The Failure of Success: How Good Becomes Bad

Page 4
September, 1988

Dear Alumni and Friends,

    I want to tell you about a number of notable additions to our faculty this year. Karl E. Weick, one of this country's foremost theorists in the field of organizational studies, is joining our faculty this fall. He has been a major contributor to the development of thought in organizational science, and he is a master at bringing to the field concepts, theories, and paradigms from several other disciplines.

    We are also fortunate to have Linda DeAngelo as our new Arthur Young Professor of Accounting. She has a wide range of research skills, and has done important work in the economics of auditing. She currently is working on corporate ownership and governance issues. We are particularly happy to welcome her as our first female named professor. Her husband, Harry DeAngelo, is joining us with a dual assignment as professor of finance and director of the J. Ira Harris Center for Study of Corporate Finance. He is a mature scholar, and we feel he will guide the Harris Center to a position of major prominence.

    Another outstanding newcomer to our faculty is Wayne DeSarbo, professor of marketing and statistics. He is widely viewed as one of the best, if not the world's best, scholar and innovative researcher within his age group in the field of quantitative marketing.

    In addition to these outstanding full professors, we also have been fortunate to attract a number of other promising scholars and researchers to our faculty this year. Space does not allow me to list all of them here, but Dividend will be carrying a story about them in the Winter issue.

    As I write this letter, we are getting ready for our second Real Estate Forum, which is being held October 7 and 8, and promises to be as much of a success as our first Forum held last year. A panel on emerging trends in real estate will be moderated by Stephen M. Ross, BBA '62. Joining us as guest of honor at the dinner Friday night will be Dennis R. Capozza, who will become part of our faculty in January as the Stephen M. Ross Professor of Real Estate and Professor of Finance.

    As the leaves start to turn and the air gets crisp, we all start to look forward to seeing many of you as you return to the School for Alumni Weekend, scheduled this year for November 4 and 5.

Sincerely,

Gilbert R. Whitaker, Jr.
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Our cover illustration is by Cathy Gendron, who also did the illustration on page 17.

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The Failure
How Good

Editor's Note: Here we bring you excerpts from a chapter in the book, "Beyond Rational Management: Mastering the Paradoxes and Competing Demands of High Performance." The author, Robert E. Quinn, associate professor of organizational behavior and human resource management at the Business School, says effective managers are paradoxical because they simultaneously employ opposing values.

In the chapter excerpted here, Quinn deals with the paradoxical inversion that can result when one dimension of management is pursued to the exclusion of others.

Most theories do not tolerate the presence of contradiction, says Quinn, yet organizations are inherently contradictory. Normally the human mind seeks to deny this fact. Dynamic balance, and the capacity to simultaneously pursue opposites, is the key to success. In his book, he describes seven archetypes of ineffective managers, and six of effective managers. He includes scales for analyzing both individuals and organizations to determine their value frameworks, a model for teaching management skills using his competing values theory, and a three-step process for self-improvement.

"Neither our current theories nor our schools of management are oriented to developing the capacities I've described," says Quinn. "Research suggests that the development of mastery comes through painful experience and is achieved by only a small minority of all managers. A key concept in becoming a master manager is to recognize and emphasize the approach with which a person is most uncomfortable, since it is that side of their character that people most use to distort reality."


A strange inversion can result when a "good" criterion becomes overvalued and is pursued in a unidimensional fashion. Positive values can then paradoxically become negative. This is how the continual pursuit of a sound strategy can sometimes result in failure.

For example, innovation, adaptation, and change can become premature responsiveness and disastrous experimentation.

Stability, control, and continuity can become habitual perpetuation and ironbound tradition.

To explore this paradoxical transformation of values, I would like first to look at the culture of two organizations. Simply put, culture is the set of values and assumptions that underlie the statement, "This is how we do things around here." Culture at the organizational level, like information processing at the individual level, tends to take on moral overtones.

While cultures tend to vary dramatically, they share the characteristic of providing integration of effort in one direction while often sealing off the possibility of moving in another direction. To illustrate this, consider a Business Week article that ran in October, 1980 which contrasted two cultures: that of J. C. Penney and PepsiCo.

At Penney's the culture focuses on the values of fairness and long-term loyalty. Indeed, a manager was once chewed out by the president of the company for making too much money! To do so was unfair to the customers, and at Penney's one must never take advantage of the customer. Customers are free to return the merchandise with which they are not satisfied. Suppliers know that they can establish stable, long-term relationships with Penney's. Employees know that if their ability to perform a given job begins to deteriorate, they will not find themselves out on the street; rather, an appropriate alternative position will be found for them.

The core of the company's culture is captured in "The Penney Idea." Although it was adopted in 1913, it is a very modern-sounding statement, consisting of seven points: "To serve the public, as nearly as we can, to its complete satisfaction; to expect for the service we render a fair remuneration and not all the profit the traffic will bear; to do all in our power to pack the customer's dollar full of value, quality, and satisfaction; to continue to train ourselves and our associates so that the service we give will be more and more intelligently performed; to improve constantly the human factor in our business; to reward men and women in our organization through participation in what the business produces; to test our every policy, method, and act in this wise: 'Does it square with what is right and just?'

The culture at PepsiCo is in stark
of Success: Becomes Bad

contrast to that at Penney's. After years as a sleepy company that took the back seat to Coca-Cola, PepsiCo underwent a major change by adopting a much more competitive culture. This new culture was manifest both externally and internally. On the outside PepsiCo directly confronted Coca-Cola. In bold ads, customers were asked to taste and compare the products of the two companies. Internally, managers knew that their jobs were on the line and that they had to produce results. There was continuous pressure to show improvement in market share, product value, and profits. Jobs were won or lost over a “tenth of a point” difference in these areas.

Staffs were kept small. Managers were constantly moved from job to job and expected to work long hours. The pressure never let up. During a blizzard, for example, the chief executive officer found a snowmobile and drove it to work. (This story is told regularly at PepsiCo.) Competitive team and individual sports are emphasized, and people are expected to stay in shape. The overall climate is reflected in the often repeated phrase, “We are the marines, not the army.”

The differences between these two companies could hardly be greater. Reading this account, you have probably concluded that one culture is more attractive than the other, and you would expect others to agree with your choice. But it is very likely that if you visited PepsiCo and spoke of “The Penney Idea,” you would be laughed at. If you tried to press it upon PepsiCo employees, they would probably become incensed. Likewise, if you visited Penney’s and described or tried to press upon them the values of PepsiCo, they would have the same reaction. You would be violating sacred assumptions.

Interestingly, the major problem at PepsiCo was seen as the absence of loyalty. Coca-Cola’s response to the PepsiCo attack, for example, was to hire away some of PepsiCo’s best “Tigers,” and they were, because of the constant pressure, willing to go. (PepsiCo’s rate of tenure is less than one-third of the rate at Penney’s.)

And what, according to Business Week, was the major problem at Penney’s? Lack of competitiveness. Despite a reputation as one of the best places to work, and despite intense employee and customer loyalty, Penney’s had been rapidly losing market share to Kmart. Some critics expressed doubt that Penney’s could respond to the challenge.

What is happening here? The surface conclusion is that two opposite cultures exist. Penney’s reflects the human relations model in that the company seems to resemble a team, clan, or family. PepsiCo reflects the rational goal model in that it appears to be an instrumental firm. The strength of one is the weakness of the other. While this conclusion is true, there is a deeper insight to be gained. I will return to this interesting contrast after considering the transformation of values.

In the accompanying diagram (see page 7), I show how criteria of effectiveness, when pursued blindly, become criteria of ineffectiveness. Consider first the positive zone. For each quadrant, there is an opposite quadrant that shows some competing positive values. These positive competing values operate in all organizations. Although the human mind tends to refuse to recognize it, they operate simultaneously. Because of the inability to see and appreciate simultaneous opposition, potentially creative tensions between opposites are sometimes severed, resulting in the transformation of positive into negative values.

The transformation can be seen by moving your attention from the positive to the negative zone. If, for example, participation and morale are pursued to the exclusion of opposite values like direction and productivity, then the positive values in the upper left quadrant begin to be transformed into negative values. The organization, instead of a team-like clan, becomes an irresponsible country club. If the values in the upper left are ignored, the rational firm (lower right) can become an oppressive sweat shop. Likewise, in the other quadrants, the stable hierarchy can become a frozen bureaucracy. The responsive ad hocracy can become a tumultuous anarchy.

Now let us return to PepsiCo and J. C. Penney. Earlier I said that introducing the culture of one company into the other would be highly conflictual. Further, I pointed out that each culture had weaknesses. Now we can see that their very strengths put them at risk.

Because of the inability of the PepsiCo culture to tolerate the values in the human resource quadrant (upper left), the company is in danger of moving into the negative zone on the lower right side of the diagram. Conversely, because of the
inability of the J. C. Penney culture to more fully absorb the values of the lower right side of the diagram, the company is in danger of moving into the negative zone on the upper left side of the diagram. The more fully that each company pushes a particular set of positive values, the greater the danger to it.

The major point here is that everything in the two outer circles is related. The more that success is pursued around one set of positive values, the greater will be the pressure to take into account the opposite positive values. If these other values are ignored long enough, crisis and catastrophe will result.

**The Negative Zone as a Product of Individual Style**

What produces out-of-balance cultures? How is the negative zone created? There are many answers to these questions, but an important one is the bias of the individual manager. Here I would like to contrast two very different individuals; one who created and got trapped in a negative zone, and one who did not.

*Don Burr of People Express.* One of the most interesting management stories of this decade concerns Don Burr and how he used his creative genius to build a spectacular company. But it is also a story of how he turned his strengths into a problem, how he got trapped in a negative zone, and how that led to the demise of the company.

People Express was incorporated in April 1980. It was driven by a unique vision. Among the key elements of this vision were the ideas of offering extraordinarily inexpensive fares made possible by large productivity gains, of focusing on the high-density Eastern markets, and of operating out of the under-utilized Newark International Airport. In a two-year period, the company grew to 1,200 employees, owned seventeen aircraft, was servicing thirteen cities, and had flown two million passengers. But this was just the beginning of the company’s growth. Before its demise in 1986, People’s would become the fifth largest airline in the country.

