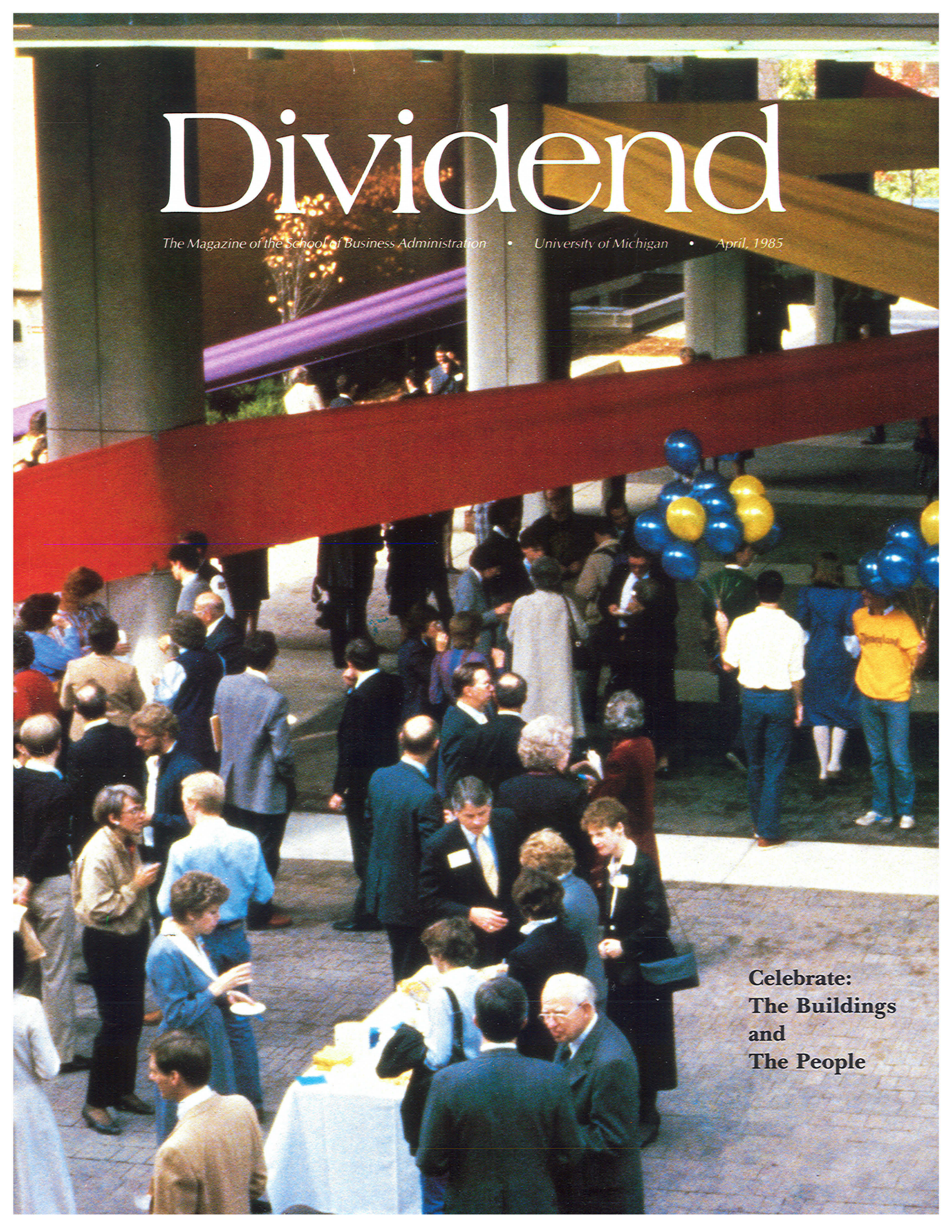


Dividend

The Magazine of the School of Business Administration • University of Michigan • April, 1985

**Celebrate:
The Buildings
and
The People**



Dividend

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Right after dedication, people circulated in the courtyard and the Kresge Portico enjoying refreshments and the Dixieland music of the "Olivia Street Stompers" band. In this photograph by Michigan Media, you see the crowd and the banners decorating the Portico for this day. For more about how the banners were designed, see page 32.

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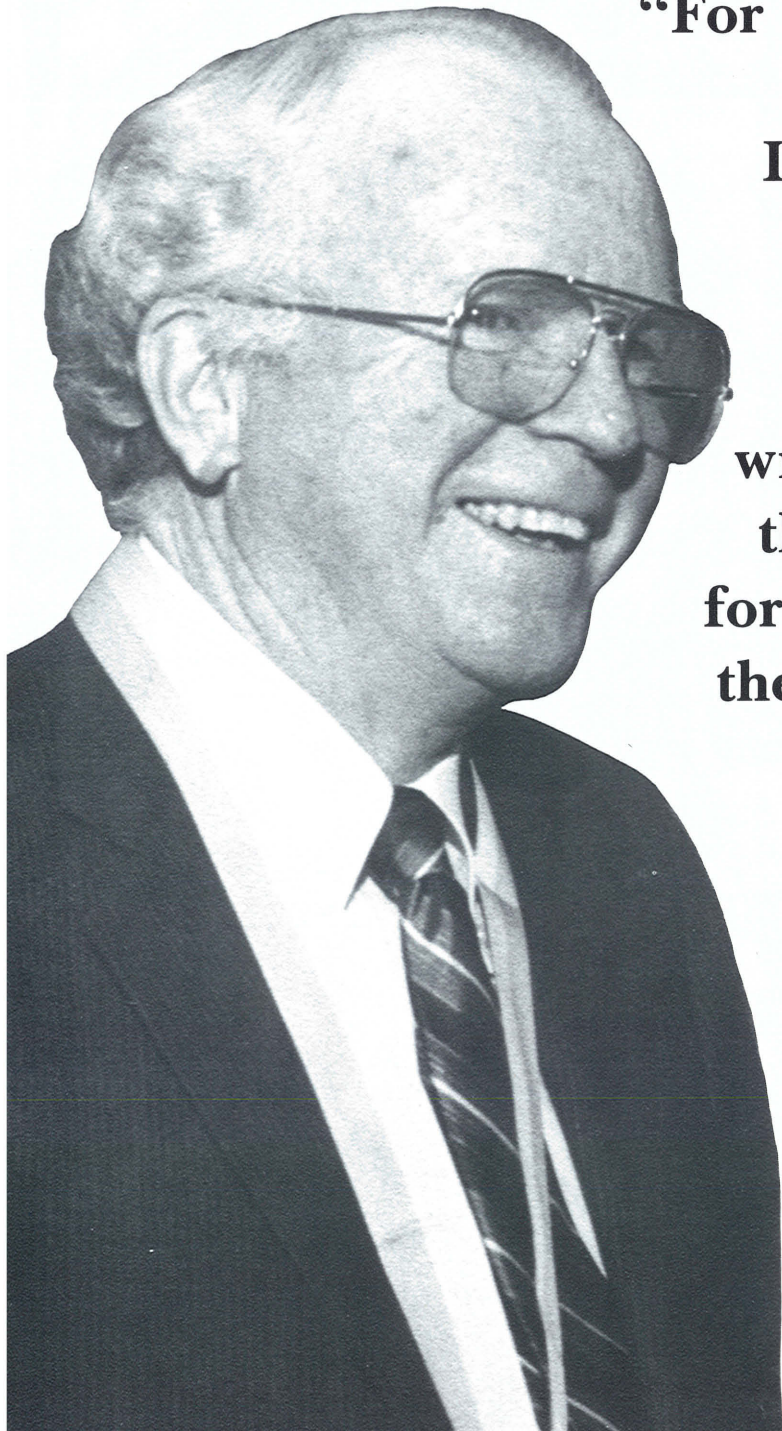


Celebrate:



President Harold T. Shapiro accepts our two new buildings on behalf of The University of Michigan before an appreciative crowd in the portico of the new Kresge Business Administration Library. For more about the dedication ceremonies, see page 13.

Celebrate: The Business Leadership Award



“For six months I didn’t know if I was coming or going. I never worked so hard in all my life. I called up Prof. Paton one night to find out where I’d gone wrong. He pointed out that the courses I’d taken were for the average person to do the average thing — not the three-level, international accounting I was into. But he told me what books to look in. And my years at the University had taught me how to find answers on my own . . .”

*Roger Smith, Chairman and CEO
General Motors Corporation*

The dedication ceremonies began October 11 when the Business Leadership Award for 1984 was presented to Roger Smith, BBA '48, MBA '53, Chairman and CEO of General Motors, at ceremonies in Hale Auditorium. Presenting the award were George Knoll, Student Council President, and Susan Baird, Student Council Vice President. In the Business Leadership lecture preceding the award, Smith reminisced about student days at the Business School, and followed that up with some insights on the factory of the future and the new generation of managers who will be required to run them. The text of what he said follows.

Being honored by my own alma mater is like celebrating three holidays, all wrapped in one. I feel reverent and thankful, like Christmas . . . jubilant, like the Fourth of July . . . and about 250 years old — like George Washington's birthday!

It seems like only yesterday, though, that I was a student here. Actually, it was 35 years ago, and you can imagine the differences between now and then.

There was no North Campus, for one thing. If it existed at all, it was probably a horse pasture. And horses might have come in handy, too, because we students weren't allowed to have cars. We could take taxis, but a taxi ride downtown cost as much as 50¢, so we did a lot of walking.

Our destination was often the Pretzel Bell — and it was hardly the fine restaurant it is today. In fact, the Pretzel Bell's changed more than the University. It was just a hole in the wall back then — a storefront with oak tables and names carved in them. And the closest it came to a "formal dinner" was a hamburger and a pitcher of beer.

The Business School's newest building in my time was the oldest one you have today — the business administration "tower building." And the curriculum was much more basic — nothing fancy like today's courses in computer science,

mergers, or acquisitions. Accounting was king in those days, and, remember, we did all our figuring by hand — forget about calculators or computers!

Prof. William Paton was king of the accounting professors. This was before the professor was into *Words* — the title of his latest book. Back then, the professor was into numbers, and I was into numbers, myself. In fact, I took advanced differential equations to keep up my grade point average. I also took virtually every accounting course that Prof. Paton taught. And what I learned in his classroom was instrumental in landing me my first job at General Motors.

Actually, I hadn't even considered a job at GM. I had made up my mind to go to the West Coast and the aircraft industry. That was the hottest thing back then, after the war. I had my bags all packed and was ready to go. But my father was a pretty sharp businessman, and he said he thought GM was the best managed company in the world. He suggested I give them a try, so I did.

I went down to the employment office in the lobby of the GM Building in Detroit. I didn't have an appointment and figured I wouldn't be there long, so I parked on a 30-minute meter. The employment office said they had only one spot open in accounting, and they'd had trouble filling it. But I asked to interview for the job, and it turned out to be a very complex part of overseas consolidation accounting. Believe me, in those days, it *was* complex!

The man who interviewed me wasn't very encouraging. He said they had people out of school five years who didn't know how to do the work. But I said, "Listen, that's nonsense. I took every course in accounting that Prof. Paton taught, and he's one of the finest men in the country. If I can't handle this, then I've wasted my efforts."

Somehow, I talked them into giving me a try. But for six months I didn't know if I was coming or going. I never worked so hard in all my life. I called up Prof. Paton one night to find out where I'd gone

wrong. He pointed out that the courses I'd taken were for the average person to do the average thing — not the three-level, international accounting I was into. But he told me what books to look in. And my years at the university had taught me how to find answers on my own.

So here I am, 35 years later, still with GM. And I got a parking ticket for all my troubles — I'll never forget that. Two dollars it cost me.

Much has changed since 1949 — not only here on campus but also throughout the business world. The challenges faced by American business today are greater than ever before — certainly greater than when I started my business career 35 years ago.

During the last decade, inflation and interest rates soared to heights we never dreamed of when I was in school. The economy's recent recession/recovery pattern confounds all the forecasts based on historical norms. Today we're faced with a relatively new dependence on imported oil. And our country itself is no longer a preeminent industrial power without rival or peer in the global marketplace.

We also have some advantages never envisioned by our predecessors: There's been a great expansion in market opportunities — along with world trade and the global economy. And per capita real incomes have more than doubled since 1950.

