Peat, Marwick, Mitchell, & Company in Chicago, Illinois.