Before starting the company, Don Burr had been the president of Texas Air. When he left to start People Express, more than fifteen of Texas Air's top people followed him. At that time, although Burr was only thirty-nine years old, he was the oldest member of the new company. Many of the people who followed him left their old jobs knowing little or nothing about even the most basic aspects of the new company. They came because of their trust in Burr and the opportunity to build a new system.

From the beginning, the driving beliefs were that people were trustworthy and that this was a chance to build an organization where people could maximize their abilities. Burr’s people were ingenious in creating the new company. They developed a unique vision based on low fares and convenient schedules. The company’s aircraft were redesigned for the most efficient use and maximum carry capacity. Hiring and training practices drew on unique labor pools, and employees developed a deep sense of commitment and teamwork. Labor costs were kept low by maintaining lean staffs who were highly motivated and willing to do any job deemed necessary. New ticketing and collection procedures were worked out. Technologies and administrative hierarchies were kept simple.

At the core of this were Burr’s enthusiasm and entrepreneurial leadership. Never satisfied with a plateau, he continually pushed for more growth and greater effort and creativity on the part of the staff. Burr was clearly a very effective manager. Indeed, he has been one of the most creative managers of our time. But something went wrong. After five years of explosive growth his dream died. In September 1986, People Express was sold to its archrival, Texas Air.

The death of People Express resulted in many post hoc analyses of what went wrong. Generally, the analyses agreed on two themes. The first and most obvious theme concerned expansion, particularly People’s well-publicized purchase of Frontier Airlines. Burr simply tried to expand the airline too rapidly.

The second theme had to do with the evolution of the company's infrastructure. Critics argued that Burr was unable to let the organization go through some necessary processes of formalization. They claimed that he failed to understand basic details, such as which routes were profitable and which were not. He was unable to let go of job rotation strategies, which were initially successful but eventually resulted in serious problems. He resisted the continually expressed need for more management and direction. The critics argued that Burr failed, in the end, because this man of vision had limited vision.

In the present context I would translate the statement to say that Don Burr could not balance competing values. He was a victim of his strengths, and in the end, he was trapped in the negative zone.

Burr understood how to create excellence: how to introduce challenge: how to get people to pursue a new vision and to experience synergy. But he did not understand the last phase of the cycle. He could not comprehend the necessity for equilibrium. This required a paradoxical understanding of organization and management.

Given the story of Don Burr, one might begin to conclude that entrepreneurial managers are doomed when the formalization crisis comes and that it is impossible for them to make the shift. But this is not true. Some managers are indeed able to master the competing demands of the transformational cycle. Let us turn to a successful case.

*Bill Gates of Microsoft.* Microsoft is the second largest software company in the world. Run by Bill Gates, who is still in his early thirties, Microsoft has been best known for its widely used MS DOS system. But, in 1987 Gates was successful in convincing IBM to adopt its newest product, called Windows, for use in IBM’s new line of personal computers. Upon completion of the agreement, analysts began to predict that within twelve months Microsoft would become the largest software company in the world.

In many ways, Gates, like Burr,
The Irresponsible Country Club
In this quadrant, human relations criteria are emphasized to the point of encouraging laxity and negligence. Discussion and participation, good in themselves, are carried to inappropriate lengths. Commitment, morale, and human development turn into extreme permissiveness and uncontrolled individualism. Here, administrators are concerned only with employees, to the exclusion of the task.

The Frozen Bureaucracy
Here, there is too much concern with internal processes. The organization becomes atrophied as a result of excessive measurement and documentation; it becomes a system of red tape. Controll measures, documentation, and computation turn into procedural sterility and trivial rigor. Everything is "by the book." The emphasis on stability, control, and continuity lead to the blind perpetuation of habits and traditions. Procedures are followed because "we've always done it this way"; there is no room for trying something new.

The Tumultuous Anarchy
Here there is so much emphasis on open systems criteria of effectiveness that disruption and discontinuity result. Emphasis on insight, innovation, and change turn into premature responsiveness and disastrous experimentation. Concern for external support, resource acquisition, and growth turn into political expediency and unprincipled opportunism. Here, administrators are concerned only with having a competitive advantage and show no interest in continuity and control of the work flow.

The Oppressive Sweat Shop
In this quadrant, there is too much emphasis on the criteria of effectiveness, associated with the rational goal model. Effort, productivity, and emphasis on profit or impact of service turn into perpetual exertion and human exhaustion. Here, we see symptoms of burnout. Concern for goal clarification, authority, and decisiveness turn into an emphasis on strict regulation and blind dogma. There is no room for individual differences; the boss has the final say.
Jack Matson used to be a regular engineering professor. Then one day, while playing tennis, he literally was struck by lightning. Now, he is teaching university students about failure as a way of encouraging them to be entrepreneurs.

The transition from "regular" engineer to innovative, unorthodox teacher has a lot to do with that lightning bolt.

Matson, an associate professor in civil and environmental engineering at the University of Houston, is the 1988-89 winner of the Zell-Lurie Fellowship Competition in teaching entrepreneurship at the University of Michigan Business School. Samuel Zell and Robert Lurie, Chicago-based real estate investors, entrepreneurs, corporate financiers, and acquisition specialists, established the $25,000 prize four years ago to encourage entrepreneurial tendencies in business students.

In 1988, the competition was opened to all professors in every four-year college in the United States and Canada, except for those on business faculties. Matson won with his proposal to teach a course he titled "Failure 101." In his proposal he stated, "No issue is more important to the entrepreneur than failure."

Jack Matson insists he started out his career as "a regular engineer and a regular engineering professor." But around age 40, he felt he had
achieved what he set out to do and experienced what he called "an emptiness."

That's when lightning struck. He was playing tennis as storm clouds brewed overhead, but didn't want to stop the game until it started raining. Before that happened, however, a bolt of lightning struck him in the head. He was not injured, picked himself up off the court, and walked away.

Later, when he thought about the experience, he said he felt psychologically dead. "I kept asking myself things like who am I and what is it all about," he said. "I found out later what I was going through was a classic mid-life crisis, but I had to decide what to do with the second part of my life."

Matson started examining alternative ways to teach, and was particularly influenced by psychologist Carl Rogers' book Freedom to Learn. "I flip-flopped the way I was teaching," he said. "My classes became more project-oriented, with no exams, and I became more of a friend to my students."

At the same time, the University of Houston decreed that each major discipline must develop a knowledge integration course for its seniors. Matson got the assignment for engineering.

During the summer before his new assignment began, Matson embarked on his own study of creativity. "I decided to have the class oriented toward creativity," he said. "But I was still learning, and the first class was a complete flop. I thought if I pushed the right button, the students would be creative.

"I came to realize I had to force them to undergo psychological changes. They had to de-program themselves from learning on an intellectual level to learning on an emotional, intuitive level. One semester, the students staged a mock trial accusing me of impersonating an engineering professor. I tried to plead not guilty by reason of insanity, but I was convicted anyway."

Matson had been teaching the class for three years, with one of his students winning a National Science Foundation award for creativity in engineering, when he heard about the Zell-Lurie Competition.

"When I read the announcement,
"I propose to develop a classroom atmosphere in which failure is stimulated, accelerated, and rewarded. Risk and fail, risk and fail, risk and fail, and eventually risk and succeed."

I had the feeling this was written for me," he said.

An article in an airplane magazine on the Tom Peters' book, *Thriving on Chaos*, inspired Matson to develop his proposal for the competition in terms of teaching about failure.

"Students need to learn how to fail and how to rebound at a high rate," he wrote. "I propose to develop a classroom atmosphere in which failure is stimulated, accelerated, and rewarded. Risk and fail, risk and fail, and eventually risk and succeed.

Matson proposed the class as an experiment, with the students as "test tubes for the experiment." The hypotheses being tested are that students in a classroom environment can learn about risk and failure, as important aspects of innovation, and can profit from the experience.

"Failure 101" will have three components. During the first stage, the students will be subjected to a series of rapid-fire psychological techniques designed to expose their creative side. The first day, said Matson, there will be a pop quiz requiring each student to give the most outlandish laugh he or she can come up with in front of the others. This is intended to break down their inhibitions.

Matson calls it "playful humiliation. I want a classroom stressing innovation, where students are willing to take risks. It will have a playful atmosphere, with lots of laughter and students who know each other well."

He will use other techniques designed to generate ideas such as brainstorming, visual connections, and guided fantasy, and the class will look at a series of videotapes on how innovation occurs and how creative people work.

In the second stage, the students will study different ventures, both those in the real world and small, creative plans they come up with themselves, and develop what Matson calls a Risk/Failure/Success Index.

"This will be a tool for measuring the failure or success of an entrepreneurial activity," he said. "They should get a handle on what is important and realize how frequently entrepreneurship is simply experimenting."

The index should become more and more refined as the students become more creative, brainstorm with each other, steal ideas from each other, and analyze each others' ideas. Then they will set up an actual, functioning business to test not only their model of a successful venture, but also their creativity and what they have absorbed.

The last phase will be a final examination, probably in the form of a video tape, which documents their accomplishments as entrepreneurs and illustrates the changes in their thought processes during the class.

"I don't expect anyone to go through the class without failure," he said. "Failure is such a part of our life. It gets our attention. We learn from dealing with failure."

Matson himself expects to experience failures teaching the class. "If I don't, I'm not stretching myself, going beyond safe limits," he said. He may even start up a business of his own right along with his students, and let them grade him.

And he expects a certain amount of discontent. "There will be two or three students who will go to the dean and say, 'this guy should be committed,' " he said.

Matson is no stranger to controversy. While working as head of the task force on environmental problems for Houston mayoral candidate Kathryn J. Whitmire, he discovered that the city's water source was becoming highly polluted because of unrestricted development.

Whitmire won the election, but refused to alienate the developers by addressing the pollution problem. Matson, frustrated, went public and found a receptive city councilman who joined forces with him.

"To make it an issue, it had to be creatively developed," Matson said. "We had to develop the perception of a crisis and get it solved before the crisis actually evolved, because then it almost would be too late. Over a four-year period, the lake got cleaned up."

Just like the pollution problem, Matson would like to see creativity in the curriculum before a crisis in the business community develops.

"Business is struggling in the area of innovation now. Generally, academia lags behind the real world, but this class is on the leading edge. We'll get innovation into the academic curriculum before we get the call from the businessmen."