But I think the biggest change of all has come in technology. And you can see it right here at the Business School. It used to be you could give a teacher a textbook and a blackboard, and that was enough to do the job. But not today. To be competitive today, a school of business needs a computerized library and a computing center — like the ones you will dedicate tomorrow.

And so it is with business. Today, multiple revolutions in electronics, communications, manufacturing technology, and the way people and companies work together are transforming everything we do.

A new kind of computer-related technology is changing our world. It's as profound a change as the difference between Mickey Mouse and E.T. And the change is rolling over us so quickly, it threatens to wash away all those companies that don't keep their heads above the technological wave.

This reminds me of a cartoon I saw in the *New Yorker*. It showed a wary man entering a fenced yard, which had a sign reading, "Beware of the Technology."

Business managers today must beware of the technology, because the winners in the business world from here on out will be those companies who are most aggressive, creative, and successful in using technology. No longer can we set our own pace in phasing in new technology. Today we're required by the pressures of international competition to bring new technology to market much faster.

This has had a major impact on businesses around the world. Our response to the technology race at General Motors is very simple: Our goal is to be the world's leader in all technologies appropriate to us.

For the next five minutes, I'd like to tell you about some of the new technologies we're exploring at General Motors and how they're dramatically changing our business. Then I'll conclude with some thoughts about what all this means to future business managers.

General Motors today is on a fast track to the factory of the future. This is the computer integrated factory — a highly flexible automated facility that uses the best combination of men and machines to design and manufacture improved products for the changing demands of the marketplace.

Such a factory will free us from the "hard," or fixed automation of the past. Fixed automation is enormously effective in turning out low-cost, high-volume, identical production, but because it is fixed, it requires prolonged downtime for product changeover. And it is

unable to compete in low-volume, specialized production, becoming so important today.

By contrast, the factory of the future will be far more flexible and responsive to rapid changes in customer preference and process technology. It will allow us to get new products to market much faster, and in appropriate quantities and "mix." It will help us be truly competitive on an international scale. And it will fundamentally change the nature of work, itself, by creating more interesting, rewarding jobs and vastly improved working environments. So the factory of the future is really the dream factory — the factory of the 21st Century that managers and workers alike have been hoping for since the first early robots were introduced in the 1950s.

We haven't been able to realize that dream so far, because there's been no easy way to get there. There's no turnkey system you can buy, with guaranteed results. In fact, the industry to create one is still in its infancy.

Today, there are basically two ways to produce a factory of the future. You can establish chunks, or "islands" of high technology, and then gradually broaden and connect these over a period of 10 or 15 years. Or you can make a concentrated thrust to force the issue, to make things happen.

Our competitors won't give us the leisure of 10 or 15 years to work on it, so GM elected to push the state-of-the-art. We selected our Saginaw Steering Gear Division in Saginaw, Michigan, to be our pilot division in developing a factory of the future — a model factory that will influence the nature of future manufacturing facilities throughout the corporation. The division is working on this jointly with our Advanced Product and Manufacturing Engineering Staff at the GM Technical Center in Warren, Michigan. We expect the Saginaw factory to be fully operational by the fall of 1987.

To achieve that goal, we're investing substantial sums in research and development to advance technology, and where

necessary, to invent the advances we need. And we're getting important help from the University of Michigan. The School of Engineering has been working with us for two years to fill in the technological gaps and voids in nine of the critical areas leading to the factory of the future. The University's contributions will be an important influence in how we proceed.

General Motors is also cooperating with seven of its major computer, controls, and communications suppliers to develop another important project on the way to the factory of the future. That project is called MAP, M-A-P, an acronym standing for Manufacturing Automation Protocol. This is a common language for the factory environment, based on national and international communications standards. It would allow various robots and other equipment to talk to each other. And you can't have a computer-integrated factory without this kind of communication. Up to now, there has been no such common language — in our industry or any other.

You may have heard recently about GM acquiring an interest in five firms specializing in machine vision. This, too, will take us a step closer to the factory of the future. *Businessweek* magazine phrased it even more strongly in a recent article. It wrote that "artificial vision will provide the missing link for fully automated manufacturing."

Machine vision systems use computers to analyze and interpret images. This makes them uniquely suited in the factory to perform simple inspection of parts and to pass along instructions for subsequent operations.

Our own research scientists at the GM Tech Center have developed some advanced machine vision technology on their own. We hope to work closely now with the five firms we have an interest in, to exchange data and to implement the new technology rapidly. We want to help them grow as suppliers — and we want to help them help us.

Our acquisition of Electronic Data Systems Corporation will also help us make our way to the factory of the future. EDS, of course, is a prominent computer services company and a leader in systems integration. This is precisely what we need to link up our CAD/CAM systems — computer aided design and computer aided manufacturing — with computer integrated production on the factory floor. With the ability to design and manufacture fully by computer, we'll fast approach the objective — so beautifully stated by the Japanese — of "making the goods flow like water."

So the work to revolutionize our factors with new technology is well underway. And the products we will make in those factories are also being reborn with a high-tech glow.

Saturn is one of them. Saturn is our space-age approach to making a new line of subcompact cars — cars that will be truly competitive with small cars made anywhere in the world. And for once, in developing a new product line, we started with a clean sheet of paper. The idea was to throw out everything we've used in the past and to create a car, not by the piecemeal method, but by developing totally new and highly integrated systems: new design, manufacturing, assembly, marketing, business, and management systems.

The UAW has been in on the project from the ground floor, helping us design this new way of industrial life. We plan to bring it all together in a brand-new, start-from-scratch facility — and to have the Saturn car out for sale in our dealerships before the end of the decade.

After Saturn, there will be a new star in our product lineup, and its name will probably be Jupiter. Jupiter will be GM's next generation car to take us to the year 2000. It will be the car of the future, made in the factory of the future.

Editor's Note: The manager of the Saturn program is William E. Hoglund, MBA '58, group vice president of General Motors, and a member of the Visiting Committee of the Business School.

I've given you a kind of bird's eye view of how the revolution in technology is affecting the automobile business, and especially General Motors. Now I'd like to talk about the effect of this revolution on business education and future business managers.

If you look around you here at the School of Business, you see a school that used to fit in a single building, now grown to fill a whole city block. You see a student enrollment that has more than tripled in three-and-a-half decades. You see the fruits of a successful \$15-million capital campaign — a campaign financed primarily by Michigan businesses and foundations, during one of the most trying economic periods in our state's history.

Obviously, Michigan business believes in this school and the products it produces — its graduates. We need those graduates. And General Motors, for one, is hiring the business school graduate in increasing numbers. Today we have 8,800 MBAs in the GM workforce. And U. of M. led all other schools in producing them. Some 950, or 11% of GM's total MBA population, are products of the University of Michigan.

But more than ever before, what businesses require from schools like this are not just BBAs and MBAs. Because of all the international pressures we're experiencing — including the challenge of new technology — businesses today need *outstanding* BBAs and MBAs. We need people not just with the grade point average, but also with the drive, dedication, and determination to make it to the top and to make their enterprises successful. We need people trained in problem-solving — and who are willing to continue their training in places like your new Executive Education Center. Most of all, we need people with judgment. And for the purposes of this discussion, I'll define judgment as the ability to know the right thing to do at the right time.

Now, unfortunately, you can't take a course in judgment any more than you can in thinking. There's no Judgment 101 being taught here in Hale Auditorium. And you're not born with judgment, you have to acquire it.

It's not acquired easily. Some people can go through their entire lives and never have good judgment. But you can work at developing it by going the extra mile to try to understand the reasons behind the events. By digging in deep enough, you'll discover why things happen a certain way or were always done a certain way. You'll start understanding the forces behind the numbers — and what needs to be done to make improvements.

The world has entered a new technological age. And the one thing, above all, that businesses of the future will require to survive in this age is a new generation of managers. These men and women must be highly creative people, willing to take risks and to pursue new business opportunities wherever they find them. They must be very flexible people. They must be able to adapt easily to the highly integrated systems that our products and factories of the future will require. They must have a heightened sensitivity for human relations and the participative management styles that will accompany the new technology.

They must also be technically literate people, themselves, equally at ease with such concepts as 64K RAM as they are with discounting cash flow. They must know technology as well as the science of running the business.

But most importantly, they must understand how they can best strategically manage the business so the appropriate technology is implemented for success. More than ever before, they'll have to be strategic managers — tomorrow's version of the Renaissance man and woman. Believe me, it is an exciting world that awaits you; a world that needs your talents. I wish you all the best of luck as you pursue your careers.

In the morning before our new facilities were dedicated, a distinguished panel held a thoughtful discussion about relevant issues affecting the education of managers. Here we bring you excerpts from that discussion.

Celebrate: The Education of Managers: New Directions?

Whitaker — The education of future managers is under considerable discussion these days. Numerous magazine and newspaper articles appear questioning not only the validity and worth of the MBA, but also the validity of business education as it is practiced today. Today we are dedicating new facilities which represent a substantial investment in management education. Underlying this commitment by our donors and by the University is a strong belief in the importance of educational preparation for management at both the graduate and the undergraduate level as well as a belief in the importance of continuing management education for practicing managers. It is a significant topic and I thought it would be opportune to bring three of our distinguished friends to the school to discuss some of the new directions in business education as they see it. Our panelists are:

Elizabeth Bailey, Dean of the Graduate School of Industrial Administration of Carnegie-Mellon University. In 1972 she became the first woman to receive a Ph.D. in economics from Princeton. She was then asked to head up an economics research group at Bell Laboratories, where her work had a tremendous effect on what later became the breakup of Bell Telephone. In 1977 she was appointed by President Carter to the Civil Aeronautics

Board as its first woman commissioner and eventually its first vice-chairwoman. There she was one of the prime forces behind the deregulation of the airline industry. She has served as Dean at Carnegie-Mellon's Graduate School of Industrial Administration for a little over a year.

Robert Jaedicke is the William R. Kimball Professor of Accounting and Dean of the Graduate School of Business at Stanford University. He was educated at Kansas State University, the University of Washington, and the University of Minnesota, where he received his Ph.D. He was a postdoctoral Ford Foundation Fellow at Harvard at the Institute of Basic Mathematics for Application to Business. He has received a number of awards honoring his activities in the accounting profession, including the Lybrand Gold Medal for distinguished contributions to the accounting literature as well as awards from the National Association of Accountants and the American Institute of CPAs.

Robert Lundeen became Chairman of the Board of the Dow Chemical Company in 1982 after serving four years as Executive Vice President. He joined Dow in 1946 and after holding increasingly responsible technical and management positions in process design and project development, he became part of Dow's international management

staff in 1961 and its director of business development in 1963. In 1966 he was appointed the first president of Dow Chemical – Pacific, and began 17 years of senior management assignments with Dow's operations in Asia, Australia, and Latin America. Keenly interested in education, he's a member of our Visiting Committee; a member of the Advisory Board for the Department of Chemical Engineering at the University of California, Berkeley; and a trustee of the Oregon State University Foundation. In 1984 he was co-chairman of the National Task Force on Education for Economic Growth.

I am going to ask each panelist to make an opening statement and then we will have questions. We'll start with Dean Bailey, then move to Bob Lundeen, and then to Bob Jaedicke.

Bailey — If we are to train students to be able to address and solve some of the problems facing industries today, we need to develop two skills, the skill to be interdisciplinary and the skill to be adaptive. Virtually every major problem that one can see in industry requires an interdisciplinary solution — and rapid change calls for adaptive solutions, since yesterday's perfect solution may easily become an impediment to today's progress. Adaptiveness means willingness to

discard old approaches no matter how successful they have been, and a willingness to experiment even when such experiments seem wasteful in the short run.

To give a couple of concrete examples: I see the formation of interdisciplinary research centers at various business schools around the country. In my own school we are launching a center for the management of technology and information in organizations. It will address inter-related issues of organizational design, continually changing technology and information systems and human acceptance of the utilization of that technology as it is brought into the firms. We plan to work cooperatively with corporations as they address broadly applicable issues such as: What is the role of a chief information officer in a corporation? or How decentralized do you want the information systems in your organization to be? I think there are real opportunities now for individuals from corporations and universities to work together rather than talking past each other.

