Dividend

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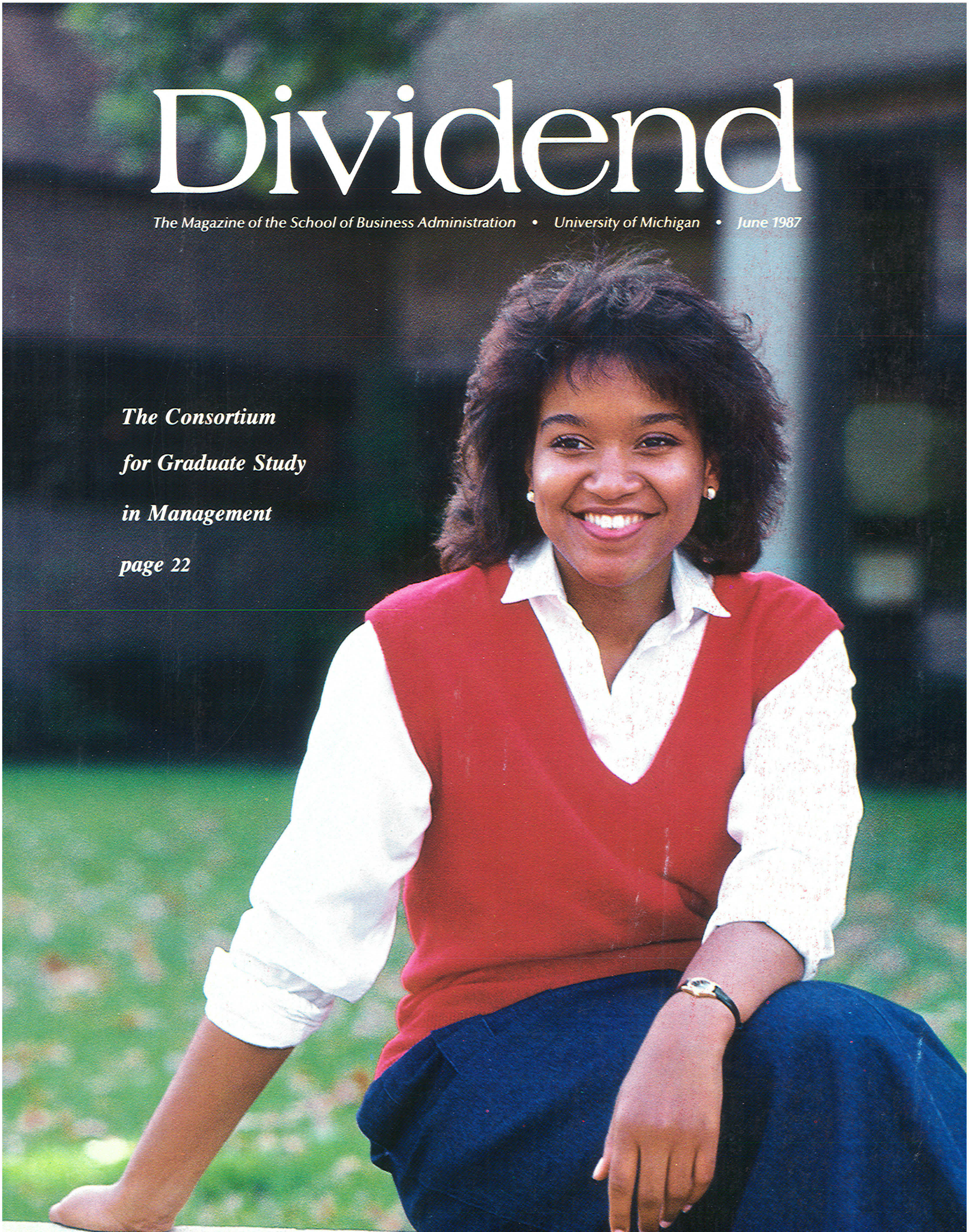

The Consortium for Graduate Study in Management

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Business School Students Win National Marketing Contest

By Kate Kellogg
U-M News &f Information Services

The pressure was on. Four U-M MBA students mustered all their general business knowledge, human insight, and creative genius to design a marketing campaign for sugar-free Kool-aid in less than eight hours.

The U-M campaign beat those of five other top business schools which competed in General Foods Corporation's 1986 marketing contest. Jack Ridge of Quincey, Mass., Carol Pettitt of Redford, Mich., Phil Martens of Buffalo, New York, and Scott Myers of Ann Arbor (formerly of Milwaukee, Wise.) last fall represented the University's School of Business Administration in the contest.

Left to right, second year MBA students Jack Ridge, Carol Pettitt, Scott Meyers, and Phil Martens, winners of the General Foods' Marketing Contest.

The four were selected (through preliminary competition) to compete against teams from the University of Chicago, the Wharton School of Finance at the University of Pennsylvania, Northwestern University, Stanford University, and Columbia University.

The students believe their victory over such imposing peer institutions proves that their own MBA program must be doing something right.

"The MBA feels pretty good," said Martens. "We are lucky, not just because we won a contest, but because we were able to see what we've been working toward. Most students don't get to tie their education to the business world until they're out there for good."

The award-winning Kool-aid campaign was the result of a combination of talents and the students' confidence to apply their analytical tools under extreme pressure. Flown to General Foods' headquarters in New York on Thursday evening, the students had only the next day in which to prepare a campaign presentation for the following Saturday morning.

"The tight deadline period forced us to structure our time," said a team member. "In order to make the deadline, we knew we'd have to stop our market analysis at five p.m. and start working on the presentation — and we did."

They also drew upon their abilities to quickly familiarize themselves with a new set of data. Otherwise, backgrounding alone could have stymied the team since General Foods had kindly provided them with 40 pages of demographic information.

"But the case analyses we had practiced in classes taught us to separate the relevant from the irrelevant and we actually used about 30 percent of the material," said Pettitt. "Consequently, our campaign was not quite as detailed as some of the others, but probably better organized."

Besides a generally solid background, the students' main advantage was their unique combination of business interests. "Ours was the only team comprised of students whose areas of concentration ranged from marketing to finance rather than marketing alone," noted Ridge.

For example, Pettitt, who had worked for General Mills Co. the previous summer, knew how to identify and shoot for marketing targets. Ridge, a finance major, did a quick assessment of General Foods' financial resources while Martens and Meyers delivered most of the presentation.

One of the biggest challenges was determining where sugar-free Kool-aid fits into the enormous beverage market. If Crystal Lite is for yuppies, regular Kool-aid is for children, and Country Time for older people, where does sugar-free

Kool-aid fit in, they wondered.

They decided to aim their strategy toward the parents of children who drink regular Kool-aid. "Our main pitch was that it has fewer calories," Pettitt said. They integrated the low-calorie theme into their suggestions for in-store promotion and television advertisement designed to reach the targeted adult population.

Their strategy remained consistent even during the tough question-and-answer period of their presentation. Asked if she would drink sugar-free Kool-aid, Pettitt answered, "probably not. The product is not aimed at young single professionals like me, but at young parents."

Thus the U-M team produced a cohesive, clearly presented marketing package that must have impressed the panel of General Foods' executives. "The other campaigns had a lot of good points but the team members couldn't always back up their proposals," said Martens. "We took care to see that every point we made tied in with our marketing objectives."

The students also attribute much of their success to outstanding team spirit. The U-M team, determined to play as well as work hard, served as the competition's ice-breakers. "Go Blue" stickers appeared on their conference room door and on the backs of some competitors. "No one could say we lacked self-confidence," said Martens.

Overall, the competition remained friendly and the U-M team was pleased to find few differences between themselves and the other teams. "I had always imagined that people from schools like Columbia and Wharton would be intimidating. Yet that wasn't the case at all," said Martens. "Each school may have slightly different teaching approaches, but we're basically all of the same cut."

After graduation, Martens will begin work in a marketing and product planning position with an auto firm. Pettitt has taken a job with a consumer packaging company; Meyers will be a marketing consultant; and Ridge plans to go into corporate finance.

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About the Cover

Pictured on the cover is Angela T. Hinton, MBA '87, one of the Michigan Business School's Consortium Fellows. She got her undergraduate degree in sociology from Princeton University, then came to Michigan for her MBA in marketing. She is now an assistant product manager for Crystal Light at General Foods Corporation in White Plains, New York. For more on the Consortium for Graduate Study in Management, see page 22.
Cover photo by Virginia Geren.

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Global Ethics

Andrew Young, Mayor of the City of Atlanta, presented the 20th annual William K. Mclnally Memorial Lecture March 20 in Hale Auditorium. Here we bring you excerpts from that lecture, and from the question and answer period that followed.

Young has led a full life dedicated to the service of others as clergyman, civil rights leader, Congressman, U.S. Ambassador to the United Nations, and now as Mayor of Atlanta. In the 1960s he was a close associate of Dr. Martin Luther King, Jr., and participated in the civil rights movement of the time. In 1972 he was elected to the U.S. House of Representatives from the 5th Congressional district of Georgia, becoming that state's first Black Congressman in 101 years. He was elected with the support of a coalition of Black and white voters and was re-elected in 1974 and 1976.

As a Congressman, Young acted on a wide range of issues, including foreign policy, civil rights, urban affairs, mass transit, and the environment. In 1976 he was appointed U.S. Ambassador to the United Nations by President Jimmy Carter and served in that position until September 1979. He is a graduate of Howard University and the Hartford Theological Seminary, and has received numerous honorary degrees and awards, including the Presidential Medal of Freedom, which is the nation's highest civilian honor.

I want to talk briefly about the world in which we live — a world created by American missionaries and American colleges. Throughout the world, trouble has been caused by missionaries who tell people they're the children of God and teach them to read and write and send them to college. With that education, people expect to determine their own destiny; they expect to live by the faith that has been shared by very conservative missionaries.

The irony of the world situation is that the people who went around the world giving the good news of the gospel were extremely conservative. They didn't realize that when I or Martin Luther King, Jr. or Joshua Nkomo or Nelson Mandela hear that we are children of God and hear the quote from the psalms, that "my father has cattle on 10,000 hills," we will quickly figure out that we're supposed to eat steak now and then. We're certainly not supposed to be hungry. If all men, and even women and children, are endowed with certain inalienable rights, then you've got a revolution on your hands when you try to support a social structure that stands in the path of people trying to pursue their God-given inalienable rights.

Those are all American ideas out of the Judeo-Christian tradition that are stirring up trouble anywhere and everywhere in the world. If Nelson Mandela had been born in the United States as Thurgood Marshall was, he might be on our Supreme Court. And if Thurgood Marshall had been born in South Africa, I guarantee you he would be in jail. And so, the kind of thing that is going on in the world is not something that is alien to us as Americans. We have basically generated not only the rising tide of aspirations of the poor but also the sophisticated machinations of the rich.

Almost anywhere you look, you find the confluence of these forces — a combination of religious zeal and higher education — motivating people to implement in their own lifetimes the values and ideals that they have learned from these sources. And then add to that the miracle of mass communications. Anybody, anywhere in the world can afford a little Japanese transistor radio and thus can plug in electronically to almost all the information available to the rest of us. In fact, most of the people in the developing world are getting more information than we are, because we are listening to rap music on cassette tapes while they are listening to the news on the BBC or the Voice of Moscow or the Voice of America or the Voice of South Africa, and they are getting their own point of view on what's going on in the world. That combination of religion, education, and mass communication is what has the world in turmoil.

By Andrew Young, *Mayor of the City of Atlanta*

Our Responsibility

Now, you cannot deal with that turmoil militarily at all. In fact, any attempt to deal with these kinds of phenomena by military means is just downright dumb. And that's what we're doing as a nation. We are now spending more than 300 billion military dollars annually. Now I haven't forgotten about the Russians. But basically what we are doing is generating a military economy — not just in terms of a threat from the Russians, but a manufactured threat from the Sandinistas, a manufactured threat from Libya. There are not as many people in Libya as there are in Atlanta! Libya has less than two million people; Nicaragua has three million people; Granada, sixty thousand people. There's not a single one of those situations that could not be resolved by those of us in this room in a matter of months with little or no resources.

For example, it didn't cost the U.S. taxpayer any money to translate a civil war that had been going on for eleven years in Rhodesia into an independent Zimbabwe, living under a constitution, which wouldn't even let the Russians have an embassy for the first three years. There was no military involvement in Panama. Two senior citizen diplomats — one in his 60s, the other in his 80s, — sat down and did work that two battalions of Marines could never have done. They negotiated a treaty with the people of Panama. As a

Mayor Andrew Young — "Over the past five years, private capital coming into Atlanta has been somewhere in the neighborhood of 34 billion dollars, and about 400 thousand new jobs have been generated."

result, you had a leftist military minded country — a dictatorship — going to the people with a treaty that was also acceptable to two-thirds of the United States Senate, and we did it without guns and without massive foreign aid.

I think it is the military spending that has essentially dislocated and disoriented our entire economy and will continue to do so until we find ways to begin a conversion of our economy. I don't think defense has anything to do with national security. It has something to do with the economy in which we live. I learned that as a member of Congress when I was an advocate. When you are a member of Congress and there are 31,000 people in your district working for Lockheed, you are *for* the C-5B! It is amazing how articulate and inventive you can become. The only reason we've got the F-18 which everybody knows is militarily a disaster, is that it is built in Massachusetts, so the two most ardent advocates of cutting back defense spending — Ted Kennedy and Tip O'Neill — are always fighting for the F-18.

It's politics and economics, not military security, that has a stranglehold on our nation. The military industrial complex is organized so effectively that there just happen to be 281 Congressional districts that had sub-contractors for the C-5B. You don't need but 218 votes to pass a resolution in Congress. So, if you get 281 congressmen locked into defending jobs in their districts, even Tip O'Neill and Ted Kennedy and I become advocates of military spending. That's the way our economy and our politics have been structured. We're not going to have a sensible economy until we begin to find ways to level that out, and to take some of the billion dollars a day that are spent on weapons of death and destruction and move them in the direction of life and development.

This is a big, great nation. We've got everything we need between the Atlantic and Pacific. We've never needed to export. We've never needed to learn another language. We've never even needed to learn how to understand anybody else. Everybody has to understand *us*. We set the norms on the globe and we expect everybody else to become Americanized. We manufacture funny T-shirts and sunglasses and blue jeans and baseball caps and everybody buys them. We've never had to use our intelligence to be a part of the rest of the world. The only real challenge that we have had, a challenge that exists to this day, is the challenge of integrating men and women who were former slaves with men and women who were former slave masters.

When you look at the dynamics of our foreign policy and at the dynamics of our trade, there are ethnic and cultural ties that have influenced and determined both. It is no accident that we have a large volume of economic activity with England, or with Germany, or with Fiance, or with Italy. It is no accident that we have a very positive political and economic relationship with the State of Israel. It's ethnically determined. Do you think for one minute that if three million Blacks were persecuting and dominating twenty million whites in South Africa that we would allow that situation to continue as long as we have? There is no way in the world. You've heard a lot more about Sharansky and Sakharov than you ever heard about Nelson Mandela. Nelson Mandela has been in jail for twenty-one years but only the recent activity on college campuses made us involved and sensitive.

I say that only to say that there is absolutely no reason why the United States should run a trade deficit with Nigeria. And yet we usually do. Our trade deficit with Nigeria has been seven and eight billion dollars. We're even running a trade deficit with Angola and Cameroon, and they want to buy everything that we've got. The reason they don't is that white folk don't like to go over there and do business with them. White folk have not yet sufficiently integrated Black folk into the economy of their country and their companies so that they are able to take advantage of the ethnic links that exist in the United States.

The greatest competitive advantage that the United States has over Germany and Japan — and the only way this country is going to catch up in trade — is to involve Black, Hispanic, and Asian Americans in corporate America and allow them to build the links with Asia, Africa, and Latin America that the Italian-Americans have built with Italy, the Irish-Americans have built with Ireland, and the German-Americans have built with Germany. Those ethnic links are among our greatest advantages. In fact, they make it possible for us to make this whole world make sense. We have almost in this room, but certainly in this University, a microcosm of the world in which we live. If we can get along and understand and trust each other in this room, then we will be able to trust one another in corporate America, in political relationships, and world trade. That's essentially what we're going to have to do as a nation to survive and it is what we're going to have to do to make this globe of ours make sense.

However, the real tragedy of the planet on which we live is not just the military spending, although it is dangerous and destructive enough. But I think of the nation of the Sudan. The Sudan is about as big as the United States east of the Mississippi. It has only about 14 million people. It's the valley of the Nile. Down there in that southern Sudanese desert, Chevron has determined that there are oil reserves that are comparable to those in Saudi Arabia! And depending on the price of oil, there is anywhere from three hundred billion to a half trillion dollars of known oil wealth under that desert. The valley of the Nile has, centuries before, produced cultures that were able to feed all the known world with primitive agricultural technology. And yet now in this country sitting on all this wealth, on all this land in the valley of the Nile (which is as rich as the valley of the Mississippi), there are anywhere from a million-and-a-half

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to two-and-a-half million people starving every year!

Why are they starving? Why is it that we don't help to develop those resources? It would take a long-term infusion of capital. It would mean somebody would have to be able to put forward millions of dollars and give long-term credit to pay for that investment to help to develop those resources. It would mean that you'd have to develop an infrastructure of roads and pipelines, air strips and telecommunications. All that would require some kind of system of long-term credit and stable currency values. It would require the same kind of economic stability to develop Africa and Latin America that it required to develop Europe and Asia. The same kind of economic stability that was produced by the Marshall Plan; the same kind of economic stability that produced the New Deal and that helped us develop the South; the same kind of government intervention that developed the infrastructure that created land grant colleges, and built the hydro-electric projects that made electricity possible across our nation. The same sort of thing that we've done time and time again is needed to develop the Sudan, but something more is needed as well.