"I know it will take years for this kind of class to become a respectable activity. It will be interesting to watch this. Something different will be going on."

There is an old saying that lightning doesn't strike the same place twice, and maybe it doesn't. But with Jack Matson around, it might be a good idea to keep those lightning rods polished and handy.
When American companies negotiate with the Japanese, "The whole thing is jello until the very end," say some veteran U.S. negotiators. In other words, Japanese negotiators will do a lot of stalling, take a much longer time to come to an agreement than Americans are used to, and see the contract holistically rather than settling one item and going on to another. When they do come to a consensus, everything will fall into place at once.

A group of U.S. businessmen learned that lesson and many more recently as part of the first seminar on "Negotiating with the Japanese" at the Michigan Business School Executive Education Center.

The two-day seminar was developed by the U-M East Asia Business Program, which is affiliated with The Michigan Business School, to help American businessmen become more competitive and confident when dealing with their Japanese counterparts. It will be offered again in September, December, and March, and is a regular part of the Business School's Executive Education curriculum.

Seminar leaders included Vladimir Pucik, assistant professor of international business at the Business School; John Campbell, associate professor of political science and project director of the East Asia Business Program; and Edward Hartfield, executive director of the national Center for Dispute Settlement.

A highlight of the seminar was a mock negotiation session, with Japanese MBA students taking the role of Japanese businessmen. They came complete with their three-piece suits, briefcases, and determination to get the best deal possible for their firm. For the Americans, it was a chance to put into practice the principles they had learned.

Even though the session was only role play, the tension was real, and both sides showed signs of the stereotypes each expected of the other. "I was surprised at how real the frustration was," said one U.S. participant. "Every time we got to a hard point, they made it a soft point."

Another said he was surprised by all the small talk at the beginning — the Japanese team members took several minutes to ask how the Americans liked Tokyo, if they had seen the sights, if they had played golf, how the cost of playing golf in Japan compared with the cost in America. He said he was just anxious to "sit down and get going."

The Japanese students, for their part, said they were surprised by the American ingenuity and creativity, and remarked that they immediately were put into a defensive position. They said the Americans threw two or three or four questions at them at once, and communication was difficult because they had to respond to so much questioning.

Both sides noted that Americans
had problems handling the Japanese technique of initiating long silences. When the Japanese team simply folded their arms and sat back at the table without saying anything, the Americans started talking more. American team members also resorted to chatter among themselves when the Japanese broke into a caucus at the table in their native Japanese. The Americans should have been watching the dynamics of the caucus and determining which Japanese team member had the most influence.

But these were all things the participants had been warned would happen as they were instructed in the art of negotiating with the Japanese. Their first lesson was that the main problem for American negotiators is the failure to make adequate preparation.

"Most information Americans have about the Japanese culture is wrong, trivial, or over-simplified," said John Campbell, associate professor of political science and project director of the East Asia Business Program.

While Americans are individually oriented and believe the best ideas grow out of a clash of opinions ending in a coalition, the Japanese are extremely group oriented. In Japan, the firm is an organism, a being more real than the individuals who make it up. And while the individual Japanese businessman is very ambitious, the only way to get ahead is through the group. This gives negotiations added weight. "The survival of individuals is to a large degree dependent on what's happening in their company," said Pucik, a leading expert on Japanese business systems. "The Japanese with whom you are negotiating have a bigger stake in the process than you do.

"In Japan, once people join a company, that's it. If they are going to win, they win with these people. They know that whatever they do, they will have to live with it, they will pay the consequences. There is no escape from the contract they negotiate, so the stakes are higher and the emotional involvement is higher."

The primacy of the group also means that unlike Americans who relish debate and legal haggling, social relations are the ultimate reality, and harmony — not upholding principles — is the goal. Therefore, the opening stage of negotiations will take a while, probably a long while. In addition to the ceremonial opening with formal speeches by the CEO, the Japanese team will spend a lot of time getting to know the Americans across the table. They also will invite their American counterparts out to the Japanese nightspots after the formal sessions, to wine them and dine them and evaluate them in a social setting.

"Americans try to rush the opening stage and Japanese resist," said Hartfield, who also is project director of the Michigan Labor Management Partnership Project. "The Japanese will learn about the U.S. businessmen and find out how they hold their liquor. "The Japanese do not like negotiations. The process is not very interesting to them. They will move to the middle stage of proposal exchange only when they feel ready. First, they have to get to know you and establish a relationship. They get to the serious negotiations when it feels right."

In terms of the actual contract resulting from the negotiations, Campbell said it will be a "relational contract, more like a marriage than a one-night stand. The Japanese may lose some competitive edge, but they have a solid commitment." Getting to know the people with whom they will be making this marriage is an essential step for the American team. This means more than just learning their counterparts' names and proper form of address, spending time away from the table socializing in the Tokyo nightspots or playing golf together, although these are important elements in building a relationship.

More seriously, it means finding out how influential each of the negotiating team members is and how much responsibility each has in the firm. Pucik explained that a Japanese businessman's university affiliation and the cohort of men with whom he graduated are important bits of information to know. They are the principal frame of reference for the first 20 years of a businessman's career, providing advice, communication links with competing firms, and a standard against which to be measured.

Knowing which cohort your Japanese team members belong to, which cohort they are a part of within their own firms, and who are their cohort leaders, gives you a good idea of their power.

Pucik added that in Japanese firms, there are shadow titles which have virtually no meaning. These
executives have little or no power. However, there is a group with parallel titles that possess real clout. He said a good way to distinguish between the two is to see their respective offices. Those with no responsibility have an office where they spend their time. The ones with power may have an office for show, or just a desk grouped with many other desks, but be constantly working and on the move. Other clues indicating an individual’s power level include where his desk is positioned in a larger office and even what kind of chair or desk he has.

Negotiating team members with little power are often the ones who speak fluent English and are assigned to keep you happy or feeling secure. While they can’t influence the team’s decisions, Pucik said they can be a good source of information for you. You simply have to figure out who is who and how they can help you.

When you do get what seems to be agreement on an item, Hartfield said you should not mistake a Japanese "yes" for an American "yes." A Japanese "yes" simply means, "I hear you," "I am listening." "I understand," or "The question is correct." It may mean "Yes, I agree to that if the entire contract is approved," but it does not mean unconditional agreement.

Because the Japanese company leader makes the ultimate decision on the negotiations, the members of the team can’t give the kind of commitments American negotiation teams expect. "You have to differentiate between a consensus and a consultation," said Pucik. "What the boss says, goes. He listens to the team members, but makes the ultimate decisions. It isn’t necessarily a consensus. When the Japanese are in a stalling pattern, they will tell you they need a consensus. But when the boss decides, they move fast."

Other tips seminar participants learned include:

— Arrange to have a proper introduction to your Japanese counterparts. This can be arranged through Japanese banks, trading companies, accounting firms, American law firms, or other business contacts you may have established in the country.

— Select your own interpreter, and brief him thoroughly on your industry and firm.

— Do not include your attorney on the team. Japanese consider attorneys symbolic of the difficult side of negotiations, and not conducive to building a good relationship.

— Even though it may be costly, the more team members you can bring to negotiations, the better. It impresses the Japanese and increases the chances for informal negotiating.

— Your CEO should not be on the team, but present only during the opening and ending ceremonies.

— Even though the Japanese will be caucusing at the table, they can do this freely because few Americans are fluent in Japanese. Americans should never do this, because some, if not all, of the Japanese know English. "Conduct yourself with a great deal of discretion, both in the way you talk and the way you act," advised Hartfield.

Above all, strive to establish personal relationships, and be prepared. Be willing to spend two or three weeks in small talk, show that you are sincere in reaching agreement and emphasizing the positive.

"Most information Americans have about Japanese culture is wrong, trivial, or oversimplified."

"In terms of your personal integrity, you get one chance," said Hartfield. "If your reputation goes down, it is nearly impossible to recover. Or if you already have a good reputation, this can really help you.

"Understand who you are dealing with, what stage you are at, and who they have to get their authority from, or you will be spinning your wheels.

"For every one negotiation that is successful, 25 fail. Preparation is the key. Often Americans don't do this. We are lazy. When we do prepare our arguments, we come armed with facts, logic, and data, but these don't rule the day when dealing with the Japanese. But we don't examine the other side — who they are, what do they want, where they are coming from.

"Most American firms prepare as if they were writing a trial brief. They get frustrated when the Japanese team doesn’t keel over and accept it. This is not effective with the Japanese. Most negotiations never break down over facts. The process is not logical and won't be resolved in that manner. People don't change their mind — BOOM — but over a period of time or after a series of events. Have people on your team who expect and are prepared to take time."

Fall, 1988/DIVIDEND
Marc Bomze, BBA '53, Makes a "TT had all the corporate perks — a
big staff, a fancy office, a nice
JL car, a big home in the Detroit
suburbs. But as I look back, I see
that I was isolated; I delegated a lot
of authority and specialized mostly
in labor negotiations. I would never
go back.

"Being in retail is like a breath of
fresh air. Meeting people every day
makes business personal; you can
kid around with your customers and
really get to know them. I know 600
or 700 of my customers by name.
It's a joy to come to work every day."

Marc Bomze, BBA '53, is
reflecting on the differences
between his current position, as
president of a retail video outlet
and duplicating lab in a California
coastal town, and his previous
job, owner of a Detroit janitorial
company that cleaned Cobo Hall
for many years. In a way, his expe­
rience mirrors the U.S. economy, in
which entrepreneurship and small
business have supplied growth in the
wake of corporate retrenchments. His
successful Detroit firm, Michigan
Maintenance Company, was a victim
of the early 1980's pressures that led
to many bankruptcies.

"When the recession hit Detroit, we
were unprepared," he says. "We had
high overhead and, in 1982, we lost
our contract to clean Cobo Hall, which
we depended on to cover costs." Marc's
company avoided bankruptcy, but he
was forced, in August of 1982, to sell
it for a low price. "It was better to get
something than to go bankrupt," he
says from behind a cluttered desk at
the back of his retail video outlet
in sunny South Laguna Beach,
California.