A second example, involving adaptive skills, arises from project courses. These courses involve students in the day-to-day operations of business. A professor, a couple of Ph.D. students, and maybe eight or ten MBA students work with a business in solving a particular problem. They are expected to define the problem and the goals to be achieved, and to develop alternative methodologies for attacking the problem, including research budgets for each of the alternatives. They select with the company a plan of attack to implement the project, and write a final report detailing not only the results of the study, but also the implications for marketing and strategy and, when appropriate, recommendations for action. What we have found is that four years ago maybe 10 to 15% of our students took at least one of these project courses, whereas now over 90% take at least one, and many of the students take two or three. It allows the students to get a much more realistic impression of what

“It’s one thing to identify new directions in the training of managers, and another thing to try to think carefully about how do you actually do it? It may be useful to think about the structure of an MBA program as a matrix . . .”

*Robert Jaedicke
Dean, Graduate School of Business
Stanford University*



work is going to be like and to really get a running start.

My sense is that the first revolution in business education took place in the 1950s and '60s and was one in which the scientific approach was deemed not only feasible but essential. I think we are now in a second revolution in which we have to integrate the results of the technological and information revolutions. It is no longer enough to teach functional areas where you can routinize very good or optimal performance. We now have to integrate the functional areas so that they can all work together to help manage the changes and the competitive challenges that face the world today.

I want to end my remarks today by quoting from a book entitled, “Management and Corporations — 1985.” This was published in 1960 by a group of business academicians about the world of 1985 — a quarter of a century away then, but here today. Here is the quote:

“It is for 1985 that the business schools of today are training the leaders of tomorrow. In 1985 the business school student of today will be only in his 40’s, beginning to assume real leadership and power. For us to pretend that we are training primarily for the nearer future is to shirk our true responsibilities. And if we in the schools and the corporations themselves fail to create plans and

programs that will prepare young men (and women) for successful management careers in a world that may be vastly different than the present the failure may be of major proportions.

“If we look a quarter of a century into the future a flood of questions rolls out. What of the corporation? Will it be managed by machines? What of the job of the manager? In the breathtaking pace of advanced technology will his role change drastically in the corporation’s inner world and toward its environment? Will middle and even upper management decisions increasingly be made by machines, computers programmed by the sharp intellects of the new generation of scientists and mathematicians? These are some of the questions that thoughtful academicians must face. No one knows what 1985 or even 1965 will be like, but not to consider carefully alternative possibilities — speculative as these considerations must be — would be short-sighted indeed.”

What amazes me is how much this book written 25 years ago is still relevant to many of the problems we are facing today.

Lundeen — I see three important forces of change in the business environment which are producing a



“It is no longer enough to teach functional areas where you can routinize very good or optimal performance. We now have to integrate the functional areas so that they can all work together to help manage the changes that face the world today.”

*Elizabeth Bailey
Dean, Graduate School of
Industrial Administration
Carnegie-Mellon University*

need for more breadth and higher personal leadership qualities in our managers. You need both of these qualities in one individual in order to have what I call a broad-gauge leader. The three forces of change are: 1) socio-political forces which are external to the business, 2) expanded international competition, and 3) market or technology-driven forces in the business sphere. Let me discuss each briefly.

There is a lot of pressure around the world in all the populations that society produce more social services for its members. I don't see anything that is going to make that pressure go away, and it's something business cannot ignore. Providing social services chews up a lot of resources. The quality of life is an issue. Equality of opportunity both in work and in education are not abstractions — they are real every day concerns, and our leaders need to recognize that. All of the above puts pressure on the political process and on the national creation and allocation of resources. This forces business people into the public policy process, and failure to participate in that process can be lethal for the enterprise.

The second force of change is increased international competition. I can speak feelingly on this subject. For the first time in my business experience, the U.S. chemical

industry is facing increased international competition *in the U.S.* We used to be pretty isolated from that. We had big efficient operations, spent hundreds and hundreds of millions of dollars on R&D, and have even today, I think, the most competitive physical plant in the world — but forces beyond our control, mainly the U.S. dollar right now — have put a lot of competition right in our laps. That's neither good nor bad, it's just something that exists and we have to live with it. So we have a clash in the marketplace, and with increased international competition we have a clash of cultures also. We don't understand the cultures of our international competitors as well as they understand ours, and as long as that discrepancy continues, I believe we handicap ourselves.

The third force of change — market or technology driven forces — is going to produce smaller but more complete business units, creating a greater need for innovation and integrative skills. Interdisciplinary skills are going to be very important because younger people in management are going to have their arms around a broader spread of functional activities at an earlier age.

My conclusions from all this are qualitative but they are not tentative. The impact of

socio-political forces on business and the industrial world is going to get tougher, and therefore our managers are going to have to have a better grasp of public policy issues. I spend a lot of time myself reading about public policy because that impinges on our business every day. Furthermore, our professionals and managers must be able to communicate effectively — I mean personally effectively in both oral and written form, with a whole variety of publics. This doesn't mean with just our customers and suppliers. It also means with advocates of various causes, with legislators, with regulators, and with our adversaries, and we have plenty of those. And we need to be able to communicate effectively with the media both defensively and where we are taking the initiative.

Increasing international competition creates a need to communicate well with foreign markets. To do that, we need people who understand the history, the culture, the politics of the places where our customers and our competitors live and work, so again, more breadth is required. Lastly, the impact of market and technology driven forces will create a greater number of smaller, more complete business units which will require not just managers but *leaders* to handle change, to change culture in the company — a very, very challenging task — to motivate people, and to set the example.

The fine business schools in this country are offering highly effective programs in the basics of management, but my question is, can we also teach leadership? I attended a meeting of about 50 or 60 managers of our company gathered for a seminar on managing change. They were all very bright people. In one of the sessions they started talking about the quality of our managers. Now these *were* our managers, so the discussion wasn't an abstraction, and one of them said, “As I reflect on the role of managers and change in our company, I have come to the conclusion that we have plenty of managers — we clone them, but we don't have enough personal

leaders.” It’s clear to me that we need more young men and women who can provide broad gauge leadership in our enterprises at an earlier age. So I ask what is the role of the MBA program in this, and what is industry’s role, and more important perhaps, what can we do together?

Jaedicke — When we think about what can be done to accommodate new directions in management or new skills that a manager ought to possess in 25 years (since that’s when they’ll achieve their real leadership role) we often forget that we only have the student for two years. If you don’t add that constraint the discussion is not meaningful. So the question becomes what can schools do best in a two-year period as compared with what can be done once these students enter management?

I think that the two-year period should be looked upon as establishing a base for career-long learning, so that the 30 to 40 years of experience a person has doesn’t become one year of experience repeated 30-40 times. Hopefully, we will be able to provide a strong educational base from which people can enter management and thrive there because they will have developed the ability to learn from the experiences they will gain.

Now, it’s one thing to identify new directions in training of managers, and it’s another thing to try to think carefully about how do you actually *do* it? How do you bring it off? It may be useful to think about the structure of an MBA program as a matrix. The vertical columns of that matrix are the typical groupings of faculty and subject matter into the disciplines and the functions. That is, you have an accounting group, a finance group, a marketing group, a business policy or strategy group — the sort of thing we typically think of as functions. Then you have decision sciences, operations research, organizational behavior — that we typically think of as disciplines. Some schools have more columns than others, and some of us may view the disciplines a little

differently than others and that’s fine. But the vertical columns are important to recognize because that’s the way we educate our Ph.D.s, that’s the way the labor market is organized when we hire people, and that’s the way we typically organize for research activities.

I think we should add a second dimension, which would be the horizontal rows of the matrix which could be thought of as the emphases in the MBA program, or the issues that we think to be important in educating managers.

When we ponder what kind of educational product to deliver it becomes crucial to think about whether we are doing it as a row or as a column. For example, I think the way we should try to do the international dimension of management is as a row. It is an emphasis within a program, the idea being that no single field has a corner on the market when it comes to international management. The key questions are: How do you understand the development of industry and firm strategies in foreign cultures? How do you assess country risk? How do you understand industrial strategy in an international context? All these are part of the international dimension of management, but they don’t come from one field — from one vertical column within the matrix. They come from several fields, and this is why the international dimension should be a row and not a column.

Now, if you think about implementing new directions in an MBA program, are we talking about adding rows, or adding columns, or about a combination of the two? That is, how do we deliver? These questions of implementation strike me as being just as important as the questions of what it is we want to deliver.

In closing, I’d like to identify some dimensions of management that are not particularly new, but are terribly important:

One is the international dimension. We need to understand how industries are developed, fostered, and firms are managed

and grow in foreign cultures. The semiconductor industry in Japan did not develop and grow, and is not moving along the same lines as the U.S. semiconductor industry. We need to understand those differences. How do foreign countries use national industrial strategies to their competitive advantage? It is *that* type of problem, it seems to me, that has to be worked into the business school. And in order to do that you have to understand not only the economics, but also the political and the governmental aspects of national or industrial strategies in foreign cultures. And that goes to the interdisciplinary areas or the interfunctional areas or whatever you want to call it.

Another dimension has to do with innovation and the management of technology — not just within small organizations but in large organizations as well.

Another very important dimension is the interaction of the firm with its external constituencies. Senior executives in any firm are spending more of their time involved in the policy making process — the interaction with external groups. That’s a field that isn’t going to go away and that is going to be more important than it has been in the past.

A fourth area has been around as long as business schools and businesses have been around. That is the whole question of management of operations and manufacturing. For a time in business schools we got overly enamored with quantitative models, and this area got very narrow as a column. But now we are trying to ask what are the problems out there? And how in fact can they be dealt with?

We have heard of all of these topics before, but I think in the future we are going to have to pay much more attention to them than we have in the past.

Whitaker — Sometimes I think omitted in these discussions is the fact that a lot of things that help students grow and develop turn out to be co-curricular as much as curricular. I mean, for example,



“I see three forces of change which are producing a need for more breadth and higher personal leadership qualities in managers. They are: 1) socio-political factors which are external to the business, 2) expanded international competition, and 3) market or technology driven forces.”

*Robert Lundeen, Chairman
Dow Chemical Company*

the way students work together in problem solving teams either on projects or on cases, and the way they organize themselves into clubs to maximize recruiting opportunities. Around this school students have exercised considerable leadership in terms of getting themselves into maximum position and exposure to find out about job opportunities.

I would like now to give each panelist a time to add any additional dimension or quarrel with each other if they choose to . . .

Bailey — I think a business school provides more than two years of education. All of us are heavily involved in executive education and I think there are a lot of opportunities in that area for a creative push toward leadership. For example in one of our six-week executive programs that is very analytical we are introducing an outward bound experience of several days. By doing this we are trying to encourage leadership qualities that you get by pulling people away from their usual scenery. They will be confronted with challenges where there are no particularly easy solutions. It's a way to enhance the educational experience they are receiving.

Lundeen — I think leadership can be learned, but I am not sure it can be taught. You have to be

exposed to situations which are unpredictable, where the problems are boundaryless, where you have to respond as a person, and where all the risk-taking dimension is substantial. But if we do our job right in industry, we can provide more of our young men and women with opportunities to develop their leadership skills — to test themselves, and we can do it at a stage in their careers where if they make a mistake — and they certainly will — they are not going to bankrupt the company. We have to expect mistakes, but we also must provide some role models and a lot of coaching. I hope that business schools can help students understand that when they get an opportunity to test themselves in that way — even if it is off the career path they have in their mind — they ought to jump at it. Such opportunities may be regarded by young people as representing important career risks that they ought not to take. They might see that such a risk is not on the royal road to being the next vice president of finance, and it probably isn't, but it might be a first step on the royal road to being chief executive officer!

Whitaker — I am reminded of the story about the chief executive officer who was asked how he gained his success. He said, “Good

decisions.” Then he was asked how he gained the ability to make good decisions. He said, “Experience.” Then he was asked what was the experience. He answered, “Bad decisions.” At any rate — I'd like now to open up the discussion for questions from the audience.

Q. (To Lundeen): You spoke about the quickened pace of change today. How do you educate the managers that are currently in your organization to meet and cope with all the changes?