We're going to need trucks, and to get them, do you know what we're going to have to do? We're going to have to put some of the people in Detroit back to work; we're going to have to reopen the General Motors truck plant in Atlanta. We're now producing trucks only for the United States and we're sharing most of that truck market with Europe and Japan. But if we look at the potential market of Sudan, then we would be producing trucks for a world market. Once we begin to produce for a world market, everybody that's employable will be employed.

The Japanese again are way ahead of us on this. They're talking about a global infrastructure fund. The Mitsubishi Research Corporation has what Snuffy Smith, a comic book character of my youth, used to call "bodacious audacity." They have the "bodacious audacity" to say that what the world needs is a kind of global Keynesian infusion of capital and technology. And they talk about things like a sea-level Panama Canal — a sea-level Panama Canal that would cost about twenty billion dollars. But it would put everybody to work building the necessary earth-moving machinery. Caterpillar wouldn't be closed down in Peoria if it were manufacturing big earth-movers for the Panama Canal. Neither would Massey-Ferguson in Iowa. People would be working in those places, producing the necessary machinery. It may even be that a lot of the people who now consider themselves Sandinistas and Contras would put down their guns and get on some tractors and go to work and make a living.

Whenever we've been able to turn ourselves, as a nation and as a world, to the task of producing, of meeting human needs, of creating jobs, we find that those are the periods in which we live in peace. So I think the world needs ways to find access to capital, to technology, to management skills and markets. It needs a long-range coherent economic vision that helps us to realize what actually exists. We no longer have national economies. That's a contradiction in terms. We live in one world. There is only one global economy. The companies that are surviving and adjusting and doing well have become global companies.

Nobody has restructured the national rules of the game so that we all play by the same rules. Nobody has done for the 1980s and '90s what the United States did for the world in the 1940s. In the same way that the Bretton Woods agreement in the '40s said that we're all going to play by the same rules for the next twenty-five years, we could decide that we're all going to play by the same rules. We could take six months — we could take a year and a half — to decide what rules those are. There would have to be some broad bands of latitude, some kind of structure that would enable people to have long-range confidence in the development of the globe on which we live.

Once we start that, not only will we feed the hungry; not only will we clothe the naked and heal the sick and house the homeless, but we'll do it at a profit. A whole lot of people will get very rich doing it, and a whole lot of people will go to work, and a whole lot of people will live healthier, more productive lives if we begin to look at our global economic responsibilities, and fashion a globe that essentially recognizes that we are one family under God, endowed by our creator with certain inalienable rights. The starving citizen in Ethiopia has as much need for those rights as we do. And as we find ways to extend the opportunities that we enjoy, we're going to find that that's the best way to make those opportunities secure.

Then we will find that this dream and vision of one world, of living together in peace, is not really a long-range goal or a dream. It's something that we can achieve with some degree of success, even in our own limited lifetime.

Q.&A.

Q. *You talk about the Defense Department ruining the American economy. But what do you propose we do to keep the Russians from pouring over our borders?*

A. There are other ways to contain the Soviet Union than an over-abundance of military spending. I wouldn't say that we need to become a defenseless nation. But it doesn't make much sense to spend 2'/2 million dollars for a tank when you can make a $100 shoulder-held firing rocket that would destroy it. Suddenly that makes tanks obsolete. I don't think we have thought critically about our economy. No aircraft carrier (and that's 3 billion dollars worth) in the world can stand even the smallest atomic weapon. And if there's ever a place that atomic weapons might be tried it would be on the open seas. So I don't think aircraft carriers are very sensible.

On the other hand, submarines are very effective. And every nuclear sub, every trident submarine, carries more explosive power on it than all the bombs dropped in World War II by all the parties!

I think if you applied rigid concepts of cost effectiveness to defense, you could find a way to balance our nation's budget in a matter of two or three years, and not sacrifice any of our military preparedness. I wish we could go back to the draft because I think that trained manpower and womanpower (I'd draft women, too) is essential — I think our hardware is better prepared for our defense than our people are right now, and I think we need people who are better disciplined and more physically fit. The Army made a valuable contribution to our society. You know, the Army used to have race relations workshops. Every military base had a race relations officer directly responsible to the commandant. And every person that went into the military had to go through a period of racial orientation, because we had to build one integrated fighting force out of a diverse ethnic and economic and cultural population. So I think we could spend our military dollars better, have a stronger defense, and have some money left to balance the budget and do some other things.

Q. *What do you think The University of Michigan should be doing to combat racism ?*

A. When I was growing up in New Orleans, my Daddy pointed to The University of Michigan as one of those institutions that was breaking down racial barriers. Basically, the problem with all of our universities is that we fall victim to the liberal notion that racism is a matter of a lack of education. And we make a quid-pro-quo assumption that when you are educated, you're not racist.

Racism is a function of insecurity. I don't even like to use the word racism — I'd rather talk about it as ethnocentrism, and realize that everybody is more secure in the same kind of group as the group in which they grew up. When you challenge them to get along with a different kind of group, you have to work at it.

Now, let me not talk about Michigan. Let me talk about the city of Atlanta government. We made a decision in Atlanta that representative government ought to be half and half, Black and white, half and half, male and female because that's reflective of our population.

Once we made that decision, I had to fight constantly to keep the Black women from wanting to hire other Black women; to keep the white men from wanting to hire other white men. Black men don't work well under Black women or white women. But when Black women or white women are smarter than Black men and white men, then they ought to learn how to work under women.

When I made a woman Deputy Chief of Police, I almost had a rebellion on my hands. And a Black woman at that. And yet the people who are most vulnerable to crime in cities are women and children. You put a Black woman who's involved on a day by day basis in a key decision-making position in a law enforcement apparatus, and there is a qualitative change in the way the police force begins to work. But the men tend to think of law enforcement as their macho preserve. They don't realize that you have to think, too.

Now let me go on because I really think we have to see this as going both ways. One of the problems I have in a city with some of the finest predominantly Black institutions in the world is that I'm getting very bright Black men who don't have any white friends. And they are terribly upset when they are thrown into a work environment where they either have to supervise or be supervised by white people. No matter who you are, part of growing up is learning to adjust to people who are different. That's something we all have to work at. It's something we have to struggle with constantly.

You look around Atlanta, and the people who are most successful just happen to be the people who are most integrated. Why segregate your social life? Most business decisions are made in social environments. You do business with people you trust. If you don't socialize with white people, you don't get in on the business decisions white people make. That goes for male and female, too.

I was at a quail hunt. E. F. Hutton rounded up all of the people who make decisions about municipal bonds, and invited us to shoot quail on a south Georgia plantation. Very few Black folk have ever been on a south Georgia plantation, but now not only does E. F. Hutton have to invite some Black folks down there, but the treasurer of the state of Arkansas is a woman, so they have to invite her, too. The interesting thing was, she came. They didn't expect her to come. And now, here is this woman in this good old boy network.

I grew up in the city. I never shot quail — I've been shooting baskets. In fact, I decided I didn't even want to shoot quail but I'll be damned if I wasn't going out there and watch. Because when they get through shooting quail, they're going to make the decisions that influence the politics and the economics of the South in the coming election. And sure enough, every evening after dinner, that's what they sat around and talked about. Who's going to be the president, who's going to be the next governor of Florida, who's going to do this, that, and the other. The irony of it all was, the person who was most uncomfortable in that environment was the New York banker, because in that environment he was the one who "talked funny." And nobody ever let him live it down, you know, that he was the funny-talking one.

"Racism is a function of insecurity. I don't even like to use the word racism — I'd rather talk about it as ethnocentrism, and realize that everybody is more secure in the same kind of group as the group in which they grew up. When you challenge them to get along with a different kind of group, you have to work at it."

Q. *In Detroit, business and companies and whites moved outside of the city, and I wonder if this is happening to some extent in Atlanta. The question is, is there anything you are doing to make sure that this does not happen in Atlanta?*

A. Over the past five years, the private capital coming into Atlanta has been somewhere in the neighborhood of 34 billion dollars and we've generated about 400 thousand new jobs in that region. Downtown IBM is building 2 million square feet of office space, AT & T a million and a half, Bell South another million square feet. Metropolitan Insurance Company has got 2 million feet of office space and a new hotel, Prudential's got 4 million plus a hotel.

Now, we've got everything in downtown Atlanta but housing. To do that though, we had to have a good infrastructure. We had to have a mass transit system, good highways, good race relations. I think the thing that made the turnaround possible in Atlanta was good race relations.

It was the leadership of Coca Cola that helped the good race relations happen. The chief executive officer for Coca Cola during the 1960s came to us from South Africa. Paul Austin, a Georgia boy, had been in South Africa for 14 years. He saw what was happening in South Africa in 1948 when they began to create the system of apartheid, and Coca Cola took a position that that wasn't going to happen in Atlanta. And they really were willing to be the heavy — even threatening to move if the white society closed down public schools or even didn't honor Martin Luther King.

They also set up a process of working on race relations. In fact, the ten top CEOs in Atlanta — Coca Cola, Delta Airlines, Georgia Power, Southern Bell, and the five banks started meeting every other Saturday morning in the 1960s with Jesse Hill and Herman Russell and the Black civil rights and business establishment. Those monthly meetings by ten Black and ten white have now grown to about 20 Black and 20 whites. Every month a private sector multi-racial group gets together for breakfast and usually they take what time is needed to help solve the problems of the city.

We've created an enterprise zone in downtown so that anybody that wants to build housing downtown, we will float the bonds to get them below market interest rates whenever possible, and we're doing some of this creative finance. It's amazing how you can generate money when everybody wants to! And when everybody decides it's in the public interest, you can do almost anything you want to do.

We're now in the process of trying to develop about 10,000 units of middle and upper income housing. The one developer who was willing to go in and do that on his own happened to be a Black developer. He's building $150,000 townhouses right downtown in a neighborhood that used to be considered a Black slum. But 65% of those who are buying the townhouses are white, and they are selling them as fast as they can build them. So we've created a market. Now we're getting people coming in from all over willing to work with us. So I think Atlanta is an extremely healthy city economically. We did all we could do with government capital and then we started putting together vehicles for attracting private capital.

We now have direct flight service to just about every country in Europe. We've got two flights a day to Tokyo and one flight a day to Zurich. Every time we open direct flight service to a country, the amount of investment from that country just about quadruples in the first year. So, we're looking forward to good times.

Q. *Do you think it is in our economic self-interest to eliminate racism and sexism?*

A. I would prefer to use the term "ethnocentrism"; however, we can keep using racism and sexism, although they're a little more emotionally charged.

You can't do business if you don't have an understanding of all of the cultural diversity of the total marketplace. And I would hope that in a business school you can quantify this problem into more economic terms. To take a specific example, it hurts my heart to see people driving Mercedes in Nigeria. They should be driving Cadillacs! And they would buy Cadillacs if General Motors had a Cadillac manufacturing plant there. But we are insensitive to that market which is 120 million Black folk. We think of the social problems and the political problems, but we don't realize that there is a Black elite there that is one of the wealthiest in the world — they could buy all the Cadillacs we could make. As it is, they're driving Toyotas, because Nissan Motors has a plant there, Peugeot has a plant there, but General Motors could go there tomorrow and take over more than half the market. But they're not going to be able to get into that market if it is a lily white management. Somebody Black in a decision-making position in General Motors might have helped them tap into that market. I mean, if you think Black folk in this country are hard to deal with, try to deal with some Nigerians! They've never known slavery. They think they're a nation of princes and they act like it. But if you're going to have a balanced economy, you can't run a trade deficit with Nigeria.

"The combination of religion, education, and mass communication is what has the world in turmoil. Now, you cannot deal with that turmoil militarily at all."

Q. *You are taking a personal interest in the plight of the homeless. Can you tell us what the city government in Atlanta is doing to relieve that problem?*

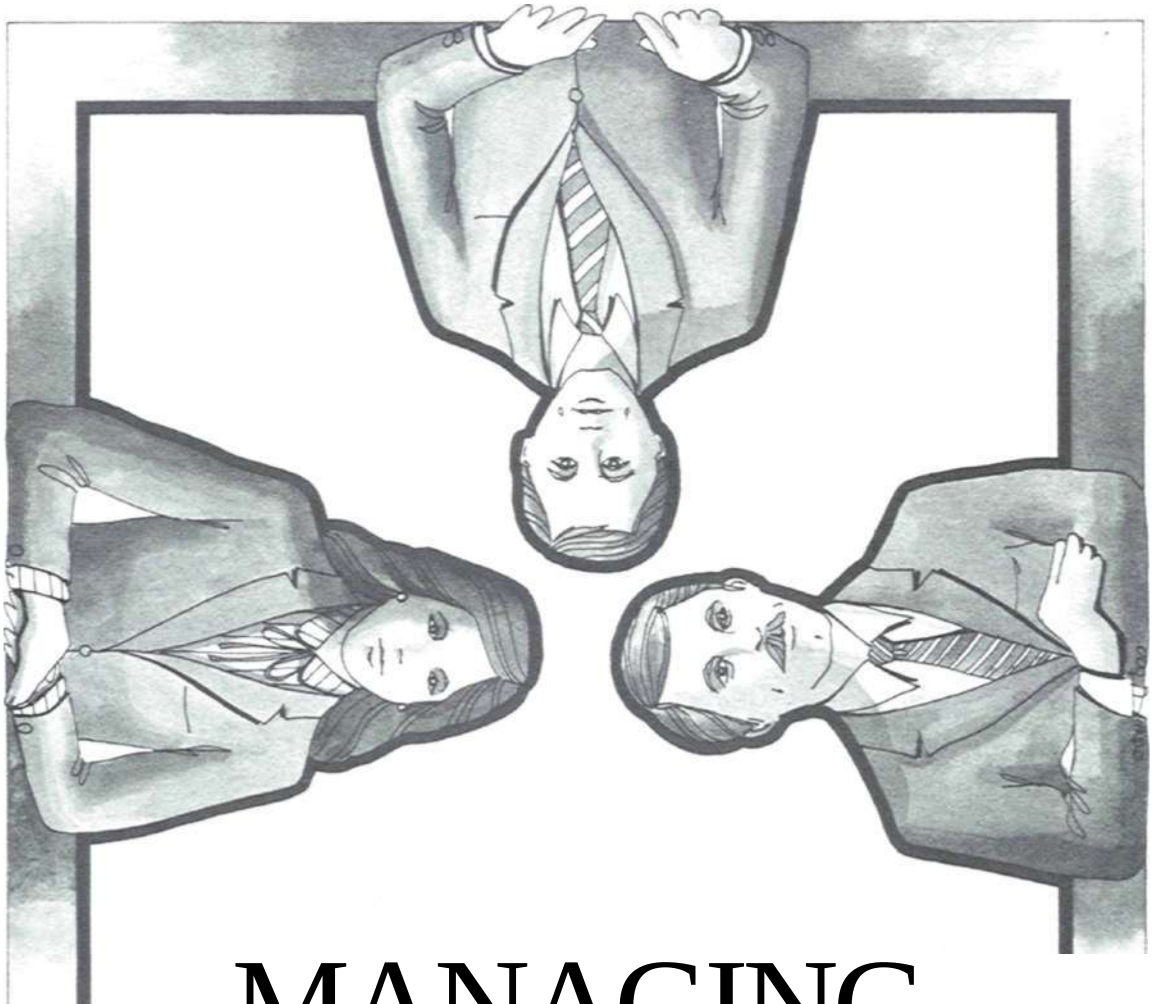
A. The problem of homelessness represents a failure of our economy. I found a full cross-section of American life homeless on our streets, both male and female. I think about a third of them just need a job. If you gave them a job, they could find a house. I think there's probably another 10 to 20% who need a house before they can get a job. For instance, women with children have to be able to care for their children before they can get a job. You need to give them a house and some job training and then they can hold jobs. So that's a little more complicated. Then there is another group of people, many of them veterans of Viet Nam and Korea, who have emotional problems and they need serious counseling. We've got to have some way to care for people who are mentally ill. You can't just force them out into the street.

Now, we have plenty of jobs in Atlanta. But we do have a problem building low cost housing. There are no federal programs for low cost housing and it has been very difficult to entice private capital into low income housing. In fact, private capital is making so much money on office buildings right now they don't even want to build luxury housing — we're having to give incentives even to get luxury housing built.

The city is now looking at some mechanisms that might help us to take existing city land and build low income housing. We're also giving land to groups like Habitat for Humanity that will build housing at no interest and no profit. When you build a house at no interest and no profit, you can build a three bedroom house on half an acre of land in Atlanta and sell it for $20,000. It's the interest and profit that run up the price of housing. When you take them out, a person can own a home on less than $100 a month, and most people in Atlanta can make $100 a month.

Q. *You talk about a world plan, and rules that would be a part of the world plan. What rules are you talking about?*

A. Well, I'm talking about a group of capitalists getting together and negotiating a contract. Somebody ought to go back and find out what happened at Bretton Woods, and update it. They came out of Bretton Woods with a world bank, with an international monetary fund, and over a period of time, a process that produced general agreement on trade and tariffs. See, you had people then who were planning our economic security just like the generals were planning the military security. At the same time we were forming NATO and SEATO and all of those other defense pacts. Now it seems that everybody has gone over to planning military security and nobody is planning economic security.



MANAGING DOWNSIDE UP AND SIDEWAYS

By David Ulrich

Assistant Professor of Organizational Behavior and Industrial Relations

How does your work look to your boss and to your peers? How can you present yourself and your performance most effectively to the higher-ups? Effective answers to these questions involve specific skills that are different from those needed to manage and motivate subordinates.

In the last decade, organizations as diverse as General Electric, BankAmerica, Honeywell, General Motors, Federal Aviation Administration, and Blue Cross of California have made significant reductions in middle management to remain competitive. Often the reductions fall most heavily on staff positions where many business school alumni work. In the face of organizational downsizing, middle managers would do well to hone their skills at exerting influence upward and sideways with bosses and peers.