Marc's sojourn in the janitorial
contracting business began in 1955,
when he went from the army to the
family business, then called the
Michigan Building Janitorial Service
Company. "I didn't really have a
choice. I was an only child and my
father and mother expected me to
follow them in the business they had
built." Marc's adoptive father had
come from Poland at the turn of the
century and became a window washer
in New York. From there, he moved
to Detroit and founded and built the
firm he named the Michigan
Building Janitorial Service Company.

When Marc joined the company, it
was, he says, a case study on "How
Not to Run a Business." Day-to-day
affairs were managed by a husband-
wife team who were vice-president/
general manager and office manager
of the company. There was no outside
accounting or auditing and, Marc
discovered, the couple had been
milking the company for years. "The
company was technically bankrupt,
with profit margins of about 1
percent," he remembers. As Marc
began to poke around, the couple
quit. In 1958, Marc took over the
business when his father suffered a
debilitating stroke. He hired an
accountant as a second-in-command,
a man he says was a second father to
him and taught him about finance. In
1961, the company was renamed the
Michigan Maintenance Company,
and bid successfully on the contract to
clean Cobo Hall.

"The Cobo Hall bid was tough
because it was so low that we just
broke even on it. We chose to break even on the 365 days a year of work the contract gave us and made our money on an exclusive contract to clean up after trade shows." The strategy worked and the company was profitable for a long time, until the fateful day when it lost the Cobo Hall contract to an associate of Detroit Mayor Coleman Young. Marc saw the writing on the wall, sold the company, and looked to start over again.

He is not sorry to have left the cleaning business. Organized labor had placed many constraints and burdens on him, and important contracts could be lost at the whim of a city official. "I left Detroit, in part, to get away from union oversight," he says. In retrospect, Marc wishes he had gone on for his MBA, which he feels would have given him more skills to adapt to his firm's changing environment. "One never knows what the business holds," he says.

With the money from the 1982 sale of Michigan Maintenance, Marc looked for another business in which to invest. "I wanted to own my own small business, rather than return to the corporate world. I had had a good life and a security blanket, but you see how quickly that can disappear." He and his former wife, a psychotherapist, also wanted to be closer to their three children on the West Coast.

An ad in the Wall Street Journal for a video lab franchise caught Marc's attention. As an award-winning photography hobbyist, he thought he could learn the business readily. He already had been transferring home movies to video and wanted to make a living at his hobby. For $50,000 he bought a video lab and 200 video rental tapes under the impression that he would make a mint. For his location, he chose South Laguna Beach — a sleepy seaside town a couple of hours south of Los Angeles. Marc looked at many sites before he found a building with a falling ceiling that had been vacant for five years. "By that time, I was running out of money; this had to be it," he recalls. He signed the lease and looked for the landlord to repair the ceiling, only to discover that the landlord was in jail. He had the ceiling repaired himself. "I was a babe-in-the-woods," he says with a grin. Despite not having taken any marketing classes, which he now regrets, this instinctive choice of locations proved to be a good one. "I lucked out; there is no danger of competitors moving into this area," he says. Marc also made a good instinctive choice in selecting a red-and-white color scheme for the store — it attracts the eye of the passing motorist. The business is now established and successful.

The first year of business was, says Marc, "hard and gray. We were undercapitalized and I used to wake up sweating. I had to make it and, by working seven days a week, I did." The key to success in his business, Marc believes, is buying the right movies to build a regular customer base. "The video business is just like owning a movie theater; if nobody likes a movie, you're stuck. Part of my job is to follow films and pick the right ones," he says. Unlike some other outlets, Marc does not focus on just a few hits. He has discovered that his customers will rent a variety of movies, not just the new blockbusters. "Video stores have high mortality because of price-cutting. That is not the way to succeed in this business," he says.

Marc prices his rentals so that he can break even on 22 rentals for a title, significantly below the industry average. Revenues from his membership club and blank tape sales provide regular revenues, too. He also has a PC data base of 2,000 regular customers, which he uses for special promotions and other marketing efforts. With the success of his business, he can work less and enjoy life more. He has four part-time employees, and a hobby as a folk singer. He also has found time to study classical guitar. Though his income is less than it was in Detroit, he likes his new life better.

On reflection, Marc is certain he "got scammed" on the lab sale. He believes that the California state symbol should be a shark, "because there are a lot of sharks out here ready to grab your money. Two hundred titles is not enough; you need at least 1,000 to open a video store," he says. He now has 2,000 titles in stock, displayed so that a browser in the store's sunny front room sees the front of the cassette box, not just the spine and title.

The lab has turned out to be a small part of his business; Marc finds transferring film to video boring and tedious. Video rentals and blank tape sales supply most of his revenues.

His memories of a Michigan business education? "I took a general management curriculum with lots of non-business arts classes; I wanted a broad education. These have helped me to appreciate the arts and human psychology, and to succeed in this business."
AIDS: Politics and Science

By June E. Osborn, M.D.

Editor's Note: This article is excerpted from the 21st annual McNally lecture, delivered by Dr. June Osborn last spring at the Business School. Dr. Osborn, Dean of the U-M School of Public Health, is a national authority on AIDS. She was a member of the National Academy of Sciences/Institute of Medicine Task Force on AIDS in 1986, and has served in a variety of advisory roles on the AIDS epidemic to several federal agencies and private foundations, as well as to the World Health Organization.

f w ^ here is an ancient Chinese curse which I presume I was reserved for special enemies: "May you live in interesting times!" We have been well and truly cursed, for the times are monumentally interesting. In fact, as I tell you today about a new pathogenic microbe called the human immunodeficiency virus, about the disease it causes called acquired immunodeficiency syndrome or AIDS, and about the distortion it has already etched on the face of our world, I believe you will come to agree with me that AIDS will have an impact of epic proportions on human history.

The disease AIDS was first recognized in 1981, and yet in just seven years since then, in the United States alone, 57,000 people have been stricken and over 30,000 have died. Most of them were young men and women in the prime of their lives, and many were trained and talented individuals whose creativity was approaching its zenith. Hundreds of thousands more will soon follow them down a dreadful road to an unpeaceful death, for well over a million others are already harboring the virus of AIDS in its long, quiet, latent state, and we believe that more than half of those infected persons will ultimately become mortally ill as a consequence of their infection.

The projected magnitude of the AIDS epidemic makes it an extraordinarily important matter for politicians to address; and yet as political problems go it is hard to imagine how things could be worse: just look at the array of potent emotional issues which interfere with efforts at derivation of thoughtful policies and programs!

To list just a few of those confounding elements: the AIDS epidemic has stimulated an astonishingly virulent homophobia. It thrives on illicit drug use and begs politically awkward questions as to the merits of methadone maintenance and facilitation of needle access. It comes on the heels of a strident anti-drug campaign which did not address treatment but rather wrapped users and pushers and entrepreneurs alike in the same cloak of hostile rejection. It has uncovered ugly evidence that the world has not changed with respect to prostitution and the unflagging double standard that perpetuates it as a profession. And almost worst of all, it speaks aloud the forbidden name of bisexuality and proves unwelcome evidence of its universality across the myriad human cultures that are struggling to maintain their identity in our pluralistic society.

While America is at the epicenter of the epidemic, in other parts of the world the pace of its progress is quickening and there is probably not a country left on earth where seeds of the new pestilence have not been sown: it is a global problem and will never again be gone! The world changed with the appearance of the virus of AIDS: a new microbiological bomb has been detonated in our midst, and, like the advent of Hiroshima, the human immunodeficiency virus is a fact of life now for the whole human family and we must learn to deal with it for the sake of our children's children.

I am eager to impress upon you at the outset the uniqueness of these events in human history, for not only can we exert considerable control over the future scope of the AIDS problem by what we do now, but there is an historic opportunity to respond wisely and well, with measures that will have social benefit far beyond their direct impact on the epidemic.

There are two distinctly new
and historic elements to the AIDS epidemic: one, of course, is the virus itself and the dreadful diseases it initiates. The other is a happier feature — that is the fact that its arrival was mercifully postponed until appropriate scientific weaponry was "at the ready": molecular biology, virology and immunology were developed in the nick of time!

The saga of the scientific race for understanding was truly exciting. The epidemiologists did their job so well that a warning to protect the blood supply was set forth only 18 months after the first AIDS cases were reported, and the human immunodeficiency virus itself was discovered in Paris just two years into the recognized epidemic, followed quickly by independent confirmation of the causative virus in two U.S. labs. Never has science moved so swiftly, dramatically — and carefully.

The problem isn’t with the scientists — it is intrinsic to the new virus itself, for it weaves its genetic message into the chromosomes of the human cell as an initial infecting step, thus establishing a sanctuary where it can and does hide in perpetuity, out of reach of vaccines and drugs alike. It is a patient enemy, too — it lies silent for years before its presence becomes known even to the infected person; indeed, we now realize that the average incubation period may be as long as 10 years and that those first few cases of AIDS in 1981 were like light coming from a star — emanations of an ongoing epidemic process that had in fact started years before.

Had AIDS appeared twenty years earlier we would have been hard-pressed even to recognize the virus, and we surely would have lacked the ability to understand the mechanisms of its deadly disease consequences, much less to intervene with the drugs and preventive strategies presently at hand. For the first time in human history, our comprehension in the face of a novel plague is sufficiently advanced that we can know our enemy and do some valid strategic planning. In fact, we know enough to teach people how to avoid the virus of AIDS by personal decision-making about behavior.

We know that this virus can only be spread by a few well-defined means — by sexual intercourse or birth or the injection of substantial amounts of blood. The American blood supply has been secured with remarkable efficiency and speed, so that only voluntary, consensual behavior remains to be dealt with, and education becomes our chief and most powerful weapon. That merciful fact of the epidemic means we can stand clear of the destructive effects of personal fear and are in a position to respond with compassion to those caught in its path. Better still, we can design public health strategies tailored to the special features of this virus which could abort the epidemic through systematic education for prevention! The knowledge of how to avoid the virus is a more potent weapon than any vaccine will ever be.

However, there is a simplistic tendency on the part of some policymakers to ignore the new, distinctive features of the AIDS epidemic in an uncritical attempt to invoke archaic public health strategies that were designed in earlier times for application to other microbes. Perhaps worst of all, many of the public policy proposals generate heat and drain precious energy from the problems at hand and are based on stark unrealism: quarantine, for instance, or mandatory screening of large groups at low risk — or even efforts at compulsory screening of subpopulations perceived to be at high risk — would not only be extravagantly wasteful but also would have truly detrimental effects on public health goals, driving underground those persons we most need to reach for counseling and future care.