Lundeen — We do it formally each year by evaluating the top 500 professional and managerial employees and asking ourselves as the executive management group, what is it that this particular individual should have in his/her work experience that he doesn't presently have that will fit him/her better for the task we think he can do best in the company? We do this person by person. Then we give them a whole series of work exposures, but also try to make sure they have a good coach available. Here senior executives have to be selective, because we only have so much time and so many personal resources for this coaching role. But it's very important. Everybody has a flat spot on his wheel — sometimes more than one, and some of our hottest properties so to speak have some of the biggest flat spots. If they are going to rise to what we believe can be a very high level of achievement we have to help them grind down those flat spots so they are at least reasonably round and don't make too much noise going down the track.

Q. (To Jaedicke) — In order to do a better job in the game of international competition, isn't it necessary that students learn more about the history, the culture, the politics, maybe even the language of various countries. How would that fit into your matrix?

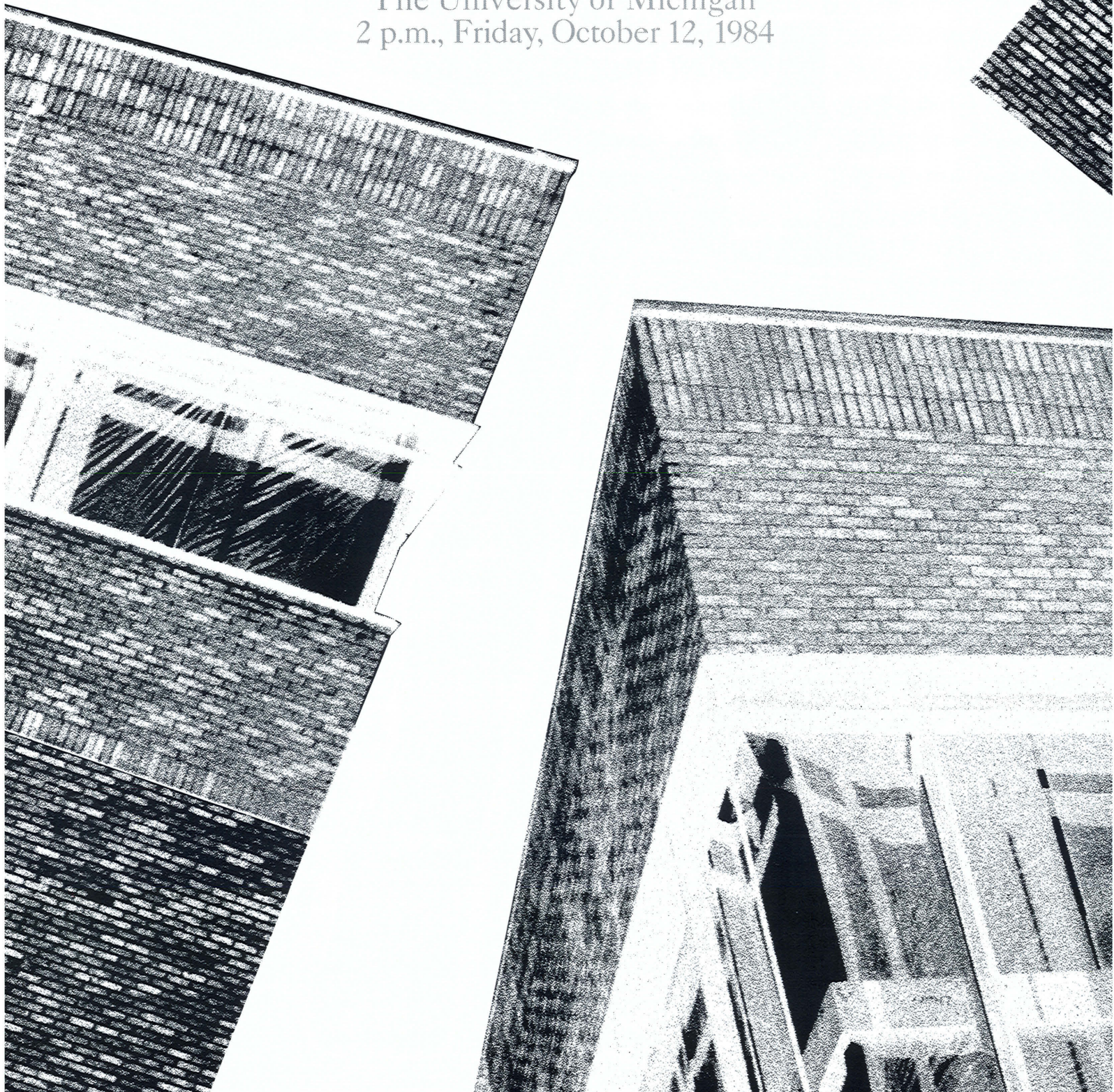
Jaedicke — I don't think you can do anywhere near the whole thing in two years. Our time is best spent trying to help students learn how to develop the background to understand things like industry

Continued on page 40

Opposite page, the poster that announced dedication ceremonies for our new buildings. ►

CELEBRATE

The Dedication of the Kresge Business Administration Library
and Computing/Executive Education Building
at the Kresge Library Portico
The School of Business Administration
The University of Michigan
2 p.m., Friday, October 12, 1984







Left, the Kresges stop for a "go blue" homecoming balloon on their way through the Kresge Library portico after dedication. Above, the "Olivia Street Stompers" band, consisting of University professors mostly in the department of classical studies, belts out a happy Dixieland tune following the ceremonies.

Celebrate: The People

This was a day for the people.

A day for the donors who had given to make these buildings possible. The new structures were built entirely with private funds including a \$2.5 million challenge grant from the Kresge Foundation of Troy, Mich. A complete list of all donors to the \$15 million capital campaign is located in the "main street" corridor of the new library. A list of all the donors is also included in this issue.

A day for the volunteers, both alumni and non-alumni, who had worked so devotedly to make this day possible. Our hard-working volunteer boards include the Visiting Committee, the Development Advisory Board/Capital Campaign Steering Committee, and our Alumni Society Board of Governors.

A day for the students, who were obviously delighted with the beautiful new buildings. The new library seats three times as many students as could be accommodated in the old library, and the new computing center for students contains more than 85 easy-access microcomputer workstations.

A day for executive participants

in the School's Executive Education programs which last year brought 6,000 executives to campus to attend courses ranging from three days to four weeks. The new Computing/Executive Education Building makes it possible to consolidate executive education activities within the Business School complex. Informal interaction between executives, faculty, and students will now happen naturally.

A day for the faculty, whose research and teaching will be enriched by the new Library and computerized research facilities.

A day for the staff of the School, who were looking forward to the increased space the new buildings would provide, and who will enjoy coming to work in such beautiful and functional facilities.

A day for the band, which struck up a Dixieland tune at the end of the festivities to the delight of everyone present, and continued to enliven the afternoon with music while refreshments were served.

A day for University officials, a day for business school alumni, a day for corporate executives . . .

In fact, it was a day for all of us in the Business School community. Celebrate.

The people on the podium were in a happy frame of mind on dedication day. Here, Jack Edman, BBA '50, MBA '51, General Motors vice president of finance and chairman of the School's Capital Campaign, greets Stanley S. Kresge, who formally presented the Kresge Business Administration Library to the School. A \$2.5 million challenge grant from the Kresge Foundation of Troy provided a powerful impetus for the building of the Library. Clockwise from Mr. Kresge are: his wife, Dorothy Kresge; Allen Spivey, Clare E. Griffin Distinguished Professor of Business Administration and professor of statistics; Will M. Caldwell, MBA '49, executive vice president of Ford Motor Company and member of the School's Visiting Committee; George Knoll, president of Student Council; Harold Shapiro, president of the University of Michigan; and Peter deVaux, BBA '66, MBA '70, senior vice president, Young & Rubicam, Inc. and chairman of the School's Alumni Board of Governors.



Dean Russell



Dean Russell

Engaging in thoughtful conversation right before the panel discussion on future directions in the education of managers are (from left) Donald R. Mandich, BBA '46, MBA '50, chairman of Comerica Incorporated; Raymond Perring, MBA '27, retired chairman of Comerica; and Robert E. Dewar, chairman of the executive and finance committees of Kmart Corporation. Mandich and Dewar are members of the School's Visiting Committee.



Carl Luckenbach (right), architect for the new structures, takes a bow while Dean Whitaker (left) leads the crowd in applause.



Roger B. Smith, BBA '48, MBA '53, chairman and CEO of General Motors, looks pleased as punch right after receiving the 1984 Business Leadership medal from Susan Baird, vice president of Student Council.

Dean Russell



Leon J. Level, BBA '62, MBA '63, vice president and treasurer of Burroughs Corporation (standing), shows Dean Gilbert R. Whitaker, Jr. one of the fine points of a Burroughs B 25 computer. Level is a member of the School's Development Advisory Board/Capital Campaign Steering Committee. He and Whitaker are in the student computing center in the new Computing/Executive Education Building which includes 25,000 square feet for the School's computing facilities. The Burroughs Corporation provided more than 85 easy-access microcomputer workstations for the new building, to be distributed between individual workstations and group study facilities for student project teams.

Dean Russell



Dean Russell

Pictured above, Harold T. Shapiro, U-M president, and Thomas S. Monaghan, president and CEO of Domino's Pizza and member of the School's Visiting Committee (left) before the dedication ceremonies.

Pictured left, Roger E. Lumpff II, MBA '68, vice president of CNA Insurance and member of the School's Alumni Society Board of Governors (left) and Allan D. Gilmour, vice president of external and personnel affairs for Ford Motor Company. Gilmour, who is a 1959 MBA alumnus of the School, was co-chairman of the Special Gifts Division of the Capital Campaign Steering Committee. His co-chairman was John C. Morley, MBA '58, president and CEO of Reliance Electric Company in Cleveland, Ohio.



A visitor in silent interaction with the computer during a building tour on dedication day. He is H. Thompson Stock, a resident of Grosse Pointe, Mich., and a 1921 Business School certificate holder.



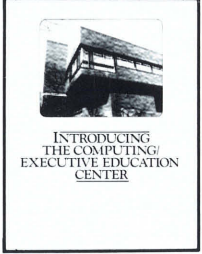
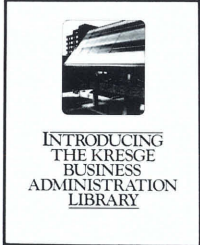


Dean Russell



Dean Russell

*Left, the interior of one of the caserooms in the new buildings.
Above, the entrance to the new library.*



Celebrate: The Buildings

Let's suppose the dedication ceremonies are over, the band is playing a lively dixieland tune, and you decide to walk through the new buildings. It becomes immediately obvious how useful and needed our new facilities are. Less than an hour after the dedication ceremonies, students are earnestly studying in the Library, and the Student Computing Resource Center is so busy you would have thought it had been there for years.

Entering the Library through the west portico where dedication ceremonies were held, you will see two modern classrooms, each designed to seat 70 students and both equipped with video monitors and computer terminals, as well as eight discussion rooms for the use of students working in groups. Going to the second floor of the Library, you will come to the Circulation-Reserve Desk, the newspaper browsing area, and a large reading and study area.

Take the stairs or the elevator to the third floor if you want to see the Reference Room, the Current Periodical Collection, the Microform

and Corporate Information Collection, the library staff offices, and the catalog.

If you now go back to the first floor of the Library and walk along the "main-street" corridor, you will find yourself on the first floor of the Computing Resource Center. This floor houses the Student Computing Resource Center and administrative offices. On the second level is the Computer and Information Systems (CIS) Research Center with offices and equipment for faculty conducting research in this area. Moving on to the Executive Education part of the Building (still on the second floor), you will come to the offices of the Executive Education Center. One floor below this are two large case study rooms, a classroom which can accommodate 100 students, and three small group study rooms.