Managing in this way means understanding and working political realities, not playing office politics; it requires continual efforts to focus and frame overall job responsibilities, not one-shot programs; and it rests on explicit skills, not intuition.

The results of managing down-side up and sideways have been documented in two research studies. Schilit and Locke[1] (1982) found that promotions, salary increases, productivity increases, and adoption of new programs followed situations where upward and lateral management skills were practiced. Mowday[2] (1978) found that school principals who effectively exercised upward influence were more able to accomplish budget and reclassification decisions. Clearly this skill is one worth cultivating.

From interviews with managers in many organizations, and from discussions with participants in executive programs, I have identified ten skills that increase the chances of successful upward and lateral management. The skills are listed below, along with some explanations and examples:

1) Know yourself

How do you define success? Definitions may range from "getting promoted," to "doing a good job" to "getting recognized by the boss." If you have your own values clear, you will be more able to focus efforts on gaining what you value. In basketball, not all players can be equally successful as scorers. Some players define success by defensive work, rebounds, or assists. Knowing their criteria of success allows players to identify and perform the role in which they are most talented. Without defining personal values and success criteria, managers may try **to** accomplish too many things, and do none of them well.

2) Pay attention to the boss's goals

Mike, an engineer, had difficulty understanding why some of his lesser-skilled colleagues were promoted before him, although he was more technically competent. After being passed over a couple of times, he started to watch his colleagues, and observed that some of the engineers who were promoted talked to the boss in the boss's language. By listening carefully, Mike realized that his boss **was very** committed to high quality products, and that costs and time were a lower priority. Thus Mike's efforts towards cost effectiveness and efficiency were not consistent with the boss's priorities.

"Where the manager has unique information and insight into a problem it may be advisable to act first, and if necessary ask forgiveness later, rather than wait for approval to act at all."

Mike then sat down with his boss, formed an explicit contract about what was expected, and began to modify his behavior accordingly. He then found himself reaching his goals by responding to the boss's goals. Likewise, managers who listen and respond to peer goals may find personal goals more forthcoming.

3) Be proactive

Proactive managers identify in advance what needs to be done and then act accordingly. In many cases, where the manager has unique information and insight into a problem, it may be advisable to act first, and if necessary ask forgiveness later rather than wait for approval to act at all. As one manager commented:

"I manage my boss by anticipating her reactions. I try to stay a step ahead so that projects and tasks are accomplished before requested. This way I can accomplish projects my way rather than being in a position of being told how she wants it done."

Proactive managers know the power of the first draft. They look for opportunities to initiate and draft meeting agendas, memos, letters, working papers, plans, and other documents. While it takes increased effort to create the first draft, many key ideas and concepts become framed in early drafts. In addition, managers come to understand the intricacies of programs when they initiate proposals in writing.

4) Learn peer and boss's managerial styles

Does your boss work slowly or quickly? With written or verbal communications? Early in the morning or late in the day? With direct confrontation or indirect discussion? Likes to be told of problems or would rather be given solutions? Likes to talk or listen? Wants to be involved in details or made aware only of larger issues? Answers to these questions add up to a distinct management style, and familiarity with that style can help you achieve your goals. Two comments from managers illustrate this point:

"I have **learned some key pointers in managing** my **boss: 1) Find out from his secretary his mood before taking a decision to him. In moody situations, I send him a desk slip. 2) Avoid him on Monday mornings. 3) Make every effort to meet him on Fridays before 3 p.m. to get many things approved before the weekend. 4) Meet him in the evenings or Saturdays working overtime for discussions on key issues. He listens more, spends more time, and is more relaxed and friendly after formal hours."**

"I have been in my job for about two years. Recently, an organizational change occurred and I now report to a manager who is unfamiliar with my work. At first, I tried to handle as much as possible for him, to free his time for other aspects of his job. I soon realized that he enjoyed the day-to-day work and was really unaware of how much I had been doing. My new strategy is to make sure he is aware of everything I am involved in. I leave it up to him to let me know if I am overloading him with too much information."

5) Develop trust

When trusting relationships exist among peers or between subordinates and bosses, decisions may be made quicker, authority may be more equally distributed, and discussion of problems may be more candid. Trust develops as managers spend time with peers, listen to new ideas, and share candid observations. Trust also develops from dependability, predictability, and loyalty. Peers or bosses who know that a project will be done on

[1] Schilit, Warren and Edwin Locke, "A Study of Upward Influence in Organizations." Administrative Science Quarterly 1982, 27: 304-316.
[2] Mowday, Richard T. "The Exercise of Upward Influence in Organizations." Administrative Science Quarterly 1978, 23:137-156.

time within quality standards, and who know that proprietary information will be kept confidential, are more likely to develop relationships of trust. A manager's ability to exercise lateral or upward influence may be strongly related to the degree of trust among peers and bosses.

6) Do your homework

Using persuasive arguments and logically presenting ideas is the most common tactic used to influence peers and bosses (Schilit and Locke, 1982). But to do this effectively requires homework to collect data and identify options. In one case, a manager proposed a new computer system without having done adequate homework. When the boss asked what the total cost of the system would be and how much increase in productivity could be expected over a one, three, and five year period, the manager did not have the answers, and thus lost both credibility and the proposed new system.

7) Understand your boss's values

The strategic planning staff at a major bank decided that the bank could realize higher profits by entering the second home mortgage market. When they presented their proposal to the Chairman, he rejected the idea, saying that the bank was in business not only to make money, but to help people wisely manage their money. He argued that people who took second home mortgages did so frivolously, spending the money on vacations, cars, and other extravagances. The strategic planning staff then suggested further study.

When they reapproached the Chairman six months later, they suggested that the Bank enter the second home mortgage market not only for financial gain, but also because their research indicated that those who took out second home mortgages used the money wisely — e.g., funding college educations, building additions onto the home, supporting parents, etc. With this argument, the proposal passed.

This true story illustrates how understanding the beliefs, values, or goals of peers and bosses allows managers to exercise lateral or upward influence. Continually asking, "How will this proposal or idea help the peer or boss reach his/her valued goals?" uses values as a means to shape behavior.

8) Build coalitions

A new MBA graduate, Sam Lane, entered an organization and became so engrossed in his marketing work that he neglected to build coalitions outside of his alliance with his boss. Six months later, when the boss left the organization, Sam had no coalitions and his efforts in marketing went unappreciated. He had not spent time learning what peers in other departments expected from his marketing efforts, or sharing with peers how his marketing work benefited them.

Another manager commented on coalition building as follows:

"Managing my peers and my boss is similar to farming. Long before I expect to harvest the fruits of my ideas and concepts it is necessary to plant the seeds **properly. Throughout the development of facts and figures on concepts and proposals I feed the data to my peers and boss. As specific incidents or opportunities for informal discussion arise, I take the initiative to communicate with others."**

9) Develop credibility

In a classic educational experiment, teachers were told that half the students were high performers and the other half were not. Over time, the high performers received more attention and eventually better grades.

If a person has a lot of ability in one area, others may assume that that individual has ability in other areas as well. Just because someone sings, we may assume that they also can dance. Managers may use this psychological phenomena to their advantage by being excellent in initial tasks. It's good to start with small, defineable assignments in which you can excell, then expand to larger assignments. As one person explained:

"I was very excited when I was promoted to a general manager position. Everyone told me the Vice President I reported to was tough to work for and always wanted to do everything his way. I decided to start my job by working to build a positive relationship with him. I worked very hard on the first couple of assignments I received, making sure that the department followed his suggestions and that we met the objectives he asked us to meet. After about six months, he began to trust that I would carry out his requests. For the last 18 months, we have had a terrific working relationship. He now trusts me to do increasingly complex tasks, and I am actually doing more than any general manager in the company."

By having simple successes, this manager gained credibility which worked to his advantage.

10) Be persistent

Identifying priorities, showing how those priorities help others attain their goals, and working many channels to accomplish those priorities may consume a great deal of time. However, being persistent in arguing for the key priorities helps in achieving the goals. One manager identifies two top priorities a year, and is willing to let other important activities slide if necessary to ensure that the two top priorities are accomplished. The key to achievement here, he says, is persistence, adding that he will not let go of the two top priorities regardless of barriers to their accomplishment.

In the face of increasing competition and organizational downsizing, managers at all levels must redefine and refocus their efforts to be successful. Perhaps these few points on managing downside up and sideways may be helpful as you go about exerting influence laterally and upward.

About the author: David O. Ulrich received his BA from Brigham Young University and his **Ph.D.** from UCLA. His research interests include investigating the link between human resource management and strategic practices, new models of corporate leadership, and models of organizational functioning.

Is There Enough Bu

Seventh U.S.-Japan Automotive Industr

The conflict between the overproduction plaguing the worldwide automobile industry and the current trade deficit (recently estimated at $15.06 billion) dominated the seventh U.S.-Japan Automotive Industry Conference held on campus in April. Organized around the question "Is There Enough Business to Go Around?", the Conference included speakers from the industry (American, Japanese, and European) and representatives from Congress and the Administration to speak on this problem.

MOSS (Market-Oriented, Sector-Specific) negotiations, now underway between Japan and this country, are aimed at increasing access to Japan's home market for American products. A pre-Forum panel was dedicated to these talks, which have previously concentrated on four specific sectors: wood products, telecommunications, electronics, and medical and pharmaceuticals. Agreement to focus the June 1986 MOSS talks on transportation equipment — automotive parts and accessories — was achieved only in May of that year, after months of negotiations. Japanese suppliers have resisted getting involved in the negotiations, claiming the bureaucrats are intruding into an area of economic activity which lies in the private sector.

The panel discussion centered on the negotiations as well as on the auto parts industry's difficulties in penetrating the Japanese market. Panelists included Robert E. Watkins, of the Automotive Affairs and Consumer Goods Department of the U.S. Department of Commerce, who has been representing this government in the talks, Representative Marcy Kaptur (D.-Ohio), who has been among those actively working with the Japanese government to increase that country's purchases of American automobile parts, and representatives of the auto parts industry.

The slow progress of the MOSS talks was disheartening to the audience, which consisted primarily of auto parts representatives. Many of these men had been unsuccessful in selling auto parts to Japanese markets, stymied by what they considered to be non-economic barriers. (To describe a non-economic barrier, an industry representative offered his experience: the spark plugs manufactured by his company had been purchased for Japanese use in *export* vehicles, but the company had been completely unsuccessful in penetrating the Japanese *domestic* market.)

"Unless MOSS succeeds in breaking through the shell surrounding the auto parts industry, we face the wholesale export of our U.S. industry and jobs," said Julian C. Morris, President of the Automotive Parts and Accessories Association. He said that to avoid an even greater deficit by 1990, we must remove impediments to original equipment sales and improve America's access to the Japanese global market.

While the pre-Forum panel concentrated on discussions concerning a specific sector of the automotive industry (automobile parts), the Forum itself concentrated on the development of the industry as a whole — both American and foreign. "There is a spirit of industrial renewal in the state of manufacturing today," said Richard J. Schonberger, President of Schonberger & Associates, in his keynote address to the Forum. He emphasized that manufacturing requires continual and rapid improvement to succeed. In recent years Japan has spent more than twice as much on incremental improvements than has the U.S., said Schonberger, author of *World Class Manufacturing: The Lessons of Simplicity Applied.* Education and training are catalysts and must be used to greater advantage. The 1980s are the era of manufacturing knowledge, Schonberger noted; more has been learned in this period than ever before.

Other speakers echoed this theme. "The challenges to the industry are competition and technology," said E. Michael Mutchler, Vice President and Group Executive at General Motors Corporation, who told his audience that the auto industry is in the midst of a technological revolution. There are more than 30 auto companies worldwide, Mutchler noted, and in order to meet the competition, they must maintain their quality and they must be prepared to use the new technology.

siness to Go Around?

Conference Addresses This Difficult Question

He predicted that electronics in the automobile (the ignition, for instance) may triple during the next decade.

However, cautioned John Betti, Executive Vice President at Ford Motor Company, technology is only effective if it's properly implemented. "This country needs a workforce," he said, "but are we producing it?" Although technical training is becoming more important, fewer students are studying science or engineering, Betti pointed out. Moreover, many companies are having to give basic reading and writing classes.

On the other hand, "strategic alliances and collaboration must be key words in the future," emphasized Stephan Doblin, Vice President and Controller of Regie Nationale des Usines Renault. International development must occur cooperatively, he emphasized, with representatives of different countries working together on the same project in the same building. Develop new relationships with suppliers, Doblin suggested; help them to retool; call them partners. Learn the Japanese system, he advised; form joint ventures and include the Japanese.

In describing the Japanese system, Ariyoshi Okumura, Director and General Manager of the International Finance Research Department of the Industrial Bank of Japan, pointed out that different skills are valued by American and Japanese manufacturers. "In Japan," he said, "skill is a religion. Most top Japanese executives have had floor experience." In contrast, he noted, marketing and financial skills are given more weight in America. He said that the maturity of the worldwide automobile industry is indicated by the development of the specialty or "niche" market; consumers are no longer interested in cars solely for transportation. However, marketers must be very alert to keep abreast of new trends.

The Forum was anchored by economist Lester Thurow's thoughtful and disturbing evening address. Thurow, Gordon Y. Billard Professor of Management and Economics at Massachusetts Institute of Technology, warned that "the trade deficit is a black hole; it is much harder to get out of it than it was to get into it." If we are to avoid a world recession, he said, we must cooperate with each other. However, said Thurow, who is the newly appointed Dean of the Sloan Institute of Technology, although everyone knows what must be done, no one wants to do it. How do we avoid the deficit? Foreigners tell us to raise taxes and lengthen our school year (the United States is the only country in the world where the school year is only 180 days long; in other countries 220 or 240 days are the norm). We tell Europeans to cut unemployment (Spain has 22 percent unemployment). A recipe for greater financial health in this country — one-third higher taxes, one-third cut in defense, and one-third cut in social services — has been approved by Congress, Thurow pointed out, but President Reagan vetoed it.

The rest of the world is losing confidence in the American dollar, Thurow argued. We've made other countries into "economic drug addicts." Foreigners cannot maintain their standard of living without access to our market. For our part, we require foreign loans; one of every four loans made in this country last year was financed by money from abroad. When the lending stops, he said, our standard of living will decrease, possibly by up to as much as 8 percent, which would represent the largest reduction in U.S. standard of living since 1929.

Our economy carried the world for two or three years, Thurow said, but we can't do it anymore. We're slipping over the line into recession. America's balance of payments is getting worse; forecasts for Japan are being revised downward. Without rising exports, both American and Japanese economies are losing strength. The world economy today is growing at less than half the rate of growth during the sixties, Thurow said, but investment hasn't grown. Excess capacity is a problem in every industry. We can't raise interest rates sufficiently to stop the falling dollar.

The world knows what must be done if we are to save ourselves from recession, said Thurow, adding that the decision to act is available to us.

By Virginia W. Hayes

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,

Everett E. Berg, MBA '48, Establishes Professorship in Business Administration

Everett E. Berg, BA '47, MBA '48, has pledged $1 million to establish an endowed professorship at the Michigan Business School to be named the Everett E. Berg Professorship in Business Administration.

Mr. Berg is Chairman and CEO of EBCO Enterprises, a company engaged in the diversified development of energy conservation systems, natural resources, and real estate, with headquarters in Emeryville, California. A native of East Grand Rapids, Michigan, he served as a naval officer in World War II.

Said Dean Gilbert R. Whitaker, Jr.: "Mr. Berg's request that the professorship carry a general designation will allow us to attract a nationally recognized senior professor for an area of our program that will be of maximum strategic value. We are grateful to Mr. Berg for his most generous gift which he has told me he is making in appreciation of the fine education he received at The University of Michigan.

Everett E. Berg, MBA '48, in his office at EBCO Enterprises.

How Does Comparative Advertising Fit into Product Strategy?

A $20,000 grant has been awarded to Michael D. Johnson, assistant professor of marketing, and David A. Home, visiting assistant professor of marketing, to study comparative advertising.

The grant, which was given by Kraft, will allow the professors to investigate the point at which comparative advertising by a minor vs. a major brand becomes ineffective and/or inefficient. The professors plan to follow real comparative campaigns in three key markets with before and after testing of selected subjects.

"We plan on exploring together how comparative ads fit strategically into product strategy and how marketers should measure comparative advertising's effects. What are the effects of repeated comparative ads on consumers? It is our hypothesis that comparative advertising is a short-run tactical advertising tool, and that long-run use of such ads in a promotional campaign would not be beneficial," said Johnson and Home.

Other projects will also be conducted under the grant. Johnson will conduct studies on how consumers cognitively represent or think about products and how these representations affect use of marketing research techniques.

B School and Center for Chinese Studies Sponsor Seminar on East Asia

An interdisciplinary seminar bringing together faculty from the Business School, the Center for Chinese Studies, the law school, and representatives of the corporate sector, has been established under the title of "Seminar on East Asia and Corporate Strategy."

Participants have been meeting monthly to discuss various topics of common concern with the idea of developing an exciting and dynamic faculty seminar on topics of central interest to groups in both the Center for Chinese Studies and the Business School. Participants include professors of political science, sociology, economics, international business, organizational behavior and industrial relations, corporate strategy, law, and Chinese literature.

The seminars begin with paper, followed by discussion among the various participants and questions. Topics considered by the seminar this year have included:

"China's Bureaucracies and Foreign Corporate Strategies" by Kenneth Lieberthal, professor of political science and Director of the Center for Chinese Studies.

"Organizational Change and Quality Improvement: Comparative Gurus — Crosby vs. Ishikawa" by Robert E. Cole, professor of sociology and business administration and former Director of the Center for Japanese Studies.

"The Pattern of China's Macroeconomy — Pre- and Post-Reform" by Barry Naughton, post-doctoral scholar at the Center for Chinese Studies.

"The Politics of Fairness and the U.S.-Japan Relationship" by John C. Campbell, professor of political science and Director of the Center for Japanese Studies.