For example, despite vigorous public health warnings about the unwisdom of mandatory antibody screening of low risk populations, on January 1 of this year the state of Illinois embarked on a program that requires proof that HIV antibody testing has been done at the time of application for a marriage license. The results were immediate: a 60% drop in applications for marriage licenses. The cost charged in the private sector was $50-70 per test, leading to an overwhelming inundation which forced the closing of facilities at Cook County Hospital that previously had served the counseling and testing needs of persons at genuinely high risk. As a yield for that degree of perturbation Illinois had identified only one seropositive person when last I heard.

Just before the Illinois statute came into being, a group at the Harvard School of Public Health had published a formal analysis of the costs and benefits of premarital screening programs were they to be undertaken nationwide. Using
carefully drawn assumptions based on data or on conservative estimates, they concluded that in one year, of the million or more silently infected individuals in the U.S., only 1,200 would be identified under such a program; furthermore, until laborious confirmatory tests were completed, nearly ten times that many would be falsely labeled as positive even though they were uninfected; and the annual cost would exceed $100,000,000.

As a legitimate use of the antibody test, the U.S. blood supply has been appropriately secured against the AIDS threat at an additional cost of $60,000,000 a year — but in the frenzied thinking of the moment, there is serious talk of adding tests for another virus called HTLV-1 which so rarely does harm even when it infects that there would be $12,000,000 spent for each case of disease prevented through screening. And when the very first person with HIV-2 infection was identified in New Jersey recently — infected in her home country in West Africa, no threat to anyone, and going home — a cry went up to screen the blood supply for that virus as well!

Some of these proposals border on the irrational — common sense abandoned, cost/benefit analysis made a mockery, a technology run amuck. They illustrate another distinctive 20th century syndrome — if a high tech capability exists, it seems that it must be used even in the face of common sense.

Don't misunderstand me: testing can be very useful in the context of counseling, confidentiality, and anonymity if desired by the participant; and rather than fishing in the wrong bay while frightening off our preferred catch, we should be expanding our capabilities to offer such options to worried persons who have recognized potential behavioral risk.

I have waited til now to fill in some numbers, for I have concluded that, in matters of compassion, numbers truly numb. To overcome that effect for myself, I try to translate the data into terms of someone's sons and daughters, nieces and uncles, loved ones and friends; I think if we were all to do that systematically, the directions needed in public policy would become much clearer.

As of now, not quite 7 years after the first cases were reported, there have been over 57,000 cases of AIDS in the U.S. — very nearly the same number as there were deaths in the entire Vietnam War. An additional 100,000 or more are sick with earlier or different manifestations of the AIDS virus infection, and try as they may, the Reagan Administration cannot reduce the estimate of the number of asymptomatic, infected persons below 1 million.

The AIDS case distribution tells a story — but one needs to keep in mind that it is an out-of-date story reflecting the early years, when the epidemic got its start in the relative insularity of the gay community and the subterranean world of IV drug use. There are 92% men and 8% women. Just over 70% of those who are already sick with AIDS are gay men; there is some overlap of IV drug-using gay men in the drug-use risk category, which could therefore account for fully 25% of the AIDS cases in the U.S. thus far. Furthermore, 70% of the women and 80% of the children currently ill with AIDS have intravenous drug use as a direct and indirect source of their infection.

As you know, blood and blood products contributed to the epidemic before the advent of the blood screening test, but never accounted for more than 2% of cases of AIDS, and those sources of infection have been brought under control to an impressive extent. Four percent of cases clearly result from heterosexual intercourse per se. Some still want to argue that that is an insignificant number; but the epidemic has only just started and already the absolute number of U.S. cases of AIDS resulting from heterosexual intercourse is greater than the total number of AIDS cases in almost every other country in the world. Finally, of the few percent for whom "no identifiable risk" was found, a recent, thorough reevaluation produced only a handful of cases for whom the source of virus was truly obscure and virtually all of those could be reasonably ascribed to heterosexual spread.

Those are the U.S. numbers, and there are some dramatic negative features I should point out — categories where AIDS isn't but would be expected by now if casual transmission worked. There are not clusters of health care workers; nor are there co-workers; nor are there friends or family members who have cared lovingly for dying AIDS patients. Nor are there adolescent children even from mosquito-ridden areas like Florida or New Jersey. Not a single case has been identified in which a health care worker transferred the virus of AIDS to a patient under his or her care. As to the risk to health care workers, in the entire 7 years of the epidemic, only 26 health care workers throughout the world are even thought to have been infected in the line of duty, and all but four of those represent major accidents through puncture wounds or breaches of pre-existing infection control guidelines. To give you a useful perspective on that number — 26 over 7 years worldwide — in the U.S. last year alone, over 400 health care workers lost their lives from employment-related causes of whom 200 died of hepatitis B and 19 of electrocution.

What am I getting at? Simply put, the virus of AIDS is a veritable wimp when it comes to transmission. There are over 1,300 health care workers who have stuck themselves with needles or trochars straight out of AIDS patients and yet have not become infected! It is crucial to all of our subsequent discussion of politics and policy that you understand these numbers well, for it is the distinctively restricted transmissibility of the virus of AIDS that should govern our approach to sound public health policy. It is a strategic error to say, "There is no evidence that the virus of AIDS is spread by casual contact," in fact, it is far more accurate to say, "There is strong evidence that it cannot be spread by casual contact."

The human immunodeficiency virus is totally dependent for its propagation on very private, voluntary, consensual behavior — sexual intercourse or the sharing of
we have a very real opportunity to behavior modification. Indeed, that education for prevention and use of illicit drugs. Given that fact, vaccines are likely to be a decade or more away, and curative drugs are unlikely ever to provide a realistic alternative to prevention.

I have told you about the present numbers in the U.S. epidemic, but they are modest by comparison with what is coming. By 1991, there will be a quarter of a million Americans dead or dying of AIDS. Most of them will suffer from the bizarre tumors and opportunistic infections that have been recognized as the hallmark of virus-induced immune deficiency, and even so it will take them many months of gradually failing health to die. But worse yet, as many as 30% will also have a syndrome of neurologic disease that results from direct HIV invasion of the brain and often takes the form of a dementia. For those of you with sad experience with Alzheimer's disease in elderly parents or loved ones, the specter of an analogous syndrome developing in hundreds of thousands of young adults is a vivid and fairly accurate way of envisioning the challenge to health care we must face before the century is out.

From the military screening program which tests all volunteers, there were reports nearly two years ago that the male-female ratio was shifting — rather than the 10:2 male dominance that characterizes actual cases of AIDS, the ratio of infected men to infected women nationally was 3:1; and in New York City there was near-equality, with 16% of men and 13% of women volunteers for the military testing positive. These numbers have held steady in subsequent years, prompting the Administration to claim some "slackening" of the rate of spread. I dispute that interpretation since the grapevine quickly spreads the word that volunteers who tested positive were being sent home without counseling or care; and in view of that, well-meaning persons at military testing centers have been counseling kids to get tested before they try to volunteer.

What the numbers do mean is that some combination of heterosexual behavior and IV drug use is serving to sustain the epidemic and to change its future shape. A recent study of blood samples taken from everybody born in New York during a two-month interval in late 1987 revealed that 1 in every 61 was positive for HIV antibody. While only 30-50% of those babies will themselves prove to be infected, their mothers' HIV infection condemns them to an uncertain future at best, often confined to hospital cribs as "boarder babies" destined to live out their developmental years in a world of white.

Studies of sexually transmitted disease clinic populations are even more grim. As many as 3% are seropositive in some studies, echoing the epidemiologic association seen in other parts of the world: that other sexually transmitted diseases may enhance the ease with which the virus of AIDS spreads. And worst of all, the predominance of involvement of minority and disadvantaged populations in the U.S. epidemic increases in every category of risk. For Blacks and Hispanics, there is a greater than two-fold risk; 80% of women and 90% of children in the U.S. epidemic are either Black or Hispanic. AIDS is rapidly assuming its dreadful place high on the list of blights of the developing underclass of U.S. society.

"I think the most hidden thing we've learned about in this epidemic so far is bi-sexuality, and we've discovered that that is worldwide. It exists in every culture I've had occasion to learn about so far and in every culture it's unspoken."

W ell, then, what are we to do? First and foremost on my activist agenda is a national program to inform the public. The epidemiologic information already at hand is sufficient to abort further spread of the virus, and it should be deployed in campaigns of public education with all the cleverness usually applied to the introduction of new products into a competitive market. That won't be easy, for the public is far more literate in science fiction than in science; but that just means we will have to be very patient and thorough in delivering our messages. At the community level, persons whose behavior puts them at special risk of virus infection must be told of their danger in language they can understand and help must be made available to amend risky practices.

Most compelling of all, we should be talking earnestly and openly with our children to alert them to the new and present danger. The awareness of this new threat should become as much a part of their "second nature" as is the meaning of red, amber, and green traffic signals, for this new reason for caution in behavioral decisions will always be with them. After all, adolescence is by definition a time of experimentation, prior to the definitive adoption of so-called "life styles." Some of the experiments have turned deadly — teenage dynamite with a seven- or ten-year fuse that could blast their definitive hopes after memories of adolescence have all but disappeared.

We lack the capacity to modulate our health care responses, and will need to expand or create institutions to provide expert outpatient care for those who can continue productive function; home care for those whose needs are minimal but whose energies are no longer sufficient to cope fully with the demands of daily living; long-term care for those whose illness is advanced or in whom dementia has taken a heavy toll; and hospice care for those who have nearly reached the end of the dreadful road and should be helped to die with dignity.

As to policies in the workplace, our science can serve us well. There is no
rational basis for co-worker concern about contagion, and it has been the experience of a number of major employers that systematic, anticipatory programs of employee education about AIDS served an important role in preventing panic when the disease appeared in their ranks. Conversely, in situations where AIDS has struck without warning and when dismissal was the first strategy grasped to assure fearful coworkers of stricken employees, the lawyers have been the only winners.