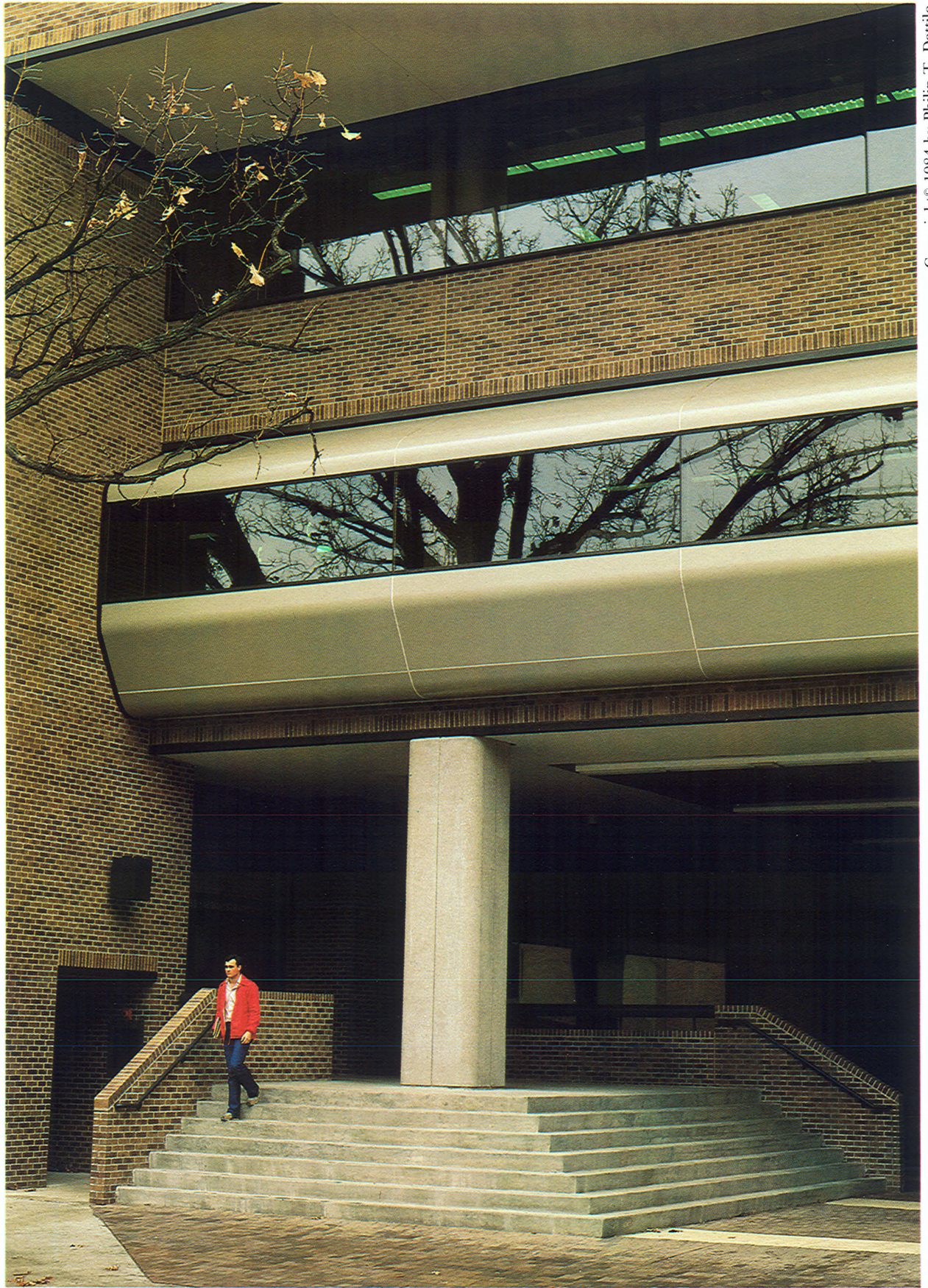
If you were not able to be with us for dedication and have not yet seen the new buildings, two handsome brochures (pictured above) which guide you in a walking tour are available for your next visit to the School. Come and see us!



Above, a twilight view of the Kresge Business Administration Library on the right, and the Computing/Executive Education Center on the left. To the right of the picture you can see the steps leading to the entrance to the Library, and the portico where dedication ceremonies were held.

Right, a view of the Computing/Executive Education Building from the corner of East University and Monroe Street.

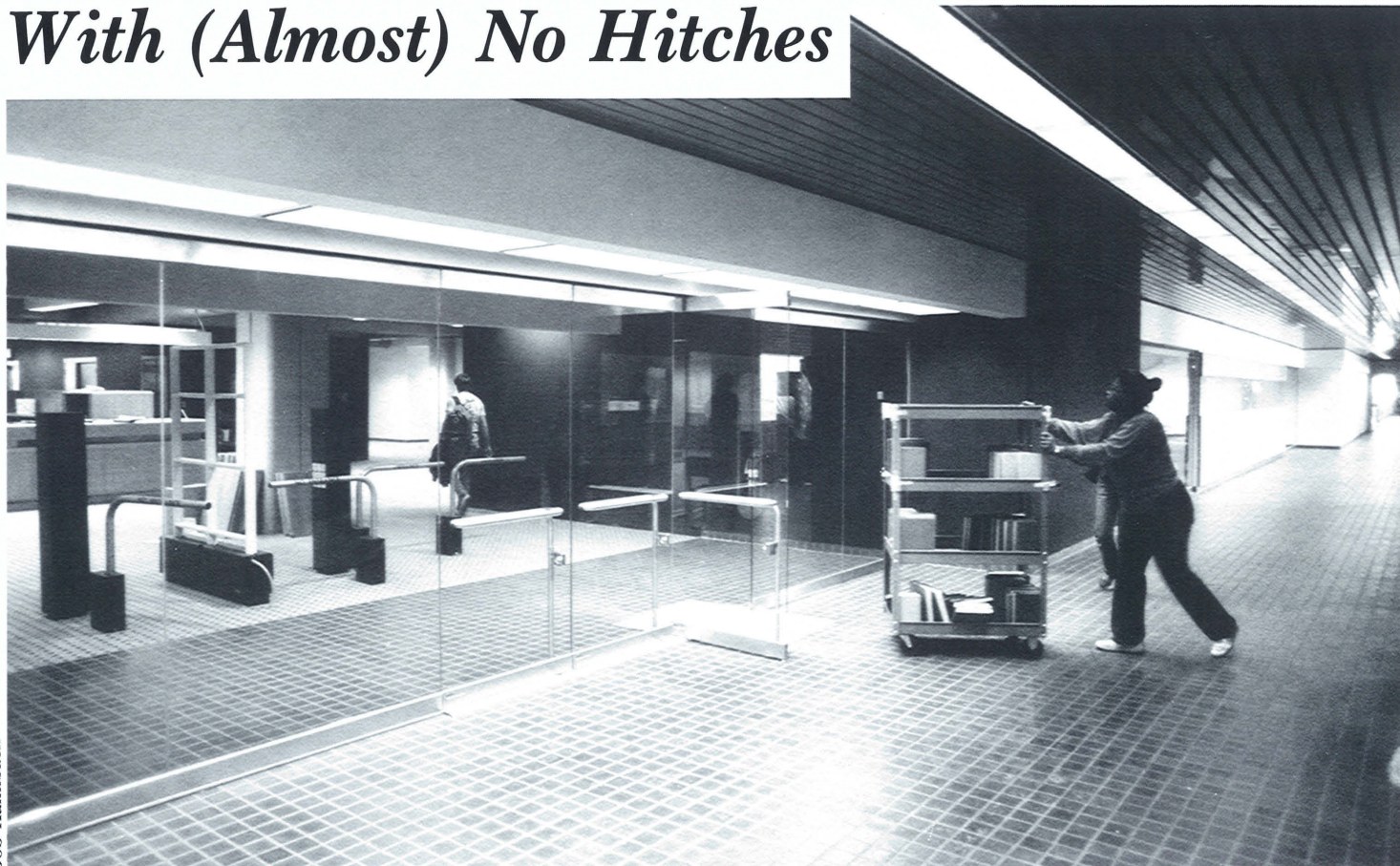




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A student on the steps of the Kresge Business Administration Library.

How 195,000 Books and 1,200 Periodicals Migrated from One Building to Another With (Almost) No Hitches



Bob Kalmbach

By Kent Grayson

Had Richard Schmalgemeier been born a few thousand years ago, the wizards or druids behind the construction of Stonehenge might well have called him in as a consultant for their project. Born in a less mystical millenium, Schmalgemeier, the Business School's technical library assistant, had to content himself with a local wonder of his own. His Salisbury Plain was the new Library and his megaliths were the Business School's 195,000 volumes and 1,200 periodicals.

When you ask Schmalgemeier how, in one week, he moved the School's library collection into its new home, a bemused smile shines through his beard: he's a bit

surprised himself that the move was so smooth. Without the mystical incantations that, according to legend, were at the disposal of Stonehenge's architects, Schmalgemeier used ramps, chutes, book carts, elevators, and twenty-five workers to orchestrate the migration of the most vital components of the Kresge Business Administration Library.

To someone unfamiliar with moving such a collection, the task might seem tedious but simple. After all, the old building is connected to the new one, so theoretically the books just needed to be put on a cart and wheeled over. This was, indeed, true for volumes in the main reading room on the first floor of the old library, where the two buildings' floors run together nicely. But in the

old library only the main floor is parallel with a floor in the adjacent buildings. Second and third floor stacks in the old building were not contiguous with the new building.

To get around this problem, Schmalgemeier had ramps constructed in advance to move books from the second and third floor stacks of the old building down to a floor that was level with the new building. But before the carpentry shop constructed the ramps, it became clear that the angle of the ramp from the middle stack to the floor would be too steep for a book cart. What to do? Answer: construct a chute running to the main reading room. Books were boxed on the middle stack, sent down the chute, and put on a cart on the main floor.

"The biggest problem wasn't

actually getting the books over, though,” says Schmalgemeier. “We solved that right away. The real question was whether we could keep up the pace.” Speed was essential because the move took place while classes were in session, and faculty and staff were anxious to have the facilities closed for as short a time as possible. With this in mind, Schmalgemeier measured shelf space, estimated cart capacities, gauged distances, took a deep breath, and said it could be done in one week, from Saturday, September 29 to Friday, October 5.

The library closed that Saturday, and the regular staff spent the weekend moving the reserve materials to the second floor of the new library. The new library opened its reserve services on Monday morning; the same day that Schmalgemeier’s twenty-five person operation began.

The work force was divided into two groups, one for books and one for periodicals; then arranged into two independent networks, each akin to a building-long bucket brigade. Several books or periodicals were loaded onto a cart by one person, taken to the new library’s elevator by a second employee, brought up to the correct floor by a third, wheeled over to the new stack by a fourth, and unloaded, finally, by someone at the end of the line. Empty carts were routed back in the opposite order.

Of course, it was essential that the collections were transferred accurately, so books had to be taken from the carts in the same order they were put on. To make matters more complicated, the move was used to integrate the Library’s three separate collections — the industrial relations collection, the regular library collection, and the lesser used copies — into one. And the transition’s breakneck speed did not leave much time to dwell on the intricacies of the Dewey Decimal System. “I figured that in order to meet the requirements, each section had to do a cart every three minutes,” explained Schmalgemeier.

Had the new elevator not had some bugs that needed to be worked out on the first day of the

move, the deadline would have been met. As it was, with a day’s delay, the staff finished the move on Saturday, October 6.

The Library was open to students on Monday, October 8, four days before dedication. Closets were still bursting with leftover insulation and chrome edging, but students were using the facilities as if the Library had been there for years. “I like the new library a lot,” one student said

while using a microfilm machine. “It has a lot more space and a lot more privacy.” Added Julie Wheaton, acting director of the Library, “We’ve had an overwhelming response. There’s a lot more public service space, and the whole atmosphere is nicer. We *do* have all kinds of things to clean up, just like when you move into a new home. But at least we’re in, and we’re open.”

Bob Kalmbach



Students did not wait for the formal completion of the new Library before starting to use it. Here they are studying amid ladders and boxes as the move is taking place.