"Managerial Strategies for Joint Ventures in Japan" by Vladimir Pucik, assistant professor of international business.

"China's Early Years in the World Bank and the IMF: An Appraisal" by Michael C. Oksenberg, professor of political science. A special discussant for this paper was Huang Fanzhang, who just resigned as Executive Director (representing China) at the IMF.

Corporate participants in the seminar include representatives from Dow Chemical Company, The Standard Oil Company, Motorola, Inc., Unisys, Ford Motor Company, and Kmart Corporation.

What Are the Trade-Offs Between Profit Maximization and Community Development?

The private sector's responsibility for involvement in social policy issues has changed as the concept of social investment has developed. A national conference on Socially Sensitive Investing for Economic Growth was held in 1985 at the University of Michigan—Flint, and the Business School's Division of Research has published the proceedings of that conference.

Essays in the volume describe a variety of ways the private sector can work to stimulate development within the larger community. The range of topics cover the broad parameters of the current discussion on social investment and the role of the public and private sectors. Can economic growth be generated along with social development? What are the trade-offs between profit maximization and community development?

Sections of the book are dedicated to such topics as "Corporations, Communities, and Investment Policy," "Pension Funds and Endowments: Fiduciary Responsibility and Socially Sensitive Investing," and "The Social Responsibilities of Business." Participants included Laura J. Henze, Director of the Industrial Cooperative Association Loan Fund, Somerville, Massachusetts, George D. Goodman, Executive Director of the Michigan Municipal League, and Richard G. Hatcher, Mayor of Gary, Indiana.

Socially Responsible Investment and Economic Development is available for $6.00 from the Division of Research, 313-764-1366.

Paul W. McCracken Professorship Fund Reaches $303,000

The Paul W. McCracken Collegiate Professorship in Business Economics has reached a funding level, in cash and pledges, of more than $303,000. The Professorship was established a year ago as the result of a $100,000 pledge by Dow Chemical Company. The Company said it was taking the lead in establishing the professorship as a way of honoring Prof. McCracken upon his retirement from Dow's Board of Directors and in recognition of his life-long contributions as a world economist, a scholar, and a public servant.

Allan Gilmour, executive vice-president and CFO of Ford Motor Company, and a member of the School's Development Advisory Board, headed up the effort to raise additional money for the professorship. Other corporations contributing include Kmart Corporation, Sara Lee Corporation, Lincoln National Corporation, and Johnson Controls, Inc. Many friends and colleagues of Professor McCracken's have also contributed.

Income from the endowment will be used to pay the partial salary of the individual named to the McCracken Professorship. Appointment will be to a five-year renewable term.

Professor McCracken is the Edmund Ezra Day Distinguished University Professor Emeritus of Business Administration, Economics, and Public Policy. He served as chairman of President Nixon's Council of Economic Advisers, and has written extensively on economic policy matters. He is the recipient of numerous scholarly honors and awards.

Those wishing to make tax deductible contributions to the professorship in honor of Professor McCracken should send their contribution, made out to The University of Michigan, to the Paul W. McCracken Professorship, Development Office, School of Business Administration, The University of Michigan, Ann Arbor, Michigan 48109-1234.

Black Business Students Association Holds 11th Annual Alumni Weekend

The 11th Annual Alumni Weekend, sponsored by the Black Business Students Association, began March 20 with the Mclnally Address by Andrew Young, Mayor of Atlanta, and continued with an alumni reception at the Michigan League Friday evening.

Saturday morning, the alumni met to hear a Forum with three guest speakers including Sondra Ford, MBA '85, who is in the Corporate Development Program of First of Chicago; Anne Richie Matthews, MBA '85, of Bank of Boston; and Tyrone McCray, MBA '84, of Chrysler Corporation. Topics under discussion included: "Is corporate America reaching out to Black MBA graduates?; how to be a power player in business; and the commitment of Black professionals to the Black community."

Following the Forum, there was a Black art exhibit and sale.

The Saturday evening banquet featured a keynote address by Lucy J. Reuben, MBA '74, Ph.D. '81, co-founder of Financial Research Associates in Washington, D.C. This year's graduates were recognized at the banquet, and included 16 new MBA graduates, two new BBA graduates, and four graduates from the College of LS&A.

The Black Business Students Association also this year was able to present four scholarships to two undergraduate and two graduate business students at the U-M. A new award, the Armstead-McGraw award, was also instituted this year to commemorate the Business School's first Black graduates and to acknowledge leadership and excellence.

Corporate sponsors of the BBSA include Aetna Life and Casualty; Arthur Andersen & Co.; American Express; Chrysler Corp.; Cummins Engine Co.; First Bank of Chicago; Ford Motor Co.; Pepsico Inc.; Procter *8c* Gamble Co.; Touche Ross & Co.; Volkswagen of America, Inc.; and Whirlpool Corporation. The organization is also sponsored by the national Black MBA Association and by alumni sponsors, who include John S. Blakely; Michele C. Ivory; Isador J. King; Russell J. Moore; and Denise Thompson.

"Hostile" Takeovers Usually Create New Money, Says Finance Prof. Michael Bradley

The recent Wall Street scandals involving insider trading will unfortunately amplify the outcry for more regulation over takeover practices, says Michael Bradley, associate professor of Finance at the University of Michigan's School of Business Administration.

Bradley, who advocates loose regulation over takeovers and acquisitions, has researched the economic effects of market transactions for corporate control. He has concluded that "so-called hostile takeovers are wealth-enhancing for the stockholders of both the acquiring and target firms, but especially those of the target companies."

Economists and business leaders (including Roger Smith, chairman of General Motors Corporation) have criticized the current takeover trend as counterproductive for the nation and its workers. Business organizations, such as the Business Roundtable and the National Association of Manufacturers, have been lobbying the Reagan administration for more regulations over takeovers.

But Bradley's studies show that takeovers "usually create new money" rather than drain capital and devastate organizations. "They are 'hostile' only to the leadership of the target organizations which fears loss of power."

In testimonies on the subject before the Securities and Exchange Commission (SEC) and the U.S. Senate Finance Committee, Bradley has presented findings regarding 236 "hostile" takeovers that occurred between 1962 and 1984.

Using data from the New York and American Stock Exchanges, Bradley, with Anand Desai, visiting professor of finance, and E. Han Kim, the Fred M. Taylor Professor of Business Administration and professor of finance, found that of those 236 takeovers, the premium paid to the stockholders of the acquired companies was 31.8 percent. That amount represented an average increase of $69 million in the value of each target company.

The combined increase in value of both acquiring and target firms totaled nearly $16 billion, according to Bradley. "That $16 billion is all new money created from takeovers," he says. "When the government considers tightening regulations on such practices, it should look at that figure."

To those who argue that takeovers cause massive layoffs in the target organization, Bradley points to mergers that actually increased employment in both the acquiring and target firms. The merger of Bendix and Allied corporations resulted in 800 new jobs, notes Bradley. When mergers do result in lost jobs, "those are more often within the top echelons of management than middle management and unions," according to the U-M business professor.

"Any good manager knows you can't make money by shutting down plants and firing employees," he says, "unless a target company's employees were overpaid and unproductive."

That is seldom the case with successful takeovers, he adds. The most often-cited takeover "firings" involve companies in depressed industries, such as oil and steel. For example, ANR Corporation of Michigan, recently acquired by Coastal Oil Corporation, dropped 216 positions at the time of the merger, "but might not have survived at all otherwise," says Bradley.

Bradley emphasizes that he supports regulation over insider trading to the extent that it stops companies from "burning down the firm" — that is, manipulating the companies' stock in a way that brings financial benefit from bad outcomes. But he opposes regulations that stifle the flow of buyer-seller information.

Financial "Wish Lists" Circulated at 8th Annual Growth Capital Symposium

Leaders of 18 emerging growth companies revealed their financial "wish lists" to investors from across the United States at "Growth Capital 1987, The Eighth Annual Growth Capital Symposium," March 31-April 1, sponsored by the U-M Business School.

And, given the results of previous symposiums, the majority of wishes will come true, according to symposium founder David J. Brophy, professor of finance. "Two-thirds of the managers who have presented their companies to individual investors and representatives of financial institutions, law firms, and accounting companies at past symposiums have raised the money they sought — an aggregate of $115 million," says Brophy.

Symposium participants heard a report on national and Midwest venture capital activities from David A. R. Dullum, president of Frontenac Venture Funds, at a dinner in the Michigan League, March 31. Dullum manages a $100-million venture capital fund.

Brophy says past symposiums have introduced to investors such now-successful Michigan firms as Irwin Magnetic Systems, Perceptron, Medstat Systems, Applied Intelligent Systems, Vixen Motors, Diamond Sensor Systems, and Complex Corporation.

"Irwin Magnetics, for example, was at our 1984 symposium. The State of Michigan Venture Capital Fund, among others, provided investments," says Brophy, "and last year, the firm's sales topped $35 million and their stock went public."

The success of firms which have participated in the U-M symposiums reflects the steady progress the state of Michigan is making as a producer of emerging growth companies, says Brophy, who has started three companies himself.

"State government has fostered, over the past decade, a financial climate increasingly amenable to venture capitalism, while business and educational institutions have produced improved managers and marketing strategies," he says.

THE -RESEARCH-BEAT

AT THE MICHIGAN BUSINESS SCHOOL

THE UNIVERSITY OF MICHIGAN. ANN ARBOR JANUARY 1987

Welcome to The *Research Beat*—a newsletter designed to keep you in touch with the research being done at the Michigan Business School. In each issue some of the exciting work that is being carried out by the faculty will be reported. These are stimulating times at Michigan. An excellent faculty has been assembled, and it is committed both to advancing the body of knowledge associated with business administration and to contributing to the resolution of problems and challenges of American management.

In this issue of *The Research Beat,* several topics are discussed. They include research now being done on flexible manufacturing systems, "hostile" takeovers in the corporate world, and research on the use of simulation as an educational tool. It is our opinion that this issue provides the reader with a sample of the diversity and relevance of the School's research interests.

In future issues. *The Research Beat* will focus on different areas of the Michigan Business School's research program. We want to offer you as complete a picture as possible of the vital and creative work being done by the Michigan faculty. It is our goal to make you aware of the important research of the Michigan Business School so that it might become a part of your professional and personal life.

Gilbert R. Whitaker. Jr.. Dean
Edwin L. Miller, Associate Dean

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"The Research Beat" Keeps You in Touch

A new publication designed to keep you in touch with the research being done at the Business School has been inaugurated. Entitled "The Research Beat," it provides the reader with a sampling of the diversity and relevance of the School's research interests. Each issue will carry summaries of some of the exciting work being done by Business School faculty. Editor of the new publication is Virginia W. Hayes.

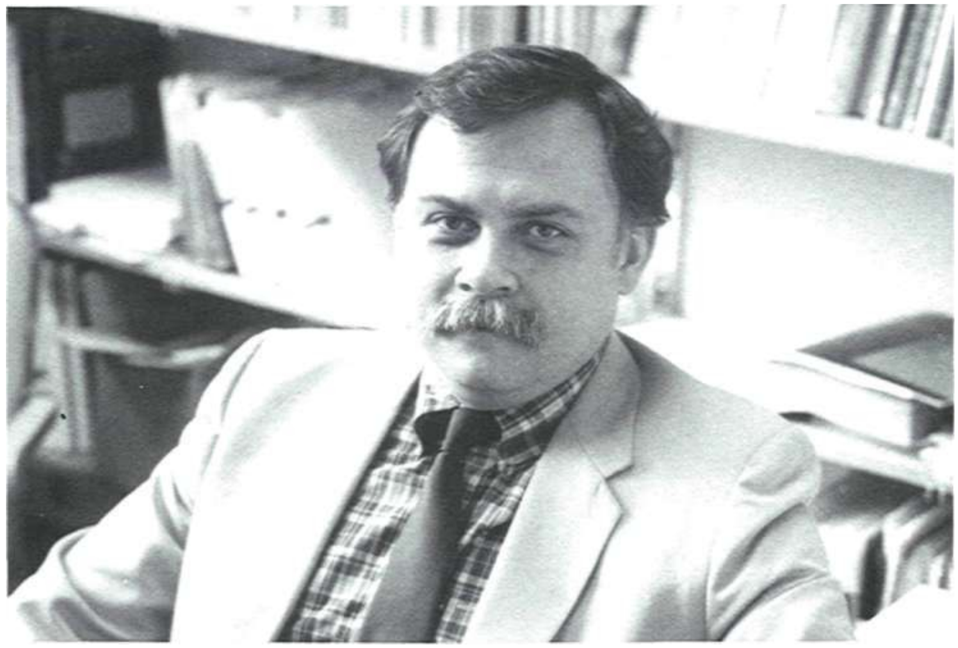
William K. Pierpont Endowed Scholarship Fund Tops $319,000

The William K. Pierpont Endowed Scholarship Fund, established with a $100,000 gift from the Herrick Foundation, has reached a current total of $319,000 in cash and pledges. Major contributions have also been received from the Chelsea Milling Company and the Whiting, Buhr, and Edward F. Redies Foundations. Many friends and colleagues of Professor Pierpont have also supported the project. Recipients of grants from this fund will be known as the Pierpont Scholars.

"Scholarships are an important way the University can help students who may not be able to come to school otherwise," says Pierpont, adding that he himself would not have been able to attend the University if he had not received a scholarship to get his MBA at the U-M Business School after graduating from Central Michigan University in 1934.

Dr. Pierpont is recognized and honored as a distinguished educator and administrator who has given 36 years of dedicated service to the University, both as vice president and chief financial officer, and as a professor of accounting. In 1984, he received the first Distinguished Business Officer Award of the National Association of College and University Business Officers. This award recognizes individuals who have made outstanding contributions in the field of business and financial management as administrative, business, or financial officers. In addition, as a member of the Business School's Development Advisory Board, Pierpont actively helped to raise the money for our beautiful new facilities.

Those wishing to contribute to the fund should make their checks payable to The University of Michigan, and send them to The Wilbur K. Pierpont Endowed Scholarship Fund, Development Office, School of Business Administration, University of Michigan, Ann Arbor, Michigan 48109-1234.



Dr. John R. Ettlie, new director of the Office of Manufacturing Research.

Office of Manufacturing Research Established at the Business School

An Office of Manufacturing Research, designed to foster the development and dissemination of applied multidisciplinary research on manufacturing management, has been established at the Business School.

Programs that capitalize on faculty expertise and that respond to industry problems in the areas of technology management, manufacturing strategy, and public policy will be initiated by the Office. Sponsorship of executive programs, symposia, industry forums, and scholarly publication of research results are examples of the types of outreach activities to be developed by this research unit.

The newly-appointed director of the office is Dr. John E. Ettlie, formerly senior researcher at the Industrial Technology Institute in Ann Arbor. He holds the bachelor's degree in industrial engineering, the M.S. and the Ph.D. from Northwestern University. Before joining the Industrial Technology Institute, he was an associate professor of management at DePaul University. He has published widely on the topics of technology transfer, the adoption and implementation of production innovations, and organizational policy and innovation. He has also presented numerous papers on technological change in organizations.

"The Office of Manufacturing Research," said Dr. Ettlie, "will operate on the premise that ongoing, face-to-face interchange between owners of applied manufacturing management problems and researchers sharpens and directs research questions in a way that increases the validity of results and increases the probability that findings become the raw material for more effective actions."

The advisory committee for the new office includes: Brian Talbot, associate professor of operations management, chairman; Robert Cole, professor of business administration and professor of sociology; James Reece, professor of corporate strategy and operations management; Dennis Severance, Arthur Andersen professor of computer and information systems; and ex officio members John Ettlie; Walton Hancock, associate dean at the College of Engineering and director of the Center for Research on Integrated Manufacturing; and Edwin Miller, associate dean for research at the School of Business Administration and professor of industrial relations.

Washtenaw County Exporting Firms Have Increased by 50% Since 1980

The number of Washtenaw County (MI) exporting firms has increased by 50 percent since 1980, even though the exchange value of the dollar was rising during much of the period, a University of Michigan survey reveals.

William G. Moller, Jr., associate professor of business administration, reports that at least 165 Washtenaw County firms are engaged in export business, many of them in the higher end of the technology scale.

Almost 60 percent of county firms that reported no export activity in 1985 said they expect to or would like to initiate exporting in 1986-87.

The four major industry groups among the exporters are: machinery other than electrical, 22.8 percent; measuring, analyzing, and controlling instruments, 20.7 percent; business services, 17.4 percent, and electrical and electronic machinery, 9.8 percent.

Prof. Moller suggests that the technology aspect of Washtenaw County firms was important in their expert success. "Fifty-nine business firms were able to continue exporting and 33 firms were able to initiate exporting during the 1980-85 period when the exchange value of the dollar rose by 39-49 percent," he reports.

One third of the county's new exporting firms are identified with the business services sector, specifically in computer software. This proportion is almost double that of older firms already in export business.

The increase indicates the growing importance of services in the nation's export trade, Moller says.

"The size of a business firm, measured by number of employees, does not seem to be a bar to successful exporting," he adds. "Thus, smaller firms need not ignore foreign market opportunities because of limited resources; there are other ways to extend the resources of the firm."

The most frequently served markets for Washtenaw County exporters are: Canada, 79.7 percent, Western Europe, 59.5 percent; the United Kingdom, 51.4 percent; and Japan, 27 percent.

The usual pattern, Moller explains, is that as firms increase their export sales in traditional areas, they then move into "stranger" markets, ones further removed geographically and culturally.

The fact that Washtenaw County firms export to a variety of world markets, Moller concludes, "implies that there is a significant incidence of expertise about foreign markets resident in the county."

The survey questionnaire was sent to 220 export-oriented firms in Washtenaw County.

Managers Face Tougher Ethical Decisions Than Ever Before

A young certified public accountant doing an annual audit finds an illegal loan on the books of a client firm. He also learns that the president of the local savings and loan company which had made the loan is the largest stockholder of the firm.