Where safety is at issue, or the ability to perform jobs at a requisite level of skill or competence must be assured, proficiency testing is usually in place already, and is entirely appropriate. Recently, an alarm went up that perhaps the neurologic disease known to set in with AIDS might begin early, perhaps even during the long asymptomatic stage; the rumor seemed to lend a new rationale to antibody testing. Indeed, SAS Airlines announced precipitously that they were going to screen all their pilots for HIV antibody in order to assure — and I quote — "100% safety."

In view of the potential for renewed panic that lay in such claims, the World Health Organization held a consultation last month in which I was privileged to participate, to review all the data — published and nearing publication — to see what basis underlay the concern about subtle neurologic or psychologic malfunction. As it turned out, there were a couple of very large and careful studies — including one from the U.S. Air Force — which had addressed the question specifically and had failed to demonstrate even a slight excess for neuropsychologic disability in asymptomatic HIV-infected persons when compared to controls. In the course of the discussion it became clear that, even were there a slight increase, it would contribute less than 1% of the hazard posed by alcohol in any safety-related industry; and that performance testing — not HIV screening — was the proper outlet for such concerns if industry cared to re-examine present policies.

The World Health Organization will shortly issue a consensus statement summarizing that consultation, which is a nice illustration not only of the exceptionally useful role that WHO is playing in the development of public policy, but also of the main theme of this discussion — that data exist with which rational public policy can be drawn, if only we will use them. In fact, we have abundant data on which to base our policies, and it makes no sense to have invested so deeply in biomedical science only to ignore or reject its messages out of preconception or anachronistic habit.

**Q. and A.**

**Question:** Can you tell us anything positive about developments on the medical front?

**Answer:** The most positive thing is that the transmission of the virus has stopped in the highest risk communities, through education. That's very exciting, because it means the virus really is a terribly poor transmitter.

As to people already ill with AIDS: the drug AZT is a very positive thing for somebody who already has AIDS in the sense that it may buy a bit of a reprieve. People do go on dying of AIDS but they may have some months of restored vigor and an ability to return to work and to attend personal relationships, buying a little time. I can't be excited about AZT in public health terms, though, because you must know that it's a very toxic drug. Only about half the people who try can stay on even a modest dose of AZT; for the other half it's simply not tolerable.

Insofar as vaccines are concerned, we had a conference at the National Academy of Sciences in December to review everything that had been done with vaccines thus far, and in the most literal sense, we are back to the drawing board. Every obvious route had been tried and no matter what the strategy nothing worked, including products created with the help of so-called genetic engineering.

I personally am extremely pessimistic about vaccines even in the longer haul. They don't have much of a place in the American AIDS epidemic; even if one had a perfect vaccine in hand, avoidance of the virus through behavior modification would be a lot better strategy than immunization for the vast majority of people.

Internationally, however, vaccine efforts are terribly important. I didn't have time today to talk about the international epidemic, but there are countries where 20-30 percent of urban populations are infected so there really are some horrors coming internationally. In certain African countries, the virus is hitting the advantaged class — those people who were looked on as future leaders — disproportionately. So, there are places where a vaccine is going to be very critical, or places where the blood supply can't be secured the way we did ours. So, I don't want to minimize the potential usefulness of a vaccine; but I don't think it's wise to be overly hopeful about it, because we have ten years' worth of hard work with "low technology" to go before high tech can help us in those regards. So, prevention! One comes back all the time to prevention; and since one can avoid the virus, prevention becomes an exceptionally attractive strategy.

**Question:** What is the private sector doing to approach some of the problems brought about by AIDS?

**Answer:** I think that some of the private sector industries have shown us another very exciting and encouraging approach by going straight at the problem, which is public fear, and dealing with it in an anticipatory way through industry-based educational programs. There have been some heartening stories of workplace support for individuals who developed AIDS in that informed corporate environment. By averted panic, such companies also averted the disruptions, firings, and suits that happen in the face of fear; but furthermore, the co-workers turned out to be a major part of the support system that's needed to help a person with AIDS maintain as
much function as possible during the gradual decline. I personally think help may come from the private sector's recognition of all these facets—the compelling nature of the data that say that there is no co-worker risk, the compelling cost benefit analysis that says that by anticipation and early education, you can avoid panic and be very helpful to affected workers as they live out their time. You also may have noticed not too long ago that thirty major American corporations signed a declaration to try to be supportive and constructive in their response to AIDS rather than trying to hound people out of their corporate environment. In summary, I feel that industry may be the helping hand we need in this country.

So far as insurance issues are concerned, that is where we need to be working very hard very quickly. The insurance industry will tell you quite accurately that they cannot be expected to deal with this without alteration in the present structure of health insurance and the strategies with which we deal with costs of health care in this country. It is a mixture of systems, very much employment related and not adapted to forty-year-olds suddenly up and dying in an 18-month period of a very sustained and costly illness. AIDS is just not what the system has been designed for.

Question: Why did it take so long to dispel the myth that AIDS could only be spread by homosexual contact?

Answer: I think there's a remarkable level of homophobic that we're dealing with, and I'm afraid that at least initially the slow response did have something to do with that in terms of public policy.

As to heterosexual spread, it still accounts for a small minority of U.S. AIDS cases, but it definitely occurs, which means it's everybody's business. It also means that a lot of people with very private behaviors have got to think hard about them. I think the most hidden thing we've learned about in the epidemic so far is bisexuality, and we've discovered that that is worldwide. It exists in every culture I have had occasion to learn about so far, and in every culture it's unspoken. I think it would be more likely for somebody to stand up and say, "I experimented with illegal drugs recently and got away with it," than it would be to say, "I had a bisexual experience." So, we're dealing with something that threatens to lay bare the kinds of things that people don't even say aloud to themselves, much less other people. And, I think that has, again in a funny kind of negative way, distorted the issue of heterosexual spread. Thousands of people are becoming ill, but nobody wants to think about how they became infected. They prefer to sustain a continuing myth that one can get infected other ways. When somebody is pretending not to have multiple sexual partners, it's very convenient to have mosquitos out there, just in case.

The Failure of Success: How Good Becomes Bad
Continued from page 6

is the stereotypical entrepreneur. He is a technical genius with a burning mission. He feels a drive to bring the power of computing to the masses. His company is marked by considerable flexibility and excitement. The median age of the work force is thirty-one. People work long days, with Gates himself setting the example with an early morning to midnight routine. There are frequent picnics, programmers set their own hours, dress is casual, and the turnover rate is less than 10 percent.

The company has grown rapidly. From 1980 to 1981, Gates watched his company go from 80 to 125 employees and saw profits double to $16 million. The market value of the company now exceeds $2 billion. Given our earlier cases, all these indicators would lead us to worry about Gates and his ability to meet the demands for formalization.

In fact, however, Gates has already faced the formalization crisis and has come off well. What were the keys to this success? First, he made a very significant decision to bring in professional managers and to focus his own energies on technology. He seemed to grasp an important paradox that eludes most entrepreneurs: to have power means one must give up power. Maintaining a primary focus on technology, however, does not mean that he has abandoned the tasks of leadership. Instead, he has taken the time to learn the principles of law, marketing, distribution, and accounting, and apply them in his work. He also has the paradoxical capacity of simultaneously caring and being tough. For example, dissatisfied with the performance of Microsoft's president, Gates removed him from office after only one year. But not long after, Gates was invited to be the best man at the wedding of the former president.

Staying in the Positive Zone

Perhaps the best summary of Gates and his abilities comes from one of his colleagues: "Bill Gates is very good at evaluating situations as they change." This, of course, is a key characteristic for staying in the positive zone.

The diagram has some important implications for management. It suggests that managers need to stay in the positive zone, that is, they need to pursue the seemingly "competing" positive values in the middle circle while also being careful to stay out of the external negative zone. They must maintain a dynamic, creative tension. Over time they must, like Bill Gates, be able to frame and reframe, that is, to move from one set of competing values to another. They must develop the skills and cognitive outlook that will allow them to become masters of management.

This is a radically different theory of management from those now current. It suggests that managers must continually change and balance opposites and that they must have a complex and dynamic theory of behavior. To pursue some single set of values, as implied in most of the existing theories of management, is both unrealistic and potentially dangerous. A master of management must be able to understand and work with deep change.
Entrepreneurship: Bane or Blessing?

By Kathy Hulik

Entrepreneurship may be neither the savior nor destroyer of American industry, but its role is the subject of a vigorous debate currently going on between scholars, in new books, and in the popular press. Looking specifically at the semiconductor industry, critics such as MIT's Charles H. Ferguson charge that the typical pattern of entrepreneurs leaving established companies to form small, start-up firms weakens the economy. Ferguson argues that these small enterprises fragment the industry, wound the larger companies, cannot compete in a global market especially against the Japanese, and become a source of technical innovation to their competitors. He advocates "long-term collective action and large domestic investments — in education, in reforming government procurement and tax policies, in R&D, and capital formation," to correct the situation.

Proponents of entrepreneurship, most notably conservative economist George Gilder, declare that the entrepreneur remains the driving force of economic growth in the U.S. The venture capital system, he says, bypasses high capital costs by targeting funds, releases energies often stagnant in large companies, and fosters a diffusion of technology that compensates for the lack of national coordination. "The power of entrepreneurs using distributed information technology grows far faster than the power of vast institutions attempting to bring information technology to heel," he argues.

Gilder presents his views in the March-April 1988 Harvard Business Review, with Ferguson stating his case in the May-June issue. In order to help our readers understand the debate more clearly, we present two Michigan Business School faculty members, C. K. Prahalad and Vladimir Pucik. Their remarks provide an additional lens through which to view the controversy as they point out what they see as deeper problems within the American industrial system.
It's a futile debate," said C. K. Prahalad, professor of corporate strategy and international business. However, he believes the controversy ultimately could force the American business world to re-examine the value added by its senior management.

Prahalad, who has spent the past three years researching innovation in U.S. and European multinational companies, agrees with Charles H. Ferguson that a small firm should not be the only source of innovation. "Size is not the issue," Prahalad said.

"The real problem is managerial practices," he said. "The real question is how do we leverage corporate resources, given that innovation is one aspect of that leveraging."