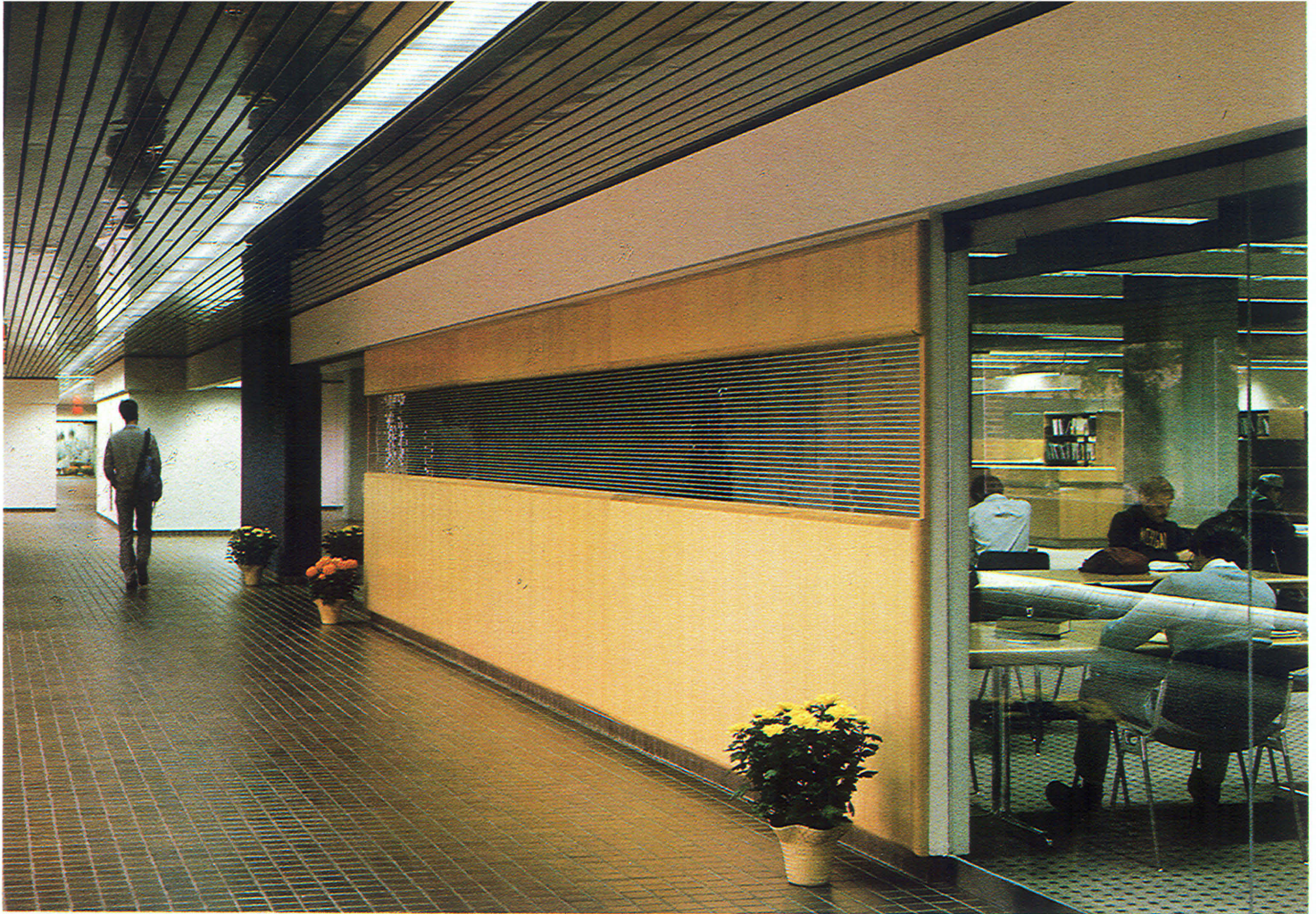
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How to Gift Wrap a Building



Randy Tharpe, joint degree student in business and architecture, decorated the Kresge portico with a festive arrangement of wide banners.

On the afternoon before dedication, while final sawing, drilling, and hammering was still echoing from inside the new Kresge Business Administration Library, Randy Tharpe was working in the Library's airy portico, giving his creation a trial run. Charged with the responsibility of decorating the portico for dedication day, Randy was adorning its eight pillars with a festive arrangement of wide banners in red, yellow, and purple. "The problem," Randy said, balancing on the top of a ladder with a large section of red material in hand, "is that I get carried away with these things. I have to work hard to keep stuff like this from interfering with my studies."

Randy is one of eight first year MBA students who are enrolled in the joint MBA-M.Arch. program (two others will graduate this year with the MBA and the master's in architecture combined). This program, which allows a student to get both degrees in three years instead of four, has proved to be so popular that there is now a special architecture-business student association. "I hope to get into the management aspect of architectural firms," says Randy. "Only about six percent of the architectural graduates ever become designers — they are a very small group of very talented people. I am more challenged by the business problem solving aspects of architecture, which is why I want the MBA. Architects sometimes have a hard time solving their business problems. They may underbid a project or bid it at a percentage of

construction costs, and then find they can't even cover their own costs on those terms. This can hurt quality. Good business strategy would look at the long run. For instance, diversification into the construction industry might be a good idea for some architectural firms. There can be a lot of creativity in the business side of things, although I like the architecture side too."

It was the "architecture side" that was occupying Randy at the moment. As he talked to us, he was hauling a seventeen foot ladder and three large rolls of material into the portico. Acting on Randy's instructions, a construction crew had installed thin metal bands around the eight massive pillars. Randy started cutting pieces from the heavy rolls and hand-grommeting the corners in preparation for hanging the banners from the metal bands. But as soon as he climbed the ladder and prepared to hang one end of the first banner, a problem with the material became painfully evident.

The design had originally called for the porous fabric used to make hot air balloons, but it was not available in the desired width. What was available in Randy's requisite forty-one inches was a lightweight nylon, the kind used to make spinnakers for sailboats. On this brisk and windy day the sail-like material caught the gusts all too well. While working on the ground with pieces as long as 140 feet, Randy had to grasp the fluttering nylon tightly. And what about trying to stretch the material taut? The material might tear at the grommets, or worse, Randy might be pulled from the ladder when the tight banner caught the wind. Randy deliberated, then shot his wide grin in the direction of Susan Smith, special projects coordinator for dedication, who was giving him a hand with the banners. "Guess we'll just have to wing it," he shrugged, starting to climb the ladder. He worked quickly, modifying the design as he went, adjusting for the wind, but maintaining his original concept.

Randy's banners were made of a lightweight nylon, the kind used to make spinnakers for sailboats. On this brisk and windy day, the material caught the gusts all too well.

"Winging it" seemed to be one of Randy's specialties when it came to the dedication. Just the day before, he had solved a last minute crisis that had come up in connection with the letters spelling "Kresge Business Administration Library" for the front of the new building. Because he works part time for the University Planner's Office where he has often been involved with the layout and design of signs around the University, he had been asked to order the letters for the new library. But when a crew began to install the letters (which were a dark brown), it became clear that they would be offset by a light fixture already on the wall, ruining the overall appearance. The only other alternative was to put them over the door, but in that location their color would blend with the dark brown of the door's moulding, making them difficult to see. What to do?

Randy suggested that the paint on the letters could be sanded off, revealing the original brass underneath, and providing an elegant contrast with the dark brown. But time, to say the least, was of the essence, since dedication was to be held in two days. Randy solved the problem by sanding the letters down by hand that night (while watching the Tigers game) and when he arrived to erect his banners the following afternoon, the shining letters were already in place above the door, looking as if they were always a part of the original plan.

Working with long, unwieldy pieces of material is not a new experience for Randy. He got started on his first project of this kind when the committee in charge of the kickoff dinner for the \$160

million Campaign for Michigan called the University planner's office to ask how much weight Crisler's center swing stage could support? Randy went to talk to them about their needs. The question was how to make Crisler arena, which holds 18,000 people, look small and friendly so that 800 people could have a dinner party there and not feel dwarfed. Randy's solution was to lower the ceiling by devising a "tent" composed of 40 strips of white rip-stop nylon, each 5 feet wide and ranging in length from 96 feet to 40 feet. He strung these from a wide steel ring and suspended them from the ceiling, creating a tent-like effect. "It was supposed to be a one-time use design," says Randy. That's not the way it turned out however. It has been already used for two commencements, a benefit for Catherine McCauley Health Center, and a dinner for the American Institute of Architects. Now more material is being attached to the original strips to make them longer so that by raising the steel ring higher, you can create a "tent" above a larger area of the arena.

After Randy had finished hanging his streamers from the portico pillars, he waited a few minutes to see that no problems developed, even on this windy day. Then he sighed, climbed the ladder again, and began to dismantle his afternoon's work. "I'm not sure it'll last the whole night," he explained. "It's supposed to be really windy tomorrow and I'd hate to have to start from square one tomorrow morning." Sue, who also worked with Randy on the Crisler project, laughed and added: "We were as uncertain about the tent as we were with this. When we first put it up, we stood by the door," she quipped. "We wanted to be able to catch the first bus out of town."

Dedication morning dawned clear and calm. Bright and early, Randy's banners were up for alumni, faculty, and students to enjoy. Red, yellow, and purple, they stood out in the bright sun, colorful ribbons likening the Library to a massive gift, a present to the Business School community.

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.

Paul McCracken Discusses the Great Budget Debate Before the Economic Club of Detroit

American economic performance for the rest of this century depends on what we decide now about the role of government in our national life, University of Michigan economist Paul W. McCracken said, Feb. 19, before the Economic Club of Detroit.

"The political struggle over the budget this year is far more fundamental than the usual fiscal battle," McCracken emphasized.

What we have, he said, is a "Great Debate" over how much of the national income government should pre-empt — directly through taxes and indirectly through Treasury borrowing.

McCracken, Edmund Ezra Day Distinguished University Professor of Business Administration and a chairman of the President's Council of Economic Advisers in two administrations, credits two developments with bringing the debate to a head.

"One is the sharp increase in outlays for national security," he said. "We can argue about the rationale for this buildup, but the proportion of our economic activity devoted to national security is still less than in the mid-1960s before Vietnam, and far less than for the U.S.S.R."

McCracken noted that a half-century ago the Allies neglected external security and this imbalance triggered Hitler's march into Poland, setting off World War II.

"The second major development setting off this Great Debate about the proper role of government," he said, "is a growing skepticism about whether the nation has been well-served by the myriad of federal programs to deal with social issues."

Most of these programs were launched with good intentions, McCracken observed, adding that beyond their fiscal implications a broader question remains: "Whether the growth of our social problems may have been caused in part by the growth of these programs . . . whether our program efforts to solve social problems are exacerbating them."

The U-M economist said it will be difficult to use ordinary budget machinery to curtail federal spending in such programs.

"The organized and even militant pressure which program interest groups (money recipients and the bureaucracies) can focus on the political process is far larger per capita than that of the diffused and inchoate general citizenry," he said.

What is going on now in Washington, McCracken said, is "a game of chicken." President Reagan opposes the solution of tax increases, while "using the too-large deficit to force more disciplined spending decisions," he explained.

An urgent problem the deficit is creating for us is the severe distortion in our external trade, he added.

"The trade-weighted effective exchange rate of the dollar is now 37 percent above that in 1980," the U-M economist pointed out. "Last year imports of manufactured

products exceeded our exports of manufactured items by \$80 billion, our agricultural exports are in trouble, and our total external trade deficit was \$123 billion. In 1984 U.S. employment in the durable goods industries was one million below what historical trends would have suggested."

McCracken recommends a three-part program to alleviate budgetary imbalances:

"First, the procedures of budgeting must be tightened up to provide stronger constraints on the spending pressures.

"Second, while assuring the nation's external security is the first responsibility of government, the projected 12.6 percent rise in national defense outlays for next year seems large, and a slower rate of rise in the defense buildup can play a part in restoring fiscal order.

"Finally, we will need more revenue. Since government is the art of compromise, it should be possible for a budget package to emerge not in its entirety what either the Congress or the President will like, but which both can accept, and I predict that this will occur."

With its heavy involvement in carmaking, Michigan has a lot riding on the budgetary debate, McCracken concluded.

"The current dollar-yen exchange rate is roughly 25 percent above its equilibrium level," he pointed out. "That is an obvious handicap for production of cars in the United States, and correcting that distortion cannot be done by Detroit. That is Washington's job."