The CPA reports this information to the partner in charge of his office. Shred the evidence, says the partner, "or you'll never work in an accounting office in this state for the rest of your life."

The ethical dilemma is real, as is the CPA who recently received his MBA from the Business School. His problem is one of many such examples included in "The Ethics of Management," a new book by LaRue Hosmer, professor of corporate strategy. The book was published this spring by Richard D. Irwin, in both paperback and hardbound copies.

Hosmer has begun a new course by the same name, the first exclusively devoted to the subject. "The United States is no longer in the unparalleled period of expansionism it experienced until about 1975," he says. "International competition is forcing executives to make more decisions with human effects, such as whether to close plants and reduce their work forces."

Among the problems Hosmer poses to his students are: "What does a company owe a long-time parts supplier that cannot meet the competitive price of a larger supplier? Suppose an entire community's economy depended on the existence of that supplier? On the other hand, isn't a company obligated to provide the best economic performance possible for its stockholders?"

Such questions highlight the perpetually unresolved conflict between economic performance and social responsibility, Hosmer says. As a start, he urges his students to carefully consider which groups or individuals stand to lose the most by a certain action.

"I don't concentrate on the big scandals, such as insider trading on Wall Street, because it's already clear who benefits and who loses through such illegal actions," he says. Instead, he will challenge students with more complex cases of ethics in which an individual's responsibilities are less apparent.

He offers the example of another former graduate student whose firm owned a steel stamping plant with intolerable working conditions. The student, a plant manager, hestitated to ask the company's New York-based executives for capital to improve the worst conditions because "people who fight for capital projects that don't show a substantial internal rate of return tend not to get promoted around here."

Such ethical quandaries can be traced to excessive executive pressures, notes Hosmer.

"For example, the president of a major manufacturing company is known as 'neutron Jack' because of his habit of destroying people and saving the buildings," he says. "He down-sized and economized the company in a heartless fashion, then displayed great shock at revelations that his company was charged with

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By Caroline Bermudez

The Consortium Comes of Age

If it hadn't been for the Consortium for Graduate Study in Management, which the Michigan Business School joined in 1983, Russell Weinstein, MBA '85, says he would probably be struggling to get the MBA in night school while working full-time. But because of his Native American background, he was able to qualify for a Consortium fellowship, and now he is an acquisition analyst for Pillsbury's mergers and acquisitions department.

Ellen White, MBA '86, worked for the telephone company and attended school at night to get her degree in engineering. "I was supporting myself, taking care of my college expenses, and helping my sister through school," she says. "When I decided I wanted to get the MBA, there was no way I could have gone to Business School full-time without some financial help." Now she is project coordinator for GM's Saturn Corporation.

Both these alumni, and over 1,200 others, have been helped by the Consortium for Graduate Study in Management (CGSM), a program that recruits, supports, trains, and places Black, Mexican-American, Cuban, Puerto Rican, and Native American MBA students. Today, the Consortium is a special alliance of nine graduate business schools: the University of Michigan, Indiana University, New York University, the University of North Carolina at Chapel Hill, the University of Rochester, the University of

The Consortium for Graduate Study in Management has been in the business of opening doors and knocking down walls for 21 years, and represents a long running and highly successful effort of business schools to attract minorities into careers in management.

Some Consortium Fellows for 1986-87 are pictured. From left to right, they are: Duma Jensen, Detroit, Mich.; Eugene Carreras, Chicago, III.; Loren Wilder, Richmond, Va.; Glenn Dotson, Battle Creek, Mich.; Gennell Jefferson, Memphis, Tenn.; Jocelyn Scott, Columbus, Ohio; Mary-Catherine Brown, Warrensville Hts., Ohio; Roberto Lumpris, Laurelton, N.Y.; Michael Dungy, Minneapolis, Minn.; Claudia Fabela, Hoffman Estates, III.; Jeffrey Reyes, Kingsburg, Calif; Michael Wangen, Delray Beach, Fla.; Greg Carbajal, Corpus Christi, Texas; Mark Simmons, Harrisburg, Penn.; James Morris, Brooklyn, N.Y.; Maria Thompson, Wyoming, Mich.; Lisa Rawlings, Baltimore, Md.; Carlos Montes, Romulus, Mich.; Carlos Nidos, Isla Verde, Puerto Rico; Claudio Garcia, Guaynabo, Puerto Rico; Doris Suarez, Bronx, N.Y.; Bob Hutchinson, Kalamazoo, Mich.; Raquel Llivina, Levittown, Puerto Rico.

"I have a great job; I owe it to the Michigan experience, and I owe the Michigan experience to the Consortium," says Russell Weinstein, MBA '85, acquisition analyst for Pillsbury in Minneapolis.

"The Consortium accelerated my development," he says thoughtfully. "The Michigan experience was rigorous and intense for me, and I had to struggle quite a bit. But it made me stronger and more adaptable, both intellectually and emotionally."

An important part of the Michigan experience for Russ was the way it put him in touch with a variety of perspectives. "Many times in the dormitory on North Campus, I would have dinner with people from Australia, or Austria, or Korea," he says. "I had friends from many different cultures and they all had different points of view on life. The students at Michigan are very diverse."

Russ, who is of Native American descent, spent the summer between his first and second MBA years at Pillsbury, then hired on with them as a financial analyst after graduation. About 11 months ago, he moved to the mergers and acquisitions department, where he now assists in negotiating deals — coordinating, consolidating, and integrating information on the deal for the dealmaker. This can include making presentations on the acquisition plans; preparing financial projections; coordinating with the tax and legal departments, and making sure that the people involved have all the relevant information available to them.

Russell Weinstein, MBA '85 — "Sometimes it's a steep learning curve, but the work is fascinating."

The other major part of the job is doing basic acquisitions analysis, putting together profiles on companies, industries, and markets. This mostly involves food companies, both domestic and international, and restaurants as well. "It's an extremely challenging job," says Russ. "No one really tells you all that you have to do — you're supposed to figure that out. Sometimes it's a steep learning curve, but the work is fascinating."

Southern California, the University of Texas, the University of Wisconsin, and Washington University at St. Louis.

"The Consortium provides a way to bring more minority individuals, particularly those underrepresented in the business and management world, into graduate education and ultimately into management careers," says Judith Goodman, director of admissions and student services at the Michigan Business School. "As these students leave our schools, we hope in turn that they will become role models, and that they will encourage other minorities to enter graduate management education."

Since 1983, when Michigan joined the Consortium, 67 Consortium fellows have been students here. The Consortium has benefited the Business School not only by increasing the size of our minority applicant pool but also by producing a greater geographic diversity of the pool.

The Consortium was founded in 1966 on Washington University's campus at St. Louis by Sterling Schoen, a white professor of management, and John Erwin, a Black dean of Washington's evening programs. The idea grew from the guilt and despair of the 1960s, when corporate heads and educators were groping for ways to combat racial discrimination and the lack of opportunities for Black males in American society. Schoen and Erwin organized a conference in the summer of 1966 at which leading Black educators voiced approval for the Consortium. Indiana and Wisconsin agreed to join the endeavor, and with a $400,000 grant from the Ford Foundation, the Consortium was born.

This year, the Consortium is coming of age, celebrating its 21st birthday. It has now expanded to include Black women as well as Hispanic and Native American men and women.

The Business School has enrolled a total of 67 Consortium fellows and graduated two classes of fellows. Last year, 20 CGSM fellows were enrolled here and another 19 are in their second year, totaling 39 fellows currently in the program. Thirty-one applicants have accepted fellowships to the MBA program for next fall.

Each Consortium School accepts an obligation to complete at least ten days of recruiting just for the Consortium. "We visit schools where we talk specifically to minority students," says Judith Goodman, who is the U-M's Consortium recruiter. "At that point we are not representing The University of Michigan, we are representing the Consortium. We may go to career fairs or career days to recruit, and we may have special meetings here on our own campus to invite students to learn about the Consortium. We also do special mailings."

Getting accepted to the Consortium program is only the first obstacle in getting the MBA. The curriculum is tough and demanding.

To help new fellows make an easier transition, the Consortium holds a three-day orientation session in early June either in St. Louis or near the campus of one of the other member schools. There the new fellows get to know one another; they also meet Consortium alumni as well as representatives from the companies that sponsor the program. It's the first step in becoming part of a network that develops during the two-year Consortium period and beyond.

At the orientation, participants attend group discussions that address such questions as expectations associated with the MBA and preparation for management careers. They attend workshops that focus on getting along and getting ahead.

For the past four years, Consortium alumni have held a reunion on the weekend preceding orientation. Many stay around to participate in the orientation itself. "We let people know about job openings and come together on issues that are important to us," says one alum. "We can return something to the Consortium, recognize it as the institution that's allowed us to become what we are." The alumni talk on everything from concerns of minority managers to entrepreneurial ventures. Another highlight of orientation is the chance for fellows to explore job opportunities with corporate representatives.

"The orientation really opens doors to internships and even careers by providing direct contact with employers," says Carlos Montes, MBA '87, who is now working for Michigan Bell as a manager in the Digital Systems Department. Gennell Jefferson, MBA '87, agrees and says, "We are given early exposure to people in corporate America, and that's the first step in establishing good rapport with potential employers." She is beginning her management career with Irving Trust in New York as a banking officer.

At one time, the Consortium had trouble finding enough qualified applicants for their fellowships. But in recent years, recruiting has been an easier task. Now, the problem is finding enough money to support qualified candidates. The turn-around is not surprising when you

Ellen White, MBA '86 —
"One application could do all that? I thought someone was fibbing.

When Ellen White, MBA '86, was working as an associate staff manager for the telephone company, she began to think about making a career change from mechanical engineering to marketing. "Even though I was an engineer," she says, "I was working with marketing managers and product managers, and learning a lot about marketing. I was really attracted to the field, and started thinking seriously about an MBA as the best way to change career direction. Then I found out about the Consortium, and that you could apply to four business schools with one application. I thought someone was telling me a fib. One application could do all that? It seemed too good to be true."

Ellen had completed her engineering degree by going to school at night while working at the same time, and hoped not to have to struggle that way again. The Consortium made it possible for her to go to school full-time.

After getting her MBA, Ellen started working for GM in the customer sales and service group, a support group for the more than 10,000 GM dealers all over the world. One of the first studies she did as part of the group was on Japanese domestic retailing. "Our group did special analyses on sales and service, and wrote up policy-proposals to make sure that GM met the sales and service expectations of the buyers," she explains.

While this *Dividend* story was in process, Ellen was promoted to the Saturn Corporation where her title is project coordinator. "I'll be responsible for working with managers to identify all the functions that need to be done to get that new car off the line by 1990. Having the opportunity to work with the Saturn Corp., a small company within the big world of GM, is a big plus," she says.

While an MBA student here, Ellen served on Student Council and as president of the Black Business Student Association. "I was active in the planning of the new student lounge," she says, "planning the furniture and the decorations . . . little things, really, but when I go back and walk through there, I can say I had a part in this."

"'THhe Consortium gave me a ±. sense that 'hey, you can make it,' " says Dawn Smith, MBA '85, and a member of the first Consortium group to graduate from the Business School. "They had everything lined up for you so that all you had to do was do well in school."

Dawn's interest in business began during undergraduate years at Brown University, when she found herself with extra photographic supplies left over from a photography class. "I had bought things in large quantities because I got a better rate on them," she says, "and then I didn't want to just throw them away." She put up signs in the dormitory offering to take pictures of students for $3 per print. By taking and developing them herself, she turned extra supplies into extra money.

After graduation from Brown, and while trying to decide whether to go to business school or law-school, Dawn started working in her parents' real estate business. "I had this idea that I could take an apartment and convert it into three separate rooms and rent the units out to college students," she savs. She did everything from creating the concept, to developing the product, to advertising and selling the product, to being the Financial manager. Then she expanded to two other apartments. "That was a lot of fun," she says "and it convinced me to go to Business School."

Dawn Smith, MBA '85 — " The Consortium had everything lined up for you so all you had to do was do well in School."

In the summer between first and second MBA years, Dawn worked at General Mills in marketing research, and it was there she made up her mind that she eventually wanted to be in product management. "The research person looks at questions that have to do with market research only," she says, "whereas the product manager has to consider the whole gamut — from market research to production to advertising to finance. Product management is the onlv field where you are involved in every area. I wanted that kind of overall responsibility." Her first job after the MBA was at Colgate in New York City as an assistant product manager, and she is now in a new job at Kraft in Chicago as an associate brand manager on the Parkay Margarine business. "It pays to know what you want and go after it," she says.

consider the unique deal the Consortium offers — a full-tuition fellowship with a living stipend of $3,000 the first year and $2,000 the second, plus the opportunity to apply for four different business schools with a single application.

The deadline for applicants for the fall term is February 1st. Admission is based on the applicant's college scholarship and activities, scores on the Graduate Management Admission Test (GMAT), letters of recommendation, and a personal interview with a Consortium representative. All applicants must be U.S. citizens and provide a certificate proving he or she is a member of one of the eligible minority groups: Black, Puerto Rican, Cuban, Mexican-American, or Native American.

Applicants can list up to four business schools on the application, in order of preference. Applications are sent to the Consortium Headquarters in St. Louis where they make copies and send the files to the applicant's chosen schools. As long as an applicant is accepted at one of the business schools to which he or she applies, that applicant remains in contention for a Consortium fellowship. Applicants who are admitted to a school, but do not receive a fellowship, are free to enroll on their own, and quite a few do.

One college representative likens the selection process to the NFL draft. Each member business school has first pick of the accepted applicants who ranked their institution as first preference. The selection continues in rounds until all the money is gone. The Consortium board decides each year how many fellowships it can provide and distributes that number evenly to each member school. Often, member schools want to make offers to more students than the Consortium money can support. The schools then fund those additional people out of their own money, and those students are also considered Consortium fellows.

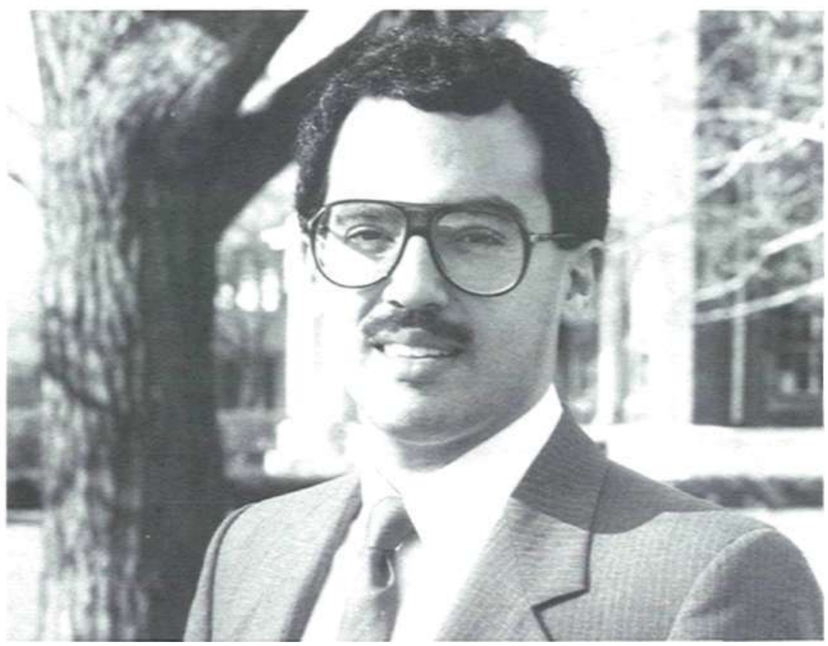
The Consortium receives most of its money from over 200 corporate sponsors, of which more than 40 contributed over $10,000 each last year. IBM is the largest sponsor, contributing $60,000 annually to the program. Consortium alumni are also large contributors.

Money isn't the only kind of support participants receive. A USC graduate remembers the Consortium providing instant alliances "with people you knew and could hang out with." Students meet regularly to study and share advice on which classes to take. At Michigan, second-year students adopt first-year students in a "buddy program" that provides the newcomers with information on teachers, the curriculum, and the School. Consortium people look out for each other.

This network extends beyond

"As a CGMS student, you are part of a diverse group of committed individuals who place a strong emphasis on succeeding," says Carlos Montes, MBA '87, now a manager in the digital systems Department of Michigan Bell Telephone Company. Carlos, who worked as a civil engineer with the Illinois Department of Transportation before entering the Business School, was active in extracurricular activities while an MBA student. Among other things, he founded a Hispanic Alumni Group, and was a spokesman in recruiting for the Business School.

Mary-Catherine Brown got her undergraduate degree in chemistry from Notre Dame, then worked for 4!/2 years doing research and development with polymers and solving technical problems for clients before coming to Michigan as a CGSM fellow. "There's a wonderful sense of comraderie in the Consortium," she says. "There are many benefits to being a Consortium fellow besides the financial ones." She is spending the summer between first and second MBA years analyzing the competitive environment for one of Rohm and Haas Company's petroleum by-products.



Eugene Carreras is working on special projects for Ford Motor Company as an intern between first and second MBA years. He decided on Business School after three years as a CPA in New York and Chicago, where he was supervising senior auditor for one of the big eight accounting firms. At the Business School he is concentrating in finance and business economics.

"The Consortium doesn't only provide financial support," says Elvira Chavaira, MBA '86. "It also establishes formal ties with quality schools, and helps good minority students get into good universities. It definitely increases their chances. If it hadn't been for the Consortium, I would not have been able to go to Michigan."

Elvira is now coordinator for the El Paso Procurement Outreach Center, a non-profit organization funded locally by the city, private industry council, and the community college to enhance economic development in El Paso, which no longer has a strong manufacturing base. The job requires skills in evaluating the health of a business, not only in terms of financial standing, but also in terms of management, so as to pair it with the right government buying sources. "Government and the particular business each may do things very differently, so that matching them up can be complicated," says Elvira. "But we want to make it easy for interested businesses to put their business in good standing with federal offices and federal buying agencies."