Prahalad said it is well documented that the small, high tech companies that made Silicon Valley a household word seldom become very large. Because their focus is narrow, they grow to a point and then either die or are taken over by a larger company.

"We increasingly are realizing that small companies can't exploit their good ideas in a world-wide economy," he said. "You can't succeed on technology alone. You have to create an infrastructure for exploiting that technology on a global basis. Global marketing makes the difference."

In the debate over entrepreneurship, he said, we are confusing invention — the discovery of something entirely new — with innovation, which he defined as getting the commercial potential out of invention, of creating, and exploiting a market opportunity.

Secondly, he argued, large companies have the infrastructure to create and expand markets.

"How do we create the environment to get larger companies to innovate?" he asked. "In the United States, we have the attitude that big companies can't innovate, yet we forget that others also are changing, and doing it twice as fast."

"For years, the Japanese have been talking of California as 'The rice and technology farm of Japan for the future,'" he said. "This is not necessarily all bad. If you are a rice farmer, you get rich. There is plenty of room for ambitious American entrepreneurs and innovators to make a lot of money."

The question is not entrepreneurship per se, but the structure of American entrepreneurship, Pucik said. "You can present the argument that there is a reward system for those who leave large organizations. The incentive system exists for people to quit, start their own company, and sell out to the highest bidder."

This is not unusual, Pucik maintained. American industry has been on an acquisition binge for some time, but in the past this was not a concern because it was American firms acquiring the new technology. The same pattern often occurred — the innovator sold out to a large company, he was proclaimed a hero, but the merger often
that they are so bureaucratic they can't foster an entrepreneurial drive.

"The real debate should be what are the organizational orthodoxies in a large company that act as blockages to innovation. The challenge for management is how to conceive of an organization as consisting of bundles of resources and how to combine those resources creatively to develop new business opportunities.

"This controversy over the need for entrepreneurship may force us to come to terms with the issue of the value added by senior management. Can senior management re-deploy resources and talent, while protecting the company's core competencies and creating an atmosphere for innovation?

"If top management cannot accomplish those things, we may not need it."

From his studies of innovation within large companies, Prahalad and colleagues Yves Doz and Reinhard Angelmar have developed a number of suggestions for the top managers in large companies to follow if they wish to foster innovation.

They advise that management must be sensitive to the need for both differentiating the entrepreneurial venture from the company's core competencies and for recognizing its interdependence with the existing business. The new venture's spot on the continuum between these two opposite poles will shift over time as the new innovation develops. Management must be responsive to these changes, view the progress from a number of perspectives, and treat the project appropriately as it moves along.

Management should allow flexible resource allocation channels to exist so that resources can flow in various ways. This helps sustain multiple perspectives on the new venture, and also allows corporate, business unit, and individual innovation and entrepreneurship.

The personal risks and rewards involved in innovation should be managed carefully so that they are divided into well-defined subsets which can be accepted by individuals. Lastly, managers should mix their approaches to overseeing and coordinating the efforts of individuals and groups.

"The above agenda requires active management," writes Prahalad and his colleagues. "Without direct top management action, the above conditions are unlikely to endure in a large, complex firm."


was unsuccessful because the acquired firm did not fit into the larger corporate culture.

"The issue now is that foreigners are coming in," Pucik said. "In a sense it is a dilemma because it creates question marks around the myth of Yankee ingenuity and the right to be innovative. We always have believed that we are smarter than anyone else, and even if we have to change or improve, we ultimately will win."

"However, there are certain structural imperatives that come into play even if you are smarter, and just being smarter might not be enough this time. This is a disquieting thought for many people."

The key, he said, is to stimulate innovation in the established organizations, but he is not optimistic that will happen any time soon. "We have a dismal record of reacting to things with the speed and urgency required."

"We are very inward looking. We congratulate ourselves on how we are changing in areas like quality and cost control, but we forget that others also are changing, and doing it twice as fast."

The concept of "intrapreneurship," where large companies promote innovation by allowing employees to start little companies within the mother firm, is still the exception, he said.

"The established system is not very good at promoting intrapreneurship," he said. "New product innovation is a complex process. Often large companies will try to measure the contribution of each participant, set up phantom stocks, and so on. The problem is when you try to play with the incentive system to encourage innovation, the process loses its spontaneity.

"The true entrepreneur isn't interested in measuring how the process is done, but in getting the product out and making a profit."

Pucik said the debate over the role of entrepreneurship isn't going to go away. "The problems which promoted it have been happening for years," he said.

In the meantime, Pucik said it is difficult to judge what the long-term effect on American industry will be. "It's hard to argue either way, that what is happening is good or bad. You can construct economic models that show it's both, depending on the assumptions you make when you build the model.

"However, my gut feeling is that the competitive decline of major U.S. corporations is not a healthy thing for the American economy. The new entrepreneurial firms, while individually successful, as a group may not be able to fill the emerging technological gap."
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.

AACSB Elects Dean Gilbert R. Whitaker, Jr., Vice President/President-Elect

The American Assembly of Collegiate Schools of Business (AACSB) has elected Dean Gilbert R. Whitaker, Jr., vice president/president-elect.

Whitaker will serve as vice president during the 1988-89 academic term, and will take over the presidency from Robert K. Jaedicke, dean of the Graduate School of Business at Stanford University, for the 1989-90 term.

The AACSB is the professional organization and accrediting agency for collegiate business education in the United States. The non-profit organization consists of more than 800 educational institutions and corporations devoted to the improvement of higher education in business administration and management.

Whitaker, who officially assumed his duties following the organization’s annual meeting in April, has been involved in several AACSB committees over the years, including the visitation, continuing accreditation, standards and accreditation research committees, as well as serving on the Editorial Review Board and the Graduate Management Admission Council Liaison Committee.

He is a member of the AACSB board of directors and Executive Committee, and served as chair of the organization’s Projects and Services Management Committee.

In addition to the new AACSB post, Whitaker holds directorships with several corporations and organizations, including Johnson Controls Inc., Comerica Inc. and Comerica Bank-Detroit, the Washington Campus Program, and the Consortium for Graduate Study in Management.

Real Estate Forum is Scheduled Oct. 7 & 8

A panel on emerging trends in real estate will be the highlight of the second Real Estate Forum, to be held at the Business School, Oct. 7 and 8.

The Forum will begin Oct. 7 with a buffet lunch, followed by a networking session for alumni and students. Participants will be introduced and asked to discuss their current positions and the problems and opportunities facing them in the industry. Peter T. Allen, MBA ’74, adjunct professor at the Business School, and president of Peter T. Allen & Associates, will moderate.

Guest of honor at the dinner meeting that evening will be Dennis R. Capozza, who will join the Business School faculty in January, 1989 as the Stephen M. Ross Professor of Real Estate and professor of finance.

On Saturday morning, there will be a panel discussion on emerging trends in real estate which will be moderated by Stephen M. Ross, BBA ’62, president of The Related Companies. Panelists will include: Roslyn B. Payne, BBA ’68, president of Jackson Street Partners, Ltd.; Arthur P. Solomon, managing director of Drexel Burnham Lambert; and Nancy G. Zak, M.Arch. ’78, MBA ’79, vice president, First Fidelity Mortgage Corporation.

Deadline for reservations for the Real Estate Forum is Sept. 23, and should be made with the Alumni

Red Carpet Rolls Out for Alumni Nov. 5th at the B School

Come back to old Ann Arbor town on November 4th and 5th for our annual Alumni Weekend.

The festivities will start Nov. 4th with a "Welcome Back" bus tour of the campus, followed by the Business School Reunion dinner at the Executive Residence, with seating arranged by class year.

The Saturday Morning at the Business School program will discuss "The Quality Movement in American Industry." Panel members will be R. Eugene Goodson, group vice president and general manager, Johnson Controls; Edward E. Hagenlocker, vice president and general manager, Truck Operations, Ford Motor Co.; and B. Joseph White, Ph.D. ’75, associate dean of the Business School and former vice-president, personnel and public affairs at Cummins Engine Company, Inc.

The panel will be followed by a tailgate party at the Business School portico, and from there alumni will go to the U of M vs. Minnesota football game.
Kresge Library Receives Gift of Real Estate Materials & Adds Three New Databases

A core collection of 75 Urban Land Institute books in the area of real estate have been given to Kresge Library through the generosity of Don Chisholm, Ann Arbor real estate developer and lecturer in real estate, and the Urban Land Institute (ULI) Adopt-A-Library program. This gift has made a substantial increase in the Library's real estate holdings.

The ULI Adopt-A-Library program allows interested donors to contribute a core collection of ULI publications to the library of their choice. The ULI is an independent, non-profit education and research organization dedicated to improving the quality of land use planning and standards of development.

Three new on-line databases are now available for searching by reference staff at the Library for Business School students, faculty, and staff. They are:

- **M. & A. Filings** includes abstracts of every merger and acquisition transaction released by the SEC since early 1985. Purchases, leveraged buyouts, and tender offers are covered. This database is particularly useful to monitor merger and acquisition activities of a particular industry or company.

- **Newspaper Abstracts** contains abstracts of articles in 19 newspapers, including the *New York Times*, *Wall Street Journal*, *Chicago Tribune*, and the *Detroit News*. Coverage for most titles is from 1924 to date.

- **BIS Informat World Business** provides world-wide information on corporate intelligence, consumption trends, economic and political activity, and market information for 1984 to the present.

Ideas for Telecommunications & Tax Preparation Companies Win the 1988 Pryor Award

The business plan for a company based on a new use of after-market telecommunications equipment was the winner of the 1988 Pryor Award. The company intends to take advantage of the changing deregulatory environment and advances in telecommunications switching technology, according to the winning team of Michigan MBA students Karl E. Schohl, Leidy Smith, and Kurt Vielehr.

Second place in the contest was won by a business plan to establish a tax preparation company that will appeal to people not satisfied by the current tax preparation industry. It will stress convenience and modernity, and will take advantage of state-of-the-art software. Authors of this business plan are Ann E. O’Neil, Gary D. Porter, Michael Bruce Gersten, and James A. Helbig, all of whom received their MBAs this year.

The Pryor Award was created by Millard H. Pryor, who established the award with the $50,000 grant to the School as a challenge "to commit the entrepreneurial dreams of students to paper." The first-prize winners receive $3,000 and the second-prize winners $2,000.