What the automobile industry

can do, he said, is to be sure that when better balance is restored in exchange rates, "American autos are then world class in terms of product and cost."

Import barriers are not the answer to the auto industry's problems, he said, adding: "Economic success stories in the world economy are those countries whose strategy for economic progress has been to meet world competition head-on in export markets."

Alumni Programs Feature a Variety of Speakers

"New Rules of the Game: Understanding the Emerging Patterns of Global Competition," was the title of a talk given by C. K. Prahalad, associate professor of policy and control, at the March 20 meeting of Detroit Alumni.

David Brophy, associate professor of finance, was the featured speaker at the April 10 meeting of Chicago Alumni. Dean Whitaker spoke at the March 14 meeting of alumni in Miami, Florida, and at the April 3 meeting of alumni in St. Louis, Mo. A Grand Rapids alumni reception featured informal discussion with Alan Merten, associate dean for executive education, and Anneke Overseth, assistant dean for development and external relations. An open house featuring tours of our new facilities for all alumni was also held at the School, April 18.

Alumni receptions scheduled for May include one in Seattle, Washington on May 6 and one in Stamford, Connecticut on May 9, both of them with Dean Gilbert R. Whitaker, Jr. as speaker. Associate Dean Merten will speak May 8 at the alumni reception in Minneapolis, Minn., and New York alumni will hear a talk by Philip L. Smith, BBA '60, MBA '61, president and COO of General Foods Corporation, on May 9. A program for Detroit alumni will be held on May 6 with Martin Zimmerman, associate professor of business economics, as speaker.

Professors Danos and Severance Named Arthur Andersen Professors

Paul P. Danos and Dennis G. Severance have been named to Arthur Andersen professorships at the School. Danos will hold the Arthur Andersen Professorship of Accounting and Severance will serve as the Arthur Andersen Professor of Computing and Information Systems. Both appointments are for five years beginning Jan. 1, 1985.

The professorships were established last year by the gifts of alumni and friends of the Business School who are employed by Arthur Andersen & Co. and by matching grants from the Arthur Andersen Foundation.

Prof. Danos is "a productive researcher and scholar who has consistently contributed to the field of accounting," said Dean Gilbert R. Whitaker, Jr. "During the past four years he has been awarded three separate research grants, two from The Peat, Marwick, Mitchell Foundation and the other from the Touche Ross Foundation. A prolific writer, Prof. Danos' work appears regularly in many prestigious journals.

"Throughout his career, Prof. Danos has been active in professional associations. He has served as consulting editor for Review of Business and Economic Research and on the editorial boards for the Accounting Review and Advances in Accounting."

Danos, who joined the U-M faculty in 1974, received his M.B.A. degree from the University of New Orleans and his Ph.D. from the University of Texas.

Prof. Severance is "highly regarded in his field and is considered by colleagues to be one of the outstanding people in information systems and database design," Dean Whitaker noted. "He has published extensively in such journals as Information Systems Journal, Management Information Systems Quarterly, and the Sloan Management Review, in addition to numerous conference proceedings.

"He is regarded as an excellent teacher in a highly demanding area of study. He is a conscientious supervisor of doctoral dissertations. Students under his guidance have made outstanding contributions to the theory and practice of database design."

Severance taught at Cornell University and the University of Minnesota before coming to Michigan as associate professor. He received his M.A., M.S., and Ph.D. degrees from the U-M.

Advanced Human Resource Program Scheduled for Late April

A two week program in advanced human resource management is scheduled for April 28 - May 3 by the Executive Education Department. The program is designed for senior level human resource executives with organization-wide responsibility, and focuses on integrating human resource management with strategic planning.

Because the program provides ongoing skill development and consultation activity, the format includes two one-week sessions separated by a five-month period during which participants engage in a back-home application project of carrying out a human resource assessment. The second two week period is scheduled for Sept. 29 - Oct. 4, 1985.

Sixth Annual Growth Capital Symposium Planned for May

The sixth annual Growth Capital Symposium, directed by David Brophy, associate professor of finance, will be held May 1st and 2nd in Ann Arbor.

The symposium has become a unique and effective vehicle for bringing together entrepreneurs, financiers, and the network of professionals so necessary for the development of emerging growth companies. To date, 60 of the 75 young companies who have made presentations at the Symposium, have raised some \$80 million.

Class Notes

'49 STEPHEN E. UPTON, BBA '49, has been promoted to senior vice-president at Whirlpool Corp., Benton Harbor, Mich.

'51 SHERWIN M. BIRNKRANT, BBA '49, MBA '51, is now with the Southfield, Mich., law firm of Schlüssel, Lifton, Simon, Rands, Kaufman, Galvin & Jackier.

PAUL BRENTLINGER, MBA '51, is a senior executive with Morgenthaler Partners — a Cleveland, Ohio, venture capital firm.

'52 JOSEPH J. SCHOEN, JR., MBA '52, has been elected vice-president, internal control, of Consolidated Freightways, Inc., Palo Alto, Calif.

'53 GWAIN H. GILLESPIE, BBA '53, chief financial officer of R. J. Reynolds Industries, Inc., has been named executive vice-president, finance and administration, for that firm.

'56 THOMAS A. TURNER, BBA '55, MBA '56, and his wife June have just returned to the United States after five years in South America. There, Tom served first as president of Ford of Venezuela and then as director/vice president of Ford Brazil. His new assignment is chairman of Ford Direct Markets, Inc. a Ford subsidiary with responsibility for sales and business development activities in those countries where Ford does not maintain a corporate subsidiary. His new territory includes over 150 countries, including such diverse lands as China, India, Greece, Indonesia, Panama, Chile, and the Philippines. "Although we regretted leaving Brazil," Tom writes, "we are pleased to be returning to our family in Michigan, which now includes one and eight-ninths grandchildren."

Their son Mark, ME '78, is also enjoying the international life as a plastics engineering specialist with Ford Australia in Melbourne.

LOUIS G. ALLEN, BBA '51, MBA '56, deputy chairman of the board of Manufacturers Bank, Detroit, was recently the recipient of the State of Israel's Peace Medal, Israel's highest civilian award.

'57 GILBERT B. RODGER, BBA '57, has been named president, Comerica Bank-Southfield (Mich.) and Comerica Bank-Metro West.

'58 H. RUSSELL HOLLAND, BBA '58, has been appointed by President Reagan as U.S. District Judge for Alaska.

DON K. VANCE, BBA '57, MBA '58, has been elected president of the Taystee Division of American Bakeries Co., New York City.

'59 JOHN E. SCHIPPEL, BBA '56, MBA '59, has been elected corporate secretary of the Homart Development Co., Chicago, Ill.

DAVID G. BOWERS, BBA '58, MBA '59, has been elected president of General Microcomputer, Inc. South Bend, Ind.

STEWART G. GORDON, BBA '59, has been elected a vice-president of ITT Corp. and president of ITT Communications Services, Inc., Secaucus, N.J.

'62 DONALD E. GILES, MBA '62, has been named president and chief operating officer of H. K. Porter, Inc., Somerville, Mass.

'63 THOMAS M. CHRISTIAN, BBA '63, has joined Paine, Webber, Jackson & Curtis Inc. as an investment executive. Tom will

use his background as a CPA and later as a Principal in real estate development to develop both retail and wholesale clientele and to generate real estate and investment banking business for Paine Webber.

'64 TOM MCAULIFFE, BBA '63, MBA '64, is now president and chief executive officer of Pilot Executive Software, Boston, Mass.

'65 The class of 1965 extends its deep sympathy to the family of MICHAEL A. YANEY, BBA '65, who died in an automobile accident on December 26, 1983. He graduated Cum Laude from Indiana University Law School in 1972, then moved to the San Francisco Bay area to work as a Contra Costa County district attorney before entering private practice. He was a member of the California State Bar Association, Contra Costa County Bar Association, and a vice president of the San Ramon Valley Chamber of Commerce. He is survived by his wife, Lynn Shoenut Yaney of Danville, California and his daughters Elizabeth, 8 and Sarah, 4.

'66 JAMES F. HORTON, MBA '66, has been named president of Clarksdale, Minnesota's H & H Pump Company, Inc., a manufacturer of heavy duty hydraulic pumps. Before this appointment, James was marketing manager of FMC in Jonesboro, Arkansas. He also served as general manager, small engines, for Cummins Mid-South Inc. in Memphis. He and his wife Valerie have two sons.

WILLIAM A. DAMSON, BBA '65, MBA '66, has received the W. E. Upjohn Award from The Upjohn Company. Damson, who is manager, corporate acquisitions, was cited for "establishing Product

Acquisitions as a worldwide business development unit which has consummated several major agreements." W. E. Upjohn Awards have been given annually since 1938. The company's founder, Dr. W. E. Upjohn, died in 1932, but through his estate he provided for the establishment of a fund to be used to recognize outstanding achievements by employees.

'68 ALAN G. LIPSON, BBA '65, MBA '68, has started a certified public accounting firm in Cleveland, Ohio.

GARY ANDERSON, BBA '67, MBA '68, has been promoted to Detroit advertising sales manager for Sports Illustrated.

KEITH POSTELL, MBA '68, has been named director of sales and marketing of the automotive group for the Kelsey-Hayes Co.

M. ORRY JACOBS, MBA '68, has been named director of strategic planning at the University of Rochester Medical Center, Rochester, N.Y.

'70 PETER F. DEVAUX, BBA '66, MBA '70, has been promoted to senior vice president of finance for Young & Rubicam Inc., and to executive vice president and director, finance and administration, for Young & Rubicam USA.

JOHN C. EVANS, MBA '70, has been elected a member of the Institute of Management Consultants and has received certification from the Institute, which signifies that an individual consulting practitioner meets the Institute's standards of technical competence, professional experience and ethical conduct. John lives in Greenville, South Carolina, and is a founding partner of Evans Consulting Associates. His consulting practice specializes in the functional areas of general management, marketing and finance oriented to longer term growth of profits and development of management in the client firm.

Stephen E. Frank, MBA '72, is named vice president and treasurer of GTE corporation

Stephen E. Frank, MBA '72, has taken over responsibility for GTE's worldwide treasury operations, including the financial planning and services and insurance functions. He has been elected vice president and treasurer of the corporation. He has also been designated as GTE's executive key contact for The University of Michigan. He will serve as a representative for GTE in all university affairs, except recruiting. He is also a member of the Business School's Alumni Board of Governors.

Stephen joined GTE from United States Steel Corporation, where he held a wide variety of

financial, marketing and sales positions since 1966. He was named assistant treasurer for corporate of U.S. Steel in 1979; corporate director for financial services in 1981 and was given the additional responsibility of president of U.S. Steel Credit Corp. in 1982. He later became group comptroller for manufacturing, fabricating, chemical and associated subsidiaries for 11 operating divisions of U.S. Steel, and was subsequently named general manager for sales of its western region. He, his wife Nancy, and two children live in Weston, Conn.

PAUL MACMAHON, MBA '70, was elected president of the Bloom Agency last fall in Dallas, Texas. Bloom is a \$180 million advertising agency with offices in Dallas, New York, and Houston. Paul joined the agency as an executive vice president in 1980. Before that he was senior vice president at Ted Bates and Co./New York, where he worked for ten years. He writes that a new daughter, Julia Holland MacMahon, was born April 15, 1984, joining six brothers and sisters aged 2-17.

FRED W. SCHAUM, MBA '70, has joined Union Camp Corp.'s human resources department as director of organization and manpower development, Wayne, N.J.

'71 ROBERT J. BALLWEG, JR., MBA '71, has worked for Ernst & Whinney since graduation, and now provides audit services to a variety of clients, including a Fortune 500 company, pension funds, and public relations clients. He and his wife Joan have two children.

CARYN L. W. HIPPI, MBA '71, has been promoted to consumer research manager by Peter Eckrich and Sons, Inc., Fort Wayne, Ind.

'72 DONALD F. SMITH, MBA '72, works for Ernst & Whinney in Cleveland, providing audit services to the City of Cleveland and to two Fortune 500 manufacturing and finance clients. Don joined the firm in 1972. He is past vice president of the Cleveland Chapter, and is presently a state director of the Ohio Society of CPAs. Don and his wife Bev have one son.