Elvira Chavaira, MBA '86 —
"The Business School taught me to set priorities. That's an essential skill, because it comes up every day that resources are limited everywhere."

Soon after Elvira got her degree in library science, she began to feel that her skills were too pigeonholed and that the MBA would widen her marketability. "The Business School taught me to set priorities," she says. "Setting priorities is so essential, because it comes up every day that resources are limited everywhere."

graduation. Sponsoring companies don't just give their money. More than half of the 200 corporate sponsors send representatives to the orientation. "Corporations are enthusiastic about helping in the educational process," says a member of the CGSM board of directors. "They could give their money and walk away. They don't. People want to have a sense of belonging to this organization, the corporations as well as the students."

The Consortium offers employers access to a pool of MBAs who are not only talented, but also diverse. The 313 fellows of 1985 and 1986 represented 50 different undergraduate majors at 174 colleges and universities in 32 states, Washington, D.C., Puerto Rico, the Virgin Islands, and Mexico.

Each year, sponsoring firms hire about 95 percent of Consortium graduates. Last year, the mean salary for a Consortium MBA was $35,648 with some graduates earning as much as $47,000 in starting pay.

There are, however, rewards other than money.

Once you become a Consortium fellow, you are a member of a family that takes care of its own. "I want to make sure I can pass on the secrets I've learned," says one Consortium graduate who landed a job with Hallmark after graduation.

There is a strong sense, in both current students and alumni, of wanting to "give back" to an organization that has meant so much to them. This shows up not only in strong alumni financial support for the Consortium, but also in dedication involving the giving of time and effort to the Consortium itself and to new students coming along.

Accountant Jesus Prieto was one of the first Puerto Rican Consortium fellows. He now personally recruits most of the Puerto Ricans for the program. Over the last 10 years, every single fellow whom Jesus has recruited has graduated. "Anybody who applies from Puerto Rico has to go through me," he says.

The key to the Consortium's success in a business of opening doors and knocking down walls has been this special dedication and continual commitment from its fellows and alumni. Recruiters like Jesus Prieto believe that getting a good job and making a lot of money isn't enough. Says Jesus, "I gave back three years on the Board and that doesn't pay back the first week of what the Consortium gave me. I'm into this for life." •

Thomas Jacobs and Helen Vlasic, MBAs '87, Use Their Business Skills for the Humane Society

Tom Jacobs and Helen Vlasic on campus. "It's so easy to make a difference."

Two second-year MBA students at the Business School worked over the summer to initiate and carry out all the arrangements for a fund-raising dinner-dance to benefit the Huron Valley Humane Society. The dance, held in October at the Michigan League, raised over $1,000 for the Humane Society. And because of their efforts, the Humane Society now has the structure and precedent for an event which will be held annually, according to Janet Griffin, Director of Development at the Society.

Tom Jacobs and Helen Vlasic got in touch with Janet last summer to offer their help and discussed various projects with her. "The dinner-dance idea sounded interesting," said Helen. "They had never done one before, and we thought we could manage it. We were able to use a lot of our business skills in the process — deciding on ticket prices, determining the market." "We wanted to be able to use our business skills in the community," added Tom, "and this project gave us the chance to get a little balance after the intense pressures of B School."

Although other students from the University volunteer at HVHS (one group of undergraduates works at the animal shelter, for example), very rarely do any undertake full responsibility for major assignments. Tom and Helen rented the ballroom at the Michigan League, hired a band, ordered the dinner, and with the help of other HVHS volunteers, wrote and mailed out the invitations. They also persuaded community businesses to donate services for the dance. For example, a local company donated the use of its limousine, which was used to drive the winners of a raffle to and from the dance.

The pair started on the project in second semester of their first year in the MBA program, doing small parts of the job. "It only took a couple of hours a week in the beginning," said Tom. As they moved into the summer, their commitment became more time-consuming; they met after work to coordinate the details. What motivated them do to this? "It's so easy to make a difference," they explain. "We have a wealth of talent here at the Business School," adds Tom, "and it's nice to use that talent for something other than just working and making money. I have had a very good life; this was my way of giving back a little of that."

Both Tom and Helen completed their MBA programs in May. Tom will join Heller Financial in Chicago as manager of special projects, and Helen will be an administrative fellow with the Sisters of Mercy Health Corporation in Farmington, Michigan. However, each expects to continue as an active volunteer with community organizations.

Unisys Publishes Booklet About Its Partnership with the Business School

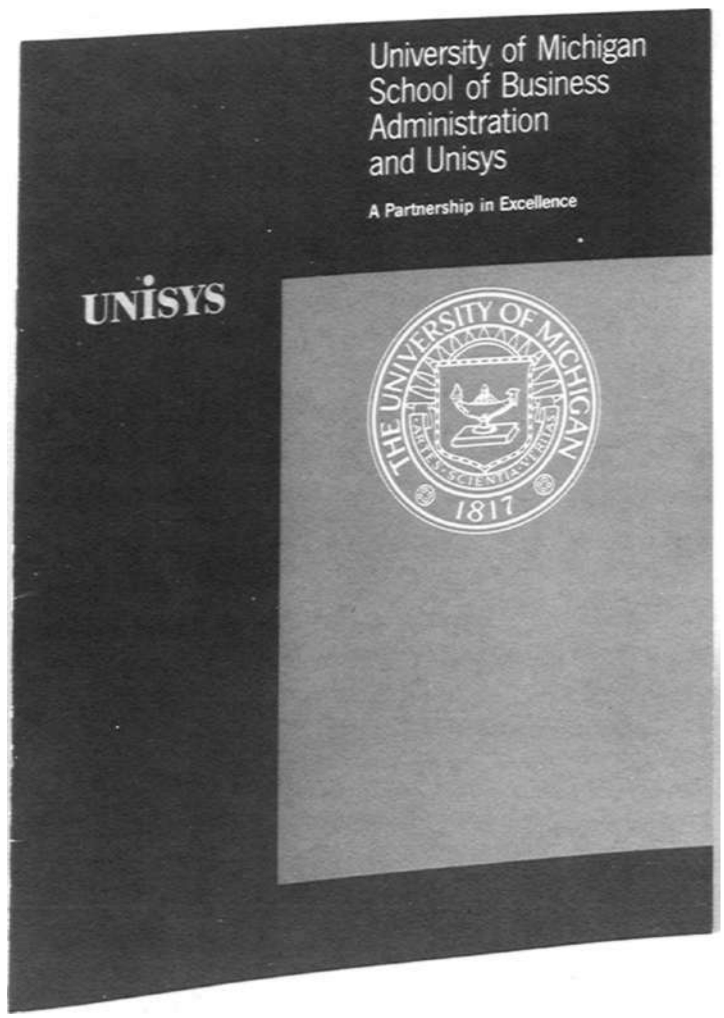
About 25 projects that integrate microcomputer processing into sophisticated curriculum applications as well as innovative research programs are either underway or completed as part of Phase II of a cooperative association between Unisys and the Business School. The curriculum application projects originate with the faculty, and are either highly specialized applications, simulations, classroom and laboratory exercises, tutorials, or research tools.

In Phase I of the joint Business School-Unisys project, over 300 Unisys B 25 series microcomputers, 140 tabletop printers, and several microcomputers were delivered and placed in service. In addition, a large student laboratory, with nearly a hundred B 25s and several smaller, specialized laboratories were installed. All faculty B 25s and student laboratories are connected to the University's mainframe-based network system, providing users with direct access to large databases and applications programs.

A 16-page color booklet has been published by Unisys describing some of the software packages developed in Phase II.

Some examples of the innovative software packages are:

• **The Financial Planning Model** program which presents, in a simulated environment, models for finance, production, inventory, and other critical business areas. One such simulation takes a very large



and complex investment decision and permits sensitivity analysis of the impact of literally hundreds of uncertain market and manufacturing variables. The program is used to teach pragmatic problem-solving and strategic planning in a competitive, global economy. Developed by LaRue T. Hosmer, professor of corporate strategy.

• **A package that will link** the Unisys word processing system, electronic spreadsheets, and statistical software to support a statistical system for time series analysis and forecast modeling. This will bring together for students the total microcomputing environment and enable them to build and interpret forecasting models, facilitate decision-making, and prepare results in management reports. Developed by W. Allen Spivey, professor of statistics, and Joseph A. Machak, assistant professor of statistics.

• **SimBarg, which incorporates** a database containing information necessary for informed labor contract negotiations. For example, employment statistics, wages, benefits, overtime costs, and technological and subcontracting costs. The program also contains calculations for such costing scenarios as total per unit costs per items, total package costs, and present values. In negotiating labor contracts, negotiators face a tedious, confusing, and time-consuming task of costing numerous proposals and counterproposals over a multitude of wage and benefit items. SimBarg drastically reduces the costing time, and heightens students' understanding of both the pitfalls and alternate strategies associated with costing contracts. Developed by William N. Cooke, associate professor of industrial relations.

• **MARKLAND simulation** software enables participants to play active roles as members of a management team competing for market share within a computerized, simulated marketplace. It is designed to improve managers' competitive decision-making skills in the formulation and implementation of marketing strategy. Teams of participants assume the marketing management of 'companies' and compete for revenue share of market and profit over a simulated eight-year period. Each team makes decisions, in a dynamic and uncertain environment, regarding product development, market targets, product positioning, advertising, pricing, personal selling, distribution, and marketing research. Developed by James R. Taylor, professor of marketing, and Thomas C. Kinnear, associate dean and professor of marketing.

• **The Corporate Financial** Theory program uses simulated analysis to determine optimal capital structure and option valuation programs to analyze hybrid securities and "junk" bonds. It incorporates graphics generated from statistical packages to analyze stock market reaction to equity issues as well as share repurchases and equity carveouts. The program also uses electronic spreadsheets to analyze the implications of share repurchases on earnings per share, risks, and other financial variables. Project director is Jay R. Ritter, assistant professor of finance.

• **The Applied Regression and** Data Analysis Program includes a coursepack, data sets, case studies, instructional materials, command files, and utility programs. The project includes an integrated collection of examples, notes, exercises, and cases that enable students to gain practical experience with basic and advanced applications of regression analysis. Developed by Roger L. Wright, professor of statistics, and Clifford A. Ball, assistant professor of statistics.

• **Multivariate Analysis for** Marketing Research is a unique software tool demonstrating how casual modeling can be used in practical business and marketing research. Information from large, mainframe databases can be used to model specific problems. The software consists of three parts, including covariance estimation, partial least squares estimation, and impact analysis with graphics. It is designed for the evaluation of consumer response to marketing efforts. Developed by Claes G. Fornell, professor of marketing.

• **Interactive Macro-Economic** Data Analysis is a statistics package that provides students with the intuitive interface and flexibility inherent in a spreadsheet. The project enables students to master the methods of interactive statistical data analysis without incurring the major set-up costs and time demands of learning current mainframe statistical packages. When combined with tutorials and case materials using a large macroeconomic database, students can develop their skills at interactive data analysis in the context of applications related to macroeconomic theory and business conditions analysis. Developed by Roger C. Kormendi, associate professor of business economics.

• **CLARENCE is a decision tree** analysis software package used as part of the business law curriculum. It demonstrates how the electronic medium can help in making optimal decisions during the course of the various junctures in a business litigation scenario. CLARENCE (named after Clarence Darrow, who attended The University of Michigan) calculates the expected value of litigations, recommends decisions based upon various attitudes toward risk, and facilitates sensitivity analysis. Developed by George J. Siedel III, professor of business law, and David C. Blair, assistant professor of computer and information systems.

• **The Financial Accounting** Tutorial focuses on the application of accounting principles and concepts. Exercises have been developed to increase the students' awareness of the applicability and value of microcomputer spreadsheet programs in performing such accounting procedures as analyses of accounts, depreciation, and the pricing of bonds and notes. Developed by Paul Danos, professor of accounting.

Faculty News Notes

George B. Cameron III, professor of business law, has received the sixth annual Student Award for Teaching Excellence. This is the second time Professor Cameron has been honored by students for the quality of his teaching. He was the first recipient of the award when it began six years ago. Student comments make it easy to understand why he is a two-time winner. "His lectures are the high point of my day," said one student. Another commented, "He knows, by mid-term, the names of all his students, and will call on you by name. If you can't answer a question, he will try to help you, but never to your embarrassment." Another student said, "He is absolutely the clearest, most interested, and most accessible professor I've ever had." Selection of the 1987 award winner was based on student nominations, students' comments, and course evaluation scores. Previous winners have been C. K. Prahalad, associate professor of corporate strategy; W. A. Spivey, Clare E. Griffin Distinguished Professor of Business Administration, F. Brian Talbot, associate professor of operations management, and David W. Wright, assistant professor of accounting.

Gunter Dufey was co-chairman of the First Annual Conference of Globalization of the Public Securities Markets held at the New York Plaza Hotel in February. The conference was attended by 250 representatives from major Wall Street houses and money center banks and focused on management issues, new products (such as synthetic securities), and regulatory problems. He also made a presentation on March 11 at the Berkeley Program in Finance on "A New Era for International Investing."

Noel Tichy has returned from Japan where he was on a United States-Japan leadership program fellowship sponsored by the U.S.-Japan Foundation. He was based at Nomura Research Institute and has begun work on a comparative study of transformational leadership in Japan and the United States. His research will include data from the following Japanese companies: Honda, NEC, Canon, Hitachi, Nomura, and Toyota.

Beth Rose, Joe Machak, and **Allen Spivey's** paper, "A Survey of the Teaching of Statistics in Business Schools," has been accepted for publication in the *Journal of Business and Economic Statistics.* This paper was given at a conference on making statistics more effective in schools of business, held at the University of Chicago's Business School last summer.

George Siedel was invited to the University of Kansas Business School as a visiting scholar. While on campus he gave a presentation on dispute resolution to faculty and Ph.D. students, and met with individual faculty members from the Kansas Business School and Economics Department to discuss research trends. The visiting scholar program is supported by the Kansas University Endowment Association.

Vern Terpstra has been invited by the World Bank to speak to an export conference in Santiago, Chile. The audience will be Chilean managers, government officials, and some academics. Another American speaker will be Beryl Sprinkel, Chairman of the President's Council of Economic Advisors.

Manfred Kochen recently presented "Decentralization in Social Networks" at the Sunbelt VII Social Network Conference. He also attended the annual meeting of the American Association for the Advancement of Science in Chicago. He is the elected member-at-large of the AAAS's Section T (computers, information and communications) and, also a member of Project 2061, Education for a Changing Future.

Martin Piszczalski's article "The Man Who Could Shape General Motors, Bob Eaton, GM's Top Manufacturing Strategist," appeared in the January, 1987 issue of *Managing Automation,* and his article, "Chrysler Integrates CAD with CAM," appeared in the March, 1987 issue *of Managing Automation.*

Michael Johnson and **Claes Fornell** report that their paper, "The Nature and Methodological Implications of the Cognitive Representation of Products," has been accepted for publication in the *Journal of Consumer Research.*

Kathy Stecke and **Ilyong Kim** presented a paper entitled "Performance Evaluation for Systems of Pooled Machines of Unequal Size: Unbalancing vs. Balancing," at the IEEE Robotics and Automation conference in Raleigh on March 31-April 3, 1987. Kathy is also on the conference program committee and is chairing the session "Manufacturing Automation." **Stecke** and Ph.D. student **Kim** presented their paper "Formulation and Solution Procedures for FMS Part Type Selection Considering Due-Dates" at the TIMS/ORSA joint national meeting in New Orleans in May. In addition, Kathy was the invited paper cluster chair in the areas of flexible/automated manufacturing. Kathy also chaired three other FMS sessions.

Dave Lewis recently lectured in Seoul under the auspices of the Federation of Korean Industries, and visited leading auto plants in Japan and Korea. While in Japan, he met with the chief executive officers of Ford of Japan and of Mazda (25 percent owned by GM), Kia (10 percent owned by Ford), and Hyundai. He also met with the School's Korean alumni. A column written by Lewis was the magazine column category winner in the 1986 National Automotive Journalism Association's annual award competition. The column "Ford Country" has been published since 1974 in *Cars & Parts,* the nation's leading publication for old-car enthusiasts.

Valerie Suslow will be on leave next year at the Hoover Institution at Stanford University. She was awarded a National Fellowship for her research project "Empirical Issues of Cartel Stability." Fourteen Hoover Institution awards have been given this year.

Joe Machak, Allen Spivey, and **Bill Wrobleski** have completed a paper, "A Multiple Time Series Approach to Analyzing and Forecasting the Major French Monetary Aggregates," which will appear in the *Annals of Economics and Statistics,* a journal published by the National Institute of Statistics and Economic Studies (INSEE) in Paris.

Adrian Tschoegl reports that the *Journal of International Business Studies* has accepted his paper, "International Retail Banking as a Strategy: An Assessment," and the *Journal of Banking and Finance* has accepted his paper (with Donald R. Lessard), "Panama's International Banking Center: The Direct Employment Effects." Tschoegl also reports that the Bank of Japan has invited him to be a visiting scholar at its Institute for Monetary and Economic Studies in Tokyo this summer.

The Product Development and Management Association has agreed to fund a task force dedicated to developing a research agenda for the new product discipline. **Merle Crawford** is a co-chair of that task force and has worked with eight other people from the U.S. and Canada, representing marketing, engineering, and other disciplines in this effort. A preliminary presentation was made at the 10th Annual International Conference of the Association. Crawford says that the next step is to approach the managements of selected business firms to see their reactions to the agenda and to the funding of a research program to tackle that agenda.

C. K. Prahalad (center), associate professor of corporate strategy, receives a plaque from Dean Gilbert R. Whitaker, Jr. (right), and Thomas C. Kinnear (left), associate dean of executive education and professor of marketing, for receiving a perfect score of 5.0 on participant evaluations in the Executive Program. Although most core faculty members usually rate a 4.96 or 4.97, this is the first time a faculty member has received a perfect score since record-keeping began eight or nine years ago, according to Ron Bendersky, associate director of the Program. The Executive Program, which began in 1954, is a four-week management program for senior level business professionals offered twice a year at the Executive Education Center.

Class Notes

MBA Class of 1936 Enjoys Fiftieth Reunion

Some of the members of the class of 1936 and their spouses are pictured in the executive lounge after the reunion lunch. Members of the class attending the reunion included: David D. Merriman, BA '35, MBA '36, President, Sherwood Corporation of Maple City, MI; William F. Morgan, BA '35, MBA '36, and his wife Frances, living in Naples, FL; Robert M. Hoover, MBA '36, and his wife Jeanne, living in Shawnee Mission, KS; Clarence W. Markham, MBA '36, and his wife Carolyn, living in Stanwood, MI; Virginia L. Ottery, BA '35, MBA '36, retired, Acct./Fin. Analyst of Buffalo, NY; William W. Baird, MBA '36, and his wife Kathryn, living in Crosse Pointe Woods, MI; Russell M. Dunnaback, BA '35, MBA '36, retired Detroit tax accountant, and his wife Jean, now living in Howell, MI; William T. Fogg, BBA '33, MBA '36, now living in Hawthorne, CA; Harvey Henry Nicholson, BSE A&A '34, MBA '36, and his wife Mary Louise, living in Fairview Park, OH; George L. Terpenning, BA '34, MBA '36, living in Cooperstown, N.Y.; Lawrence J. McCampbell, BA '35, MBA '36, CPA of Lansing, MI, and his wife Leela; Peter S. Stevens, MBA '36, and his wife Susan, living in West Bloomfield, MI.

9 Cf *A* ARNOLD S. ADAMS, BBA * J ^ t '54, retired from B.F. Goodrich, Northfield, Ohio, in 1985 as customs administrator, and created Duty Drawback Consulting Services the following year. This service obtains refunds of customs duties paid on imported raw materials and finished goods.

'56 DONALD L. PACKARD, MBA '56, recently joined the firm of Frankel *8c* Company as director of research. Frankel *8c* Company is the nation's largest marketing services firm with a staff of over 200 members. Donald is widely regarded as an expert in consumer research and manages and directs all research activities for the Chicago-based marketing services agency. He formerly served as vice president/research director at

Don Tennant Company, Inc.; vice president and associate research director at Leo Burnett Company; and research director for McCann-Erickson Chicago. Donald has spoken before many groups, including the Chicago Financial Advertisers and the American Marketing Association.

9 / ? / \ DRU WYGANT, formerly OU Dru Roehm, BBA '60, writes that she was married December 20, 1986, to Russ Wygant. She says she and her husband have opened up a new business, North Woods Campground, for RVs, tenters, and fishermen during the summer. In winter, Dru operates a full-time income tax business from their home.

?/? fj DAVID HOWE, BBA '64, \J%J MBA '65, retired from the U.S. Marine Corps as a lieutenant colonel, and since retirement has been working as a communications systems engineer with Eagle Technology, Inc. in Dumfries, Virginia. Eagle Technology, Inc. is a defense contractor providing a variety of services to the United States Department of Defense.

? / ? / ? JEFFREY J. HODGMAN, OD MBA '66, has been with Metropolitan Life Insurance Company of New York, since graduating. He is now senior vice president, responsible for the portfolio strategies department of Metropolitan, and is a member of the official unsecured creditors' committee for LTV. He attended the 89th Advanced Management Program at Harvard Business School in the fall of 1982.

9 / ? ^ MICHAEL R. HALLMAN, \J § MBA '67, has been named to the newly-created position of vice president of commercial and government business of Boeing Computer Services, a division of The Boeing Company, located in Bellevue, Washington. Boeing Computer Services provides computing resources and information and network services to all Boeing divisions and to government and commercial customers as well. The company operates six major data centers, several network control centers, and sales and training offices in the United States, Canada, and the United Kingdom. Michael joins Boeing after 20 years of service with International Business Machines. His most recent assignment at IBM was as vice president of their South-West Marketing Division, which included direct marketing management responsibility for IBM's commercial and public sector customers, as well as the national federal marketing organizations.

} / ? Q JAMES F. PARKER, UO BBA '68, and a graduate of Garrett-Evangelical business and Garrett-Evangelical seminary in Evanston, Illinois, became general secretary of the General Board of Pensions of the United Methodist Church on January 1, 1987. The pensions board, which manages portfolios totaling more than $2.4 billion, is governed by a 30-member board which meets 3 times a year. James has served the board since graduating from the seminary in 1971. He was in the benefit department as an assistant actuary and as a special assistant to the general secretary. He was also secretary to the general task force which developed the present pension and benefit programs. He and his wife Sharon have three sons, Ryan, Brent, and Scott.

5 ^ 7 0 STEVE WORMAN, MBA '73, f %J has been named assistant vice president for finance and administration of the Convoy Company, the largest auto transporter in the western United States, with facilities in all major metropolitan centers west of the Mississippi. Convoy employs more than 1,000 people and has its main offices in Portland, Oregon. In addition to financial duties, Steve will be responsible for developing advanced data processing systems and assisting in the evaluation of new ventures and prospective acquisitions. Steve formerly worked as a CPA with Arthur Andersen & Company in Omaha, Nebraska, where he was an audit manager, specializing in closely-held and owner-managed companies.

)M fj DAVID M. SALTIEL, BBA i %J '75, was named a partner with the Chicago law firm of Greenberg Keele Lunn and Aronberg, concentrating in the areas of corporate, real estate, and entertainment law. David currently

Harold Beam, MBA 35, Reminisces About the Bank Closings in 1933

A note from Harold Beam, MBA '35, contains the following interesting anecdote. He writes:

"While pursuing an MBA degree at the U of M in the early thirties, I ran the Sinclair Service Station at the corner of State and Packard Streets. No GI bill in those days.

"March 6, 1933, came on Monday. I forgot to put the weekend receipts in the night deposit vault in the bank. Lo and behold F. D. Roosevelt closed all banks for 10 days, and I awoke Monday morning with a bag full of money and no bank to put it in. My customers were University professors and employees, etc.

"For ten days I became a banker. I cashed their small checks ($10.00 would feed a family for two weeks), held the checks, and when the banks opened again all the checks cleared. I did not know whether we would have a new monetary system or what, but I had faith in my customers. They would fulfill their promise.

"In Money and Credit class that week Professor Watkins threw the textbook on the desk and said, "It's no good, we'll have to write a new book."

serves on the planning commission for the Village of Lincolnshire, Illinois, and was recently elected a vice president of Lawyers for the Creative Arts, a non-profit organization which provides legal services to artists, entertainers, and arts-related organizations.

JONATHAN F. ZESCHIN, BBA '75, has been elected a vice president of Stein Roe & Farnham, Incorporated, the Chicago-based investment counseling and mutual fund management firm. Jonathan, who joined the firm in July of 1979, directs mutual fund product and service development. Stein Roe & Farnham, Incorporated serves as investment counsel to individuals and institutions, actively managing more than 10 billion dollars of client assets. The firm also serves as adviser to the Stein Roe family of fifteen no-load mutual funds with assets of 3.3 billion dollars. Founded in 1932, the firm maintains regional offices in Cleveland, Fort Lauderdale, Los Angeles, Minneapolis, New York, and Puerto Rico.

)H /? GORDON M. TUCKER, BBA / vl '76, recently joined Lojack Corporation, a young company in Braintree, Massachusetts, after four years as a management consultant in Boston. Lojack is a new system that marries new, high technology with existing law enforcement technology, to permit state and local police to recover stolen cars within minutes of the reported theft. He writes, "Massachusetts is our initial marketing area, and the product has proven to be very successful — strong consumer sales, coupled with near flawless execution, using our system, by the Massachusetts state and local police. Stolen cars have been recovered by police, using Lojack, in as little as seven minutes, and numerous car thieves have been arrested while driving stolen cars emitting a Lojack radio signal. We plan to begin our national rollout shortly. A fabulous business opportunity, and one that's lots of fun to make happen."

Donald Tucker, BBA '68, Receives Service Award for His Work on Improved Dispute Resolution

The Bar Association of Oakland County gave its Distinguished Service Award to Donald F. Tucker, BBA '68, for his work as Chairman of the President's Task Force on Improved Dispute Resolution. Tucker, who received his law degree from the U-M law school, is an experienced trial lawyer and a partner in the Southfield law firm of Simon, Deitch, Tucker and Friedman.

The Task Force report contained four major recommendations to reflect practical steps toward making the methods of dispute resolution in Oakland County more available, less expensive, less intimidating, and more logical. The recommendations included: 1) the establishment of a county-wide system to inform people of alternatives to litigation; 2) the creation of new alternatives to litigation or the enhancement of those already in existence; 3) the establishment of rigorous guidelines and procedures for the court-controlled progress of litigation (to avoid undue delay in receiving justice), and 4) the establishment of mechanisms to implement the recommendations of the Task Force. Tucker is now serving as co-chairman of a commission to implement the findings of the Task Force.

Tucker, who was legislative counsel on the staff of the late Senator Phillip A. Hart from 1973 to 1975, has been actively-involved in local and state Democratic Party affairs and has served as a delegate for every state convention since 1968. He is now the state Democratic Party-Finance Committee Chairman. He also is serving in a number of community capacities, including chairman of the Michigan State Housing Development Authority, chairman of the 18th Congressional District Democratic Committee, and a member of numerous sections of the State Bar of Michigan. He is the father of twins, Matthew and Megan, both students at Detroit Country Day School.

GLENN T. RADER, MBA '76, joined Electronic Data Systems (EDS) in October, 1984. He implemented all executive-level management reporting, monthly forecasting, and related planning processes following GM's acquisition of EDS. His wife, Karen, just began practicing dentistry; having quit teaching after many years.

} *fj* O Last November, ALBERT / O COOLEY, MBA '78, married Marianne Brons, who has her MBA from Simmons College. Al wants to thank Gene Procknow, Rich Boroway, Bill Grutsmacher, Lee Burgess, and Don Murage (all MBAs '78) for arranging his bachelor party and having him flown to Ann Arbor, and regrets Dick Murphy was unable to attend. Al and Marianne worked together at Motorola's Codex subsidiary in Littleton, Massachusetts. Al left Codex in December to join Digital Equipment Corporation in their Mid-Range Systems business unit as manager of market planning.

9 Ay Q JULIE GERSHICK, BBA '79, / *%J* senior manager with Peat, Marwick, Mitchell and Company, has been selected for a two-year accounting fellowship with the Office of Regulatory Policy, Oversight, and Supervision of the Federal Home Loan Bank in Washington, D.C. Julie will be the

accounting liaison for four Federal Home Loan Bank districts, participating in proposed regulations set forth by the Federal Home Loan Bank, and will interact between the Federal Home Loan Bank, the American Institute of Certified Public Accountants, the Emerging Issues Task Force, the Financial Accounting Standards Board, and the Securities and Exchange Commission. She has been with Peat, Marwick, Mitchell and Company for eight years, and has been a senior manager in the audit department for two years.

GARY D. PETT, BBA 79, has been elected vice president of the Harris Bank of Chicago, serving in the Financial Institutions Division of the Banking Department. Gary joined Harris in 1979, and was elected commercial banking officer in 1982, and assistant vice president in 1984. He lives in Northbrook, Illinois.

MARY CAMPBELL, MBA '79, has been general manager of NBD's venture capital activity since May of 1986. She writes that Brian has launched a new business, modestly called Campbell Industries.

BETSY FARNER, MBA '79, and her husband Peter, have a new son named, Peter, Jr., now a year old. She says she went back to work after 2 months, and is really enjoying the wife/mother/banker role. She says that NBD continues to position itself as a long-term survivor in the national banking industry. They have made an acquisition in Indiana, and Betsy expects to see more of the same in other nearby states, which suggests continuing opportunity to those "in the trenches." Betsy and Peter are both taking flying lessons, which adds a new dimension to their mobility, and Betsy says you never know where they may turn up next.

ANN HOFFMAN, MBA '79, writes that NBA has decided she was having too much fun selling cash management services, and has returned her to the ranks of the commercial lenders. This, she says, is a small change, since she's traveling the same territory and working with many of the same companies.

Captain William Hauenstein, MBA '68, Is Promoted to Rear Admiral in the U.S. Navy

William H. Hauenstein, MBA '68, has been promoted to Rear Admiral in the U.S. Navy. He is currently assigned to the headquarters of the Naval Sea Systems Command in Arlington, VA, where he has served as Deputy Commander for Contracts since July, 1983. He oversees the largest procurement agency in the federal government. The Naval Sea Systems Command buys the Navy's ships, submarines, and related weapons systems. Contract awards from this directorate over the past several years have been approximately 31% of the Navy's total procurement budget.

Hauenstein has held a number of kev shoreside assignments. He directed the Acquisition and Contract Policy Office of the Assistant Secretary of the Navy for Shipbuilding and Logistics. There he provided management and policy support to the Navy's senior procurement executive for the acquisition of vessels and weapons systems. His at-sea assignments have included supply-officer of the amphibious assault ship USS Guadalcanal and the tank landing ship USS Grant County.

CHUCK IHLING, MBA '79, writes that 1986 has been a bit wild. He spent the first part commuting to and from the cold and ice of Chicago, building the world's most highly automated video cassette manufacturing facility for Bell and Howell, Columbia Pictures Video Service. He says he relaxed in Japan in May, and took over as general manager and administrator for a chain of medical clinics in California and Texas on his return.

EDWARD JANKOWSKI, MBA '79, is still with Hardie Irrigation. He enjoyed his trip to Taiwan and Hong Kong last October to set up some off-shore production. He says that Telexes flew between their parent company in Australia and themselves during the short but sweet America's Cup races; the U.S. group picks up their four cases of wine at the International Irrigation convention in Australia in 1988.

MIKE and NANCY MCLELLAND, MBAs '79, are parents of a new son, Ryan Michael, born last April 17. He joins Laura, age 6, and Scott, age 3. Mike is marketing manager for a couple of FMC's industrial chemical lines, which keeps him busy with both the manufacturing and sales organizations. Nancy's days end up being even busier than Mike's, and so by 9:00 p.m., they say they are ready for the rack.

HARRY PEISACH, MBA '79, has been named chairman of the board and CEO of International Savings and Loan, and they are now on their fourth branch. Harry is enjoying his career in banking, but says he may

Some Tokyo Alumni Meet Kresge Library Director During Her Japan Visit

When Elaine K. Didier, Director of the Kresge Business Administration Library, was in Japan to speak at an international symposium on educational technology held in Tokyo last fall, she met with several Business School alumni who are pictured here. Left to right are: Elaine's husband, Gordon Didier, who is a partner in a Detroit law- firm; Masa Terashima, MBA '75, Director and General Manager of Foxboro K.K. in Tokyo, and president of the U-M Alumni Club in Japan; Elaine Didier; Nobuyuki Baba, MBA '73, Director of Ethical and Nutrition Marketing at Bristol Myers; Kyoji Kurata, MBA '73, marketing director at Asahi Microsystems, who is also President of the Business Administration U-M Alumni in Japan; and Shigeki Maruyama, MBA '74, vice president of Salomon Brothers Asia Ltd.

soon be starting to go back to real estate development.

GEORGE PERKINS, MBA '79, is now the business financial manager for the Navy's Aircraft Carrier Acquisition Program.

KNUT RAVNA, MBA '79, and his wife, are the proud parents of a new baby girl, Stine, who was born last April. Knut is still working with Sparebanken Vest, being responsible for investments, money market operations, and foreign business (they recently launched their first Euro-CD issuance program).

CRAIG ROUSCH, MBA '79, writes us that he is now vice-president of finance for Rockline, Inc. He said that the independence, responsibility, and variety of projects he is given is astounding. In the last year and a half he's been involved in a corporate acquisition, a multi-million dollar expansion, and most recently filling sandbags to keep a flash flood out of the plant. As vice-president of finance for Rockline, Inc., he's got to be able to do it all. Sheboygan, Wisconsin isn't on the way to anywhere, so if you're passing through, stop in. He'll show you how to get to the road you meant to take in the first place.

RICK SNYDER, MBA '79, writes that C & L is going well and he has been doing a lot of merger and acquisition work lately.

GEORGE ZINKHAN, MBA '79, writes that after working on a project for five years, Tom Kinnear and he have written an article together that will be coming out in the *Journal of Marketing Research,* May 1987.

PAUL LOEFFEL, MBA '79, after almost five years, will be moving from Davao, Philippines, to Hong Kong. His new job with Dole Philippines, Inc., is director of finance and new product/market development for the Far East. He will travel 7 to 8 months a year through Asia, which will be quite different from his prior "home-body" lifestyle. Paul says he will miss scuba diving every weekend, but will be glad to trade in his security guards and revolver. He married his wife Noemi in April of 1983, and has two children, Melissa and Michael.

'80

MICHAEL P. GANNON, MBA '80, has recently become manager of the Classified Employee Compensation for General Motors Company. He is responsible for developing and administering compensation policy for GM's 120,000 salaried employees in the United States and Canada.

KENNETH N. NEMEROVSKI, MBA '80, has been promoted to sales manager of T and B Computing, Inc., of Ann Arbor. Ken was assistant director of admissions and student services at the U of M Business School for two years after graduating. For the past five years, he has been a senior sales representative at T and B, which provides turnkey systems for publishers and project management applications nationwide.

9 Q "I KATHY CONLEY JOHNSON, OX BBA '81, is an assistant vice president in the investment department of Harris Trust and Savings Bank in Chicago, Illinois, where she specializes in providing corporate finance services to upper middle market and multi-national companies. She will receive her MBA from DePaul University in June. Kathy's husband, David Johnson, graduated from the University of Michigan Dental School in 1985. He teaches part-time at Northwestern University Dental School, and also is in private practice in Wilmette, Illinois.