GERALD K. KOLAR, MBA '72, has been at Ernst & Whinney's St. Louis office since 1973, now specializing in bank tax matters and the targeted jobs tax credit program. He and his wife Christine have two sons.

WILLIAM J. BRAAKSMA, MBA '72, has joined the law firm of Kinney, Cook, Lindenfeld & Kelley in St. Joseph, Michigan as a partner, specializing in commercial and other

civil litigation. William graduated from Washington & Lee University School of Law in 1977.

'73 THOMAS M. MUDIE, BBA '71, MBA '73, has been promoted to vice-president and investment officer at Manufacturers National Bank of Detroit.

FREDERICK C. TINSEY, BBA '73, has been admitted to the partnership of Price Waterhouse, Detroit office.

ANTHONY W. REES, MBA '73, has been named treasurer and chief financial officer for Angiomedics, Inc., Plymouth, Minn.

'74 THOMAS W. MILLION, MBA '74, has been promoted to second vice-president and account officer in the U.S. City Division of Manufacturers National Bank of Detroit.

ROBERT I. MITCHELL, BBA '72, MBA '74, manager of broadcast spot buying for the Campbell-Ewald Co., Warren, Mich., has been named a vice-president of that firm.

'75 DAVID A. SWIDER, BBA '75, has been promoted to general partner of the Dallas-based Hall Real Estate Group. He retains his responsibilities as vice president and director of Midwest Acquisitions, based in Southfield, Michigan. David worked for two years in financial operations at Hall and five years in tax accounting management. He is a certified public accountant.

DONALD S. PHILLIPS, BBA '71, MBA '75, has been named vice-president, U.S. banking department, of Comerica Bank-Detroit.

'76 DOUGLAS L. SMITH, BBA '76, has been named a branch officer for Comerica, Inc., Detroit, Mich.

JOHN S. SATKOWSKI, BBA '76, has been named manager in the management services department of the Toledo, Ohio, office of the accounting firm of Arthur Young.

'77 PHILIP H. MAKI, MBA '77, has been promoted to senior manager of Price Waterhouse in that firm's Chicago office.

HAL G. WORSHAM, BBA '77, has been named product manager, motorcycle tires, for the Dunlop Tire and Rubber Corp., Buffalo, N.Y.

'78 JAMES CRAIG DENOOYER, MBA '78, is helping to bring Michigan a new concept in community living that was developed on the east coast. The neighborhood environment and the changing priorities of the two-income family are attracting more and more people in the Kalamazoo area to planned development living, and Woodbridge Hills Development Co., where Craig is secretary/treasurer, is working to meet this demand. A planned development — often called a planned unit development or PUD — mixes many types of housing, from apartments to town houses, from single-family homes to retail and office complexes. The idea behind the PUD is to give the residents a sense of "total living." "The major attraction of the PUD is the lifestyle it affords people," Craig says. "People want to live in a nice home with open space where they can walk and where activities like tennis and golf are nearby. They also don't want to have to go far for needs like groceries, dry cleaning, the drug store, and so on." Some claim that PUDs are "just another complex," just another way for developers to construct a lot of units in a concentrated area, but Craig says that PUDs are communities, not unconnected pieces of real estate. He claims that PUDs have the feel of a neighborhood, pointing out that it is not uncommon for people to move around within the development. They may start out in an apartment, and, as the family and the income grows, go to a single family home, all within the same PUD. Another major advantage is that homeowners and condominium owners alike belong to owner

associations and pay an annual fee for the upkeep of the property, freeing them to pursue other interests. Home maintenance used to be an extracurricular activity, but now many homeowners would rather be able to travel and know that their driveway is being plowed and their property is being kept up. These people want to do other things with their scarce leisure time than shovel snow and put up storm windows.

JOHN L. QUAIN II, BBA '78, has joined the internal audit staff of the Michigan Bell Telephone Co.

TERRANCE E. BAULCH, MBA '78, has been named an associate in the health care services division in the Southfield, Mich. office of Plante & Moran.

'79 CHARLES IHLING, MBA '79, is manager, planning, at Bell & Howell/Columbia Pictures Video Services in Los Angeles.

GARY D. PETT, BBA '79, was elected assistant vice president at Harris Bank, Chicago. Gary began in Harris' credit department in 1979, acting as a commercial loan analyst. He was named loan review supervisor in 1980, and served in this capacity until 1981. Then he moved to the banking department, was elected a commercial banking officer in 1982, and served in the trading group section of the investment department since 1983. He is a member of the American Institute of CPAs, the Illinois CPA Society, and the Robert Morris Association. Gary lives in Northbrook, Illinois.

RONALD I. HELLER, MBA '79, is a partner in the Honolulu law firm of Hoddick Reinwald O'Connor & Marrack. His practice consists primarily of litigation related to business and financial matters, including tax litigation. Ron has a particular interest in the travel and tourist industry. Recently, he developed and taught a course that focused on the special tax problems of travel agents, hotels, tour operators, and airlines. Ron

received his J.D. from Michigan in 1980. He is an officer and director of the Hawaii Women Lawyers Foundation, and also serves on the board of directors of the Hawaii Performing Arts Company. He is an active participant in community theater, working as a stage manager and actor.

DAVID F. TOTH, BBA '79, has been appointed corporate planning officer for Comerica, Inc., Detroit.

'80 PAUL A. KARAS, MBA '80, was recently named manager, projects, for Santa Fe Southern Pacific's corporate development department. Paul began at Santa Fe as senior analyst, special projects, four years ago. Two years later he was named manager, technical projects. His wife, the former Leslie Barnes, also an MBA '80, works in brand management for Kraft. They live in Chicago.

MARK N. KAPLAN, BBA '80, is now in Los Angeles in the music business working as business manager for Bernie Gudvi and Co., Inc., handling the financial management of various members of the music industry, including Tom Petty and the Heartbreakers, and Michael McDonald and Carl Wilson of the Beach Boys. Before moving to L.A., Mark worked for Deloitte, Haskins, & Sells in San Francisco. He writes that his new job is "quite a change from the Big 8 and I love it — (I haven't worn a tie in a year and a half). I also get a chance to fulfill a lifelong goal: Did you happen to see me dancing on American Bandstand?"

ROBERT A. LIGETT, MBA '80, is director of core services for Ameritech, the Chicago-based parent of the midwest Bell companies.

CONSTANCE BRIDGEFORTH JAMES, BBA '78, MBA '80, has been named director of planning and budgeting at Pepperdine University.

MARGARET L. SEO, MBA '80, has been promoted to banking officer in the North America banking

department of the Continental Illinois National Bank and Trust Co. She is headquartered in Los Angeles.

'81 STEVEN W. MICHAELSON, BBA '81, has been promoted to product manager at the kitchens of Sara Lee in Deerfield, Illinois. Steve is now responsible for the company's croissant business, a product line that he says is growing dramatically. In July '83 Steve married Suzanne Cramer (BA '81).

KENNETH E. WILLIAMS, BBA '81, has been promoted to account officer by Manufacturers National Bank of Detroit.

JOHN F. GAJEWSKI, MBA '81, is now assistant vice-president of management information services for Independence Health Plan, Inc., Southfield, Mich.

LEE BERKE, MBA '81, has been named manager, sales and marketing communications, for the Simon & Schuster Mass Merchandise Sales Co., New York City.

'82 MIRIAM E. WORSHAM, BBA '82, manager of marketing for Blount Engineering, Inc., has co-authored an article in a recent issue of Concrete International magazine.

STEPHEN CHAPMAN, MBA '82, has been named an instructor in Eastern Michigan University's department of operations research and information services.

'83 STEVEN E. GIFFORD, MBA '83, has been promoted to vice president, marketing and sales, for the Bendix chassis and brake components division in South Bend, Indiana. Last year, Steven began at BCBCD as director, marketing/product planning. Before this, he held various positions in engineering, marketing, and product planning at American Motors and Ford Motor Company.

STEVEN R. LENNEX, MBA '83, has been named manager of Control Data Corporation's Business and Technology Center in Toledo, Ohio.

'85 BRIAN BARTON, MBA '85, has been named director of engineering for Ann Arbor's Manufacturing Data Systems Incorporated, an international company specializing in high technology and computer-integrated manufacturing products and services. Brad, an Ann Arbor native, joined MDSI in 1977, and has been director of custom development for the past year. In his new position he will be responsible for all MDSI product development, including custom requirements and software development. Before joining MDSI, he worked as an engineering manager for Comshare and as a research assistant at the University's Cooley Electronics Laboratory. Brian holds a bachelor of science degree in electrical engineering from the University.

Executive Ed. Notes —

STEPHEN A. PERRY has been promoted to director of accounting at The Timken Company in Canton, Ohio. Stephen began his career with Timken in 1964. After holding various positions in the finance division, in 1968 he was promoted to group leader, sales accounting section. In 1970 he was promoted to accountant; in 1973, to assistant chief general accountant; in 1977, to manager, tax department; and in 1984, to assistant to the vice president, finance, the job he held before being named to his present position. In 1982 he completed the Executive Development program at the Michigan Business School. As a Sloan Fellow, he received an MS in management from Stanford Business School in 1984.

Address Correction Requested

The Regents of the University:
Deane Baker, Paul W. Brown,
Neal D. Nielsen, Sarah Goddard Power,
Thomas A. Roach, Veronica Latta Smith,
Nellie M. Varner, James L. Waters,
Harold T. Shapiro (ex officio)

**The Education of Managers:
New Directions**

Continued from page 12

structure, or industrial strategy, or the fundamental workings of the industries or the markets. But they also should know something about the culture, the business culture, the language, and all kinds of other things. So the only answer I can give is that I think we are best at the fundamental economics and the related kinds of courses — but that's going to fall short of doing the whole job in the international area.

Bailey — Along these lines I'd like to mention an idea for what I think would be a very useful course. When I was at the Civil Aeronautics Board I was negotiating all around the world for about four years with a whole variety of different countries. There seem to be really strong cultural patterns that come out in negotiating, whatever the subject matter. For example, with the Japanese the negotiations may go very slowly, but when they move they will actually be very honest about what they can put together. Whereas other cultural styles will be completely different. In negotiating with the South Americans you think you're just about to make a deal, and then it will just disintegrate. So I think a very good course would be one in which students were given the assignment to negotiate the same issues, but with different people playing the part of different nationalities. The people who were role playing would need to be

experienced in different cultural patterns of negotiation, but I think such a course might be a good way to introduce students to cultural differences and how they can influence business dealings.

Lundeen — There is no way in either the undergraduate program or the two year MBA program that we can possibly stuff into any student's head, no matter how bright, all that he needs to know. So it's tremendously important that somehow in the formal education process students learn how important lifelong learning is. When I was general manager of our business in Asia, I would try to personally greet each of our new professional employees and have a talk with them to welcome them and to give them a picture of what the business was all about. Without exception part of my greeting was to give them a recommended reading list, because one of their jobs was to understand the human beings they were working with. Now I wasn't always successful, but this preparation for lifelong learning in my view is absolutely the key thing.

Jaedicke — When I was in Japan this summer I talked with a managing partner in one of the U.S. consulting firms in Tokyo. They are organizing a one year course in international management for experienced managers. The idea is that six months of this one year course will be spent in Japan and the other six months will be spent in other cultures. He told me the

course was being set up in response to the demand by Japanese companies, and added that 15 companies had agreed to send three people each year over a 10 year period. So in 10 years each one of those companies is going to have 30 executives who will have had a pretty hefty exposure to international management. I find that very interesting. How many U.S. companies really have a long enough time horizon to be willing to make that kind of commitment? We are talking here about a sizable up-front capital investment.

Q. Even though we've mostly been talking about the manager of the future, I wondered if you would comment on what students can learn now to help them work their way up in the corporation?

Lundeen — When a young person comes to work in a large organization, the first thing is to do your job in your particular function and do it so well that you stand out amongst your peers. Because then your supervisor and your fellow workers are going to form an informal cheering section — they know who the best are. Your supervisor will notice you, and then you will come to the attention of management as being a top performer. It's very hard for you to compete as a generalist, because you will be overwhelmed by the generalist heavyweights we have in the company. Be a first class professional first, and you will do just fine.