RON JACKSON and LAURIE MEADOWS JACKSON, MBAS '81, write that they have recently relocated to Summit, New Jersey. Ron has joined Airco Industrial Gases in Murray Hill, after spending three years with Amoco corporation and two with Occidental Petroleum. Laurie has accepted a position with Allied-Signal corporation in Morristown, after being with Amoco corporation for five years. Ron and Laurie were married in October 1985, and look forward to meeting other Michigan grads in the New York City area.

PAUL C. GRACEY, JR., BBA '81, JD '85, is practicing law with the firm of Allen, Matkins, Leek, Gamble & Mallory in Irvine, California. He is specializing in real estate law, and represents some of the biggest developers in the country. He lives in Newport Beach, California.

'82 CHARLES I. BROADNAX, MBA '82, has joined Irving Business Center, Minneapolis, as an assistant vice president. Irving Business Center, Inc., a subsidiary of Irving Bank corporation, markets the products of the corporation's other affiliates, primarily Irving Trust company. Before joining Irving Business Center, Charles was an international banking officer at First Bank of Minneapolis.

CAROLYN MARTIN, MBA '82, recently was promoted from senior application specialist to southwestern regional manager of sales for Millipore Corporation. She worked for Millipore in Southern

Please Tell Us About Yourself

We would like to include more news about alumni in *Dividend,* and hope you will help us by providing us with information about yourself. We'd like to know where you are working, and other news about you, such as promotions, new business ventures, any business or academic honors, authorship of books or articles, or other information that would be of interest to alumni. If you would take the time to fill out the form below and send it to "Pringle Smith, Editor, Dividend Magazine, Graduate School of Business Administration, University of Michigan, Ann Arbor, Michigan 48109," we would very much appreciate it.

Name: Degree(s) and Class Years:

Business Position:

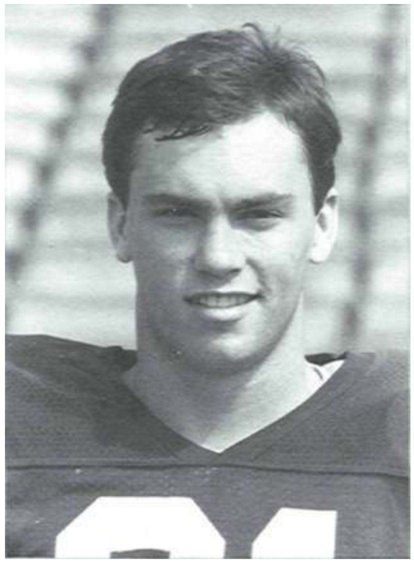
Business Address:

Home Address:

Please write below some personal or business news about yourself that we can share with other alumni.

Ken Higgins, BBA '87, and UM's Leading Receiver Last Season, Chooses Harvard Law

The University of Michigan football team will lose last season's leading receiver to Harvard Law School. He is Ken Higgins, BBA '87, who was eligible to play football for Michigan for another year because he was out with injuries earlier in his career. But when Higgins received his acceptance to Harvard Law School, he decided he could not pass up the opportunity. "It's always been my goal to go to the best law school possible," he said, "and Harvard is obviously the best." Higgins, a Battle Creek, Michigan, native who boasts an A-plus average at Michigan, was also accepted at Michigan, Yale, and Stanford law schools. He caught 8 passes for 164 yards against Wisconsin and finished the season with



a team-high 606 yards on 32 catches.

California and Hawaii for three years. She writes, "I have yet another dog. That makes three: Annie, Millie, and Lucy. I would love to hear from other 'Green Section' members. Where is everyone?"

MARK D. MISHLER, MBA '82, was recently promoted to vice president of corporate planning and development of The DuBois Company, a division of Chemed Corporation. Mark is responsible for evaluating strategic planning issues of The DuBois Company and its respective operating units. In addition, he is responsible for coordinating efforts to expand The DuBois Company in its current business. After graduation, Mark joined Chemed Corporation as a financial analyst and was actively involved in mergers and acquisitions analysis (he was involved with the Fabrilife acquisition). In 1983, he served on the president's private sector survey on cost control (Grace Commission) in Washington, D.C. The Grace Commission was established by President Reagan to improve management efficiency and reduce the cost of operating the federal government. As a result of this work, he was asked to testify before a Senate subcommittee. In 1984, he became assistant to the president of DuBois Institutional Chemicals, a division of The DuBois Company.

? 0 0 JEFFREY L. JACOBSON, BBA 0 « 3 '83, is a sales associate at Sheldon Good & Company realtors in Chicago, where he sells commercial, industrial, and residential real estate, both conventionally and at auctions, through their subsidiary, Real Estate Auctions, Inc. In the past year, he has been involved in the sale of $26.3 million in real estate, ranging from Chicago office buildings to Florida and Texas resort condominiums. He formerly played in the Baltimore Orioles' organization for three years.

?Q >l BRIAN GLEN BARNIER, BBA O^fc '84, was married to Carol Lynne Clark, daughter of the Reverend and Mrs. Lester Clark, on December 14, 1986.

SAM DRELLES, MBA '84, a commercial account manager and later regional credit officer at the First National Bank of Atlanta, has been promoted to vice president. He has been a team leader in the division's Atlanta region, which has a portfolio of more than $100 million. The First Atlanta is the lead bank of First Atlanta Corporation, which has 122 offices in 37 Georgia communities. First Atlanta is a subsidiary of First Wachovia Corporation, a multi-state, multi-bank holding company with assets of $18.7 billion and more than 330 offices in Georgia and North Carolina. Sam and his wife, Linda Ann, live in Stone Mountain, and have twin infant daughters, Meagan and Sarah.

RICHARD A. LEINBACH, MBA '84, and his wife, Peg, celebrated the birth of their first child, Megan, last June. After two years in the Hartford, Connecticut, area with GE's construction equipment business, they moved to Cleveland, Ohio, where Richard accepted a promotion to project manager in the manufacturing engineering department of GE's lighting business.

?0 K MICHAEL Q. BEALS, BBA O *%J* '85, was recently promoted to senior tax consultant with the firm of Ernst *8c* Whinney, located in Kalamazoo, Michigan. Mike joined the Ernst & Whinney audit staff in June of 1985 and transferred to the tax department in October of 1986. Last year he married Charlene A. Ross, a legal assistant.

Ph.D. Notes

9 £f £2 HOMER BLACK reports that *-JLJ since 1985 he has been on a phased retirement program at Florida State University, teaching at FSU in the fall semester only and acting as visiting professor at the University of Miami in the spring. In the fall of 1987, he will be teaching at FSU's London Studies Program, where he last taught in 1979.

9 £ ? 0 WILLIAM HUIZINGH, *VJKJ* professor emeritus at Arizona State University, was recently inducted into the ASU College of Business Faculty Hall of Fame. He served in several administrative positions during his tenure, including assistant, associate, and acting dean, chair of the Accounting Department and director of the former Bureau of Business and Economic Research, now the Center for Business Research. He has received an Educational Excellence Award from the Arizona Society of CPAs.

9 / ^ 0 JOHN DEWHIRST is now vf O nearing completion of a two-phased project aimed at resolving the present knowledge crisis in both public accounting practice and in academic accounting theory.

Sidney Davidson, MBA '41, Ph.D. '50, Is Elected an AICPA Vice President

Sidney Davidson, MBA '41, Ph.D. '50, who was elected to the Accounting Hall of Fame in 1983, has been elected a vice president of the 240,000-member American Institute of Certified Public Accountants (AICPA).

Davidson, who is the Arthur Young Distinguished Service Professor of Accounting at the University of Chicago's Graduate School of Business, has served on numerous AICPA committees, including the former Accounting Principles Board and Study-Group on the Objectives of Financial Statements. He is a past president of the American Accounting Association and an honorary life member of the Illinois Society of CPAs. During his extensive career in accounting, he has been author, editor, or contributor to numerous books and articles on the subject of accounting. The AICPA is the national professional organization of CPAs. It sets audit standards, enforces the code of professional ethics, provides continuing professional education, prepares and grades the Uniform CPA examination, and provides other services for its members.

5*7 ff JOHN L. KRAMER, BBA '68, / *D* MBA '74, Ph.D. '75, has been appointed Arthur Andersen Professor of Accounting at the Fisher School of Accounting, University of Florida in Gainesville. His wife Sandra, MBA '73, is an associate professor of accounting at Fisher. They have published a number of articles and one book together. Sandy and John have three boys, John, Andrew, and Stephen.

9 O "I WENDELL DUNN, founder O *A.* of his own venture development and management consulting practice and course head of the Wharton School's MBA course "Entrepreneurship and Venture Initiation," reports that he has the "perfect mix: 50/50 academics and consulting. I am having the time of my life," he says.

90 0 JOHN A. LEHMAN, MBA O^ '77, Ph.D.'82, recently accepted a position as associate professor of MIS at the School of Management, University of Alaska in Fairbanks. Since 1982, he has been an assistant professor of MIS at the University of Minnesota, Minneapolis. His current research interests are management use of computer graphics, decision support systems, program documentation, and software design. John's wife Lisa is currently a technical writer for Unisys and will be doing similar work in Fairbanks. They enjoy hunting, fishing, backpacking, photography, flying, and ham radio.

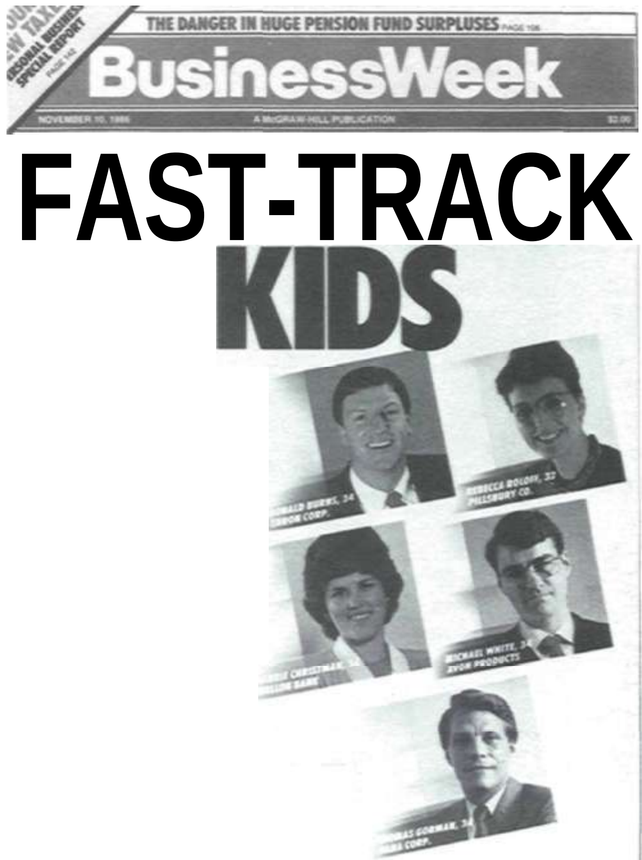
William F. Moloney, Ph.D. '76, Wins Huber Prize for Research

William F. Maloney, Ph.D. '76, has been awarded the 1986 Walter Huber Civil Engineering Research Prize by the American Society of Civil Engineers (ASCE). The prize is named for ASCE past president Walter Huber. Founded in 1852, ASCE is the nation's oldest engineering society and has 104,000 members.

Maloney's research explores how construction craftsmen view their jobs and workplace, and suggests ways for spurring commitment and productivity through incentives.

The prize — a cash award and a certificate — is given annually to five ASCE members to stimulate research in civil engineering. Maloney is an assistant professor of civil engineering at the U-M.

Four Michigan MBAs Are Featured as "Fast Trackers" in Business Week



Four University of Michigan MBAs were featured in the cover story on "fast track kids" in the November 10, 1986, issue of *Business Week.* They are Thomas Gorman, MBA '83 (whose picture was one of those appearing on the cover); Sharon Reed, MBA '81; Michael Swavely, MBA 79; and Ben Cohen, MBA'77.

These four were part of fifty "fast track kids" that *Business Week* identified as being among the most promising of the 35-and-under group of corporate climbers. To develop a profile of this new breed, *Business Week* interviewed business schools, executive recruiters, and executives.

They found that the emerging leaders are significantly different from the previous generation. Instead of being fearful of change, fast-trackers seem to thrive on it. They are more fluid, and more willing to try new things, than the older, depression-marked generation, which was willing to trade off corporate control of its destiny in exchange for security.

Lacking memories of a depression, young managers boast unusual optimism and unquestioning faith in corporate capitalism, says *Business Week.* They are also less accepting of the status quo, and more impatient to see things happen quickly.

"Young managers' dislike of bureaucracies should lead to leaner corporate staffs," says the article, concluding that "Fast-trackers are already starting to push American companies to be more flexible, innovative, and aggressive. And that's no small feat."

Three Michigan graduates featured in the article are listed under the headline "Is There a Future CEO in This Bunch?" They include:

- **Ben Cohen, MBA '77,** executive vice-president of Texas Commerce Bancshares in Houston. Ben manages the bank's investments and funding department, making him responsible for raising and allocating cash — to the tune of $2 billion every day.

- **Michael Swavely, MBA '79,** vice president for marketing at Compaq Computer in Houston. As Compaq's youngest vice president, Michael also heads product development; his latest model breaks Compaq's traditional follow-IBM strategy.

- **Sharon Reed, MBA '81,** corporate planning manager for Scott Paper Company in Philadelphia. After working nine years — and earning six promotions — at Du Pont, Sharon is now sizing up the competition and plotting new marketing strategies at Scott. *(Editor's Note:* Sharon is also a member of the School's Alumni Board of Governors.)

- **Tom Gorman, MBA '83,** and area production manager in Dana Corp.'s automotive gasket division, was one of five "fast trackers" featured on the cover. He has moved to raise product quality by giving assembly line workers more responsibility, says *Business Week* in their profile of him. They also say he balances work and family obligations, and sets aside time every day to help his wife raise their two young daughters. Before deciding on Dana, Tom shopped for a corporate culture that agreed with his values rather than primarily one that provided high visibility, prestige, or pay. Dana's record in promoting from within and its flexibility in allowing employees to spend time with their families appealed to Tom, who sought a mainstream manufacturing company because, he says, "I wanted to be part of mature American industry and make a difference."

Get ready for a memorable weekend.

This year, the annual Business School Reunion will be held on October 30-31. And we promise you it's going to be a weekend to remember.

This October, we're turning back the clock and inviting all Business School alumni and friends to join us for a weekend of nostalgia and socializing.

First, we'll take you on a welcome-back bus tour of campus, followed by cocktails and dinner at the new Business School Executive Residence. On Saturday morning there will be a panel on the "Post-Reagan Economy" followed by a tailgate party and the U-M/Northwestern football game. And, of course, we've left ample time in between events for touring, talking, reminiscing, and reacquainting yourself with the city, the School and your classmates.

In addition, alumni registering for the events of the weekend will be able to stay right on campus, in the new Executive Residence!

So block out October 30-31 on your calendar. Then watch for a Reunion Weekend registration packet in your mail in June.

And we'll see you in October.

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Managers Face Tougher Ethical Decisions Than Ever Before

Continued from Page 21

defrauding the U.S. Defense Department."

Yet the fraudulent activity was a logical response to the pressure for performance. The sight of co-workers cleaning out their desks can cause people to deviate from their otherwise moral standards of behavior, says Hosmer.

"What I find particularly offensive about the situation is that senior executives are often paid so much, they become immune to financial pressures," says Hosmer. "They don't think about the effects their insistence upon performance has on workers with mortgages to pay and children to put through college."

When organizations use profits or quotas as the primary basis for evaluation or promotion, employees may resort to unethical means of meeting those goals, says Hosmer. Thus, the university faculty member falsifies research to meet publication quotas and the divisional manager sacrifices safety and quality control to turn out more products.

To reverse this trend, organizations should put less emphasis on the financial measures of performance such as sales revenues and quarterly profits and more on the qualitative measures like "customer complaints, quality rejections, work force absences, and community attitudes," recommends Hosmer.

Most important, a firm's senior executives must address the conflict between social and economic performance or "the natural tendency of the middle-level managers will be to favor the economic side of the balance," Hosmer says.

Since few of Hosmer's students are likely to begin jobs at the executive level, he concentrates on the "routine ethical dilemmas" that they are likely to experience as they climb the corporate ladder.

His book includes one particularly unappetizing test of ethics in which an assistant buyer for a gourmet food store receives a shipment of insect-infested candy. Since the $9,000 worth of candy was unrefundable, the woman was told to "dump" it at a convenience store chain in a city ghetto.

"I'd wager that over half the students in my class would have sold the candy because it was not contaminated in any lethally dangerous way," says Hosmer. Whether or not they would admit that to their fellow students is another question, he adds.

"One of the most fundamental questions of management is how do you decide if the resolution of the ethical dilemma you have encountered is worth your career?" While the question cannot be plugged into any simple formula, certain basic questions can help derive an answer, he says.

"Faced with a questionable action, you might ask, 'who will be hurt and how badly? Could I permit everyone to take the same action? Will the least advantaged among us be treated the worst and will this reduce our opportunities for free, informed choice?' "

Ethical business decisions do not necessarily disadvantage a company relative to more cunning competitors, Hosmer adds. "Employees who are treated fairly tend to respond energetically. Customers and clients who are treated fairly usually return."

Of course, someone can always point to an unethical businessperson who "got away with it" or a company that acted ethically and went out of business. While an ethical choice may entail personal costs at one level, the wrong alternative carried through by the corporation may carry a much higher price, Hosmer says.

"Remember the engineers for Morton Thiokol who were demoted?" he says. "They had identified problems with the rocket boosters the company had manufactured for the Challenger space shuttle."