Judges who reviewed the business plan and chose the winner included Herbert S. Amster, CEO and Chairman of the Board, Irwin Magnetic Systems, Inc.; James A. Parsons of the venture capital firm of Regional Financial Enterprises; Ian R. N. Bund, managing director of MBW Management, Inc.; Michael Gallagher of the Ann Arbor Medical Clinic; and Mary L. Campbell, partner in the Enterprise Development Fund.

Committee members who oversee the administrative activities of the Michigan Individual Entrepreneur Project and who set policy for the project include Millard Pryor; Dr. John Psarouthakis, Chairman and President of J. P. Industries, Inc.; James Filgas, professor of business administration; LaRue T. Hosmer, professor of corporate strategy; and David Brophy, associate professor of finance at The Michigan Business School. Executive director of the project is Linda Powell.

The Pryor Award competition is open to all undergraduate or graduate students who are registered during the academic year. Proposed business ventures may center on consumer or industrial products and services or real estate projects.
Elaine Didier, B School Library Head, Will Also Direct Computing Services

Elaine K. Didier, director of the Kresge Business Administration Library at the University of Michigan School of Business Administration, also will serve as director of the School’s Computing Services.

Didier has headed the Kresge Library since June 1985. She has extensive experience in both the library and computing fields, and her appointment represents an acknowledgment of the converging nature of the two information-based activities, said School Associate Dean B. Joseph White, in making the appointment.

"We believe that there are opportunities to enhance the effectiveness of both library and computing operations through better technology and information management. One of Dr. Didier's assignments will be to ensure that we are on the leading edge in identifying and implementing such changes."

Didier earned a bachelor's degree in English and a master's degree and doctorate in library and information management from the U-M. She previously headed the University's Microcomputer Education Center, was assistant director of the University's Computing Center, and was director of instructional strategy services at the schools of Education and Library Science before joining the Business School.

As an assistant professor in library science and education, she also taught library management, computer literacy, and applications of microcomputers and other new technologies.

She has been active in the American Library Association, the Michigan Library Association, and the Michigan Association for Media in Education. She recently completed a term as president of the Association for Educational Communications and Technology, an international organization with 5,000 members.

Students Honor Prof. Imhoff with 1988 Teaching Award

"He got me excited about a subject I used to hate," wrote one student, when he nominated Eugene Imhoff, Jr., Ernst & Whinney professor of accounting, for the seventh annual Student Award for Teaching Excellence. The award was presented to Professor Imhoff at the Business School Recognition ceremony on April 30.

Over and over, the student ballots nominating Imhoff spoke of his accessibility to students, his enthusiasm for his subject, and his humor in the classroom. "He brings dynamism to his subject," said one student, and another commented, "Professor Imhoff is able to bring real life examples, which are particularly relevant and interesting, into class discussion. He goes out of his way to help students outside of class and is concerned about their intellectual growth." Professor Imhoff's ability to bring the "real world" into his course was cited often by students. "He brings real-life situations to the class through the use of annual reports," said one student, and another one added, "He has a great deal of work experience that he shares with the class." Another student wrote, "Although this is the hardest class I have, it is also my favorite."

Selection of the 1988 award winner was based on student nominations, students' comments, and course evaluation scores. Previous winners have included C. K. Prahalad, professor of corporate strategy and international business; W. A. Spivey, Clare E. Griffin Distinguished Professor of Business Administration; E Brian Talbot, associate professor of operations management; David W. Wright, assistant professor of accounting; and George B. Cameron III, professor of business law, who has won the award twice.

In accepting the award, Imhoff said, "I want you to know that this award for teaching excellence means a great deal to me. It is an honor that I will forever treasure. And although I include all of my former students as intangible assets on the balance sheet of my life, you people, the graduating class of 1988, will never be amortized on my books."
Prof. Michael Bradley is appointed to the New Berg Professorship

The new Everett E. Berg Professorship of Business Administration has been filled by Michael Bradley, professor of finance. He will also serve as professor of law.

The Berg Professorship was established last year with a gift from Everett Berg, BBA '47, MBA '48.

In commenting on the appointment, Dean Gilbert R. Whitaker, Jr., said, "Dr. Bradley's most significant research contributions have been in the areas of corporate control and corporate governance, and he has had an enormous impact on the thinking and knowledge in these important and topical areas. His recent collaboration with the Law School has provided an important intellectual bridge between the Business School and the Law School."

"His research is widely cited in academic journals and Supreme Court decisions. The work has had real impact on the academic, financial, and legal communities, and on the wider communities of decision-makers in business, government, and law. He also is an outstanding teacher and faculty colleague."

Bradley joined the Business School faculty in 1981 as assistant professor and was promoted to associate professor in 1983 and to professor this year.

Martin Piszczalski has been appointed to two key international committees of the Society of Manufacturing Engineers. SME is the largest professional organization in the manufacturing field and consists of 80,000 members.


Elaine Didier completed her term as president of the Association for Education Communications and Technology, and has been selected as consulting editor for the Journal of Business and Finance Librarianship, a new quarterly published by Haworth Press.

Linda Lim chaired a panel on "The Political Economy of Industrialization in Southeast Asia," at the 40th annual meeting of the Association for Asian Studies in San Francisco, and also presented a paper "The Electronics Industry in Southeast Asia." Linda also convened, under the auspices of the Michigan Southeast Asia Business Program, a symposium on "Business in Southeast Asia: Issues in Research and Teaching."

Kiyohiko Ito (International Business Ph.D. candidate) reports that his paper "Oligopolistic Reaction and Foreign Direct Investment" with Chwo-Ming J. Yu (Michigan International Business Ph.D. 1987), has been accepted by the Journal of International Business Studies. It is Keith’s third refereed publication, together with four other conference paper presentations.

Claes Fornell has returned from his sabbatical at INSEAD and the Stockholm School of Economics. He has had the following papers accepted for publication: "A Model for Customer Complaint Management" (with Birger Wernerfelt), Marketing Science; a companion article on this topic, "Defensive Marketing Strategy by Customer Complaint Analysis: A Theoretical Analysis" (also with Birger Wernerfelt), was published in the latest issue of Journal of Marketing Research; "The Relationship Between Advertising and Product Quality Over the Product Life Cycle (with Gerard Tellis), Journal of Marketing Research; "Incorporating Prior Theory in Covariance Structure Analysis: A Bayesian Approach" (with Roland Rust), Psychometrika; "A Model and Simple Iterative Algorithm for Redundancy Analysis" (with Don Barclay and Byong-Duk Rhee), Multivariate Behavioral Research. He has also accepted invitations to serve on the editorial boards of Marketing Science and Journal of International Consumer Marketing. Claes is also a member of the editorial boards of both Journal of Marketing Research and Journal of Consumer Research.


Professor O. Issing, of the University of Wurzburg, who spent a year as a Visiting Scholar at the Business School in 1981, has been appointed to the Council of Economic Advisors of the Federal Republic of West Germany.
Faculty promotions have been approved by the Regents as follows: Victor Bernard, associate professor of accounting, to professor; Michael Bradley, associate professor of finance, to the Michael E. Berg Professor of Finance; Roger Johnson, assistant professor of operations management, to associate professor without tenure; Aneel Karnani, associate professor of corporate strategy and international business, to associate professor with tenure; Scott Masten, assistant professor of business economics and public policy, to associate professor without tenure; Kathe Stecke, associate professor of operations management, to associate professor with tenure; and Martin Zimmerman, associate professor of business economics and public policy, to professor.

Noel Tichy has been chosen by the National Association of Corporate and Professional Recruiters (NACPR) to receive their 1988 PRO Award (Professional Recruiters Ovation Award). Each year, NACPR recognizes one individual who, throughout his or her career, has made a major contribution to the development of the human resource profession. Prior recipients have included Andral E. Pearson, former CEO of PepsiCo, and Gardner Heidrick, co-founder of Heidrick & Struggles.


Michael Johnson's article "Comparability and Hierarchical Processing in Multialternative Choice" has been accepted for publication in the Journal of Consumer Research. He also presented a paper with Claes Fornell and Don Lehmann entitled "Thinking About Products: A Model of Consumers' Cognitive Representations," at the 1988 ORSA/TIMS Marketing Science Conference in Seattle, and will be presenting a talk entitled "Comparability and Hierarchical Processing: Toward a Theory of Consumer Choices," at the Marketing Workshop series at The University of Chicago's Graduate School of Business. His paper, "The Existence and Perception of Redundancy in Consumer Information Environments" (written with Jerry Katrichis) has been accepted for publication in the Journal of Consumer Policy, and his article (co-authored with David Home), "An Application of the Contrast Model of Similarity to Comparative Advertising," has been accepted for publication in Psychology and Marketing.
W. Chan Kim reports that during 1987 eight of his papers were accepted for publication. These papers, three of which are co-authored, have focused on building a dynamic theory of the multinational enterprise and developing a global diversification model and strategies for global corporations. Three of the papers will be published in Strategic Management Journal, and one in each of the following: Management Science, Sloan Management Review, Management International Review, California Management Review, and the Journal of Business Strategy. In addition, his book, The Pacific Challenge in International Business (with Philip Young), was published in the summer of 1987 (UMI), and is now in its second printing.


Kathy Stecke recently presented three FMS seminars at COMAU in Torino, Italy, and another at the Ecole Polytechnique Federale de Lausanne. In April, she organized and chaired two sessions: FMS Operating Problems and FMS Planning Problems, at the TIMS/ORSA Joint National Meeting in Washington, D.C.

Bill Cooke has had a paper accepted in Industrial Relations, "The Economic and Political Factors in Grievance Resolution" (with Dave Meyer, Ph.D. 1986). He was also one of eight selected presenters at the Third Berkeley Conference in Industrial Relations which was entitled, "Improving Productivity and Quality: Juxtaposing Relative and Collaborative Power." As Director of Research for the Joint Labor-Management Relations center (ILIR), Bill received a $55,000 research grant from the Michigan Department of Commerce for study with Sue Schurman on "Labor-Management Cooperation and Workshop Innovation."

Dallas L. Jones, professor of industrial relations, became professor emeritus this summer. He came to the Business School in 1956 from the University of Colorado, and was promoted to associate professor in 1958 and professor in 1963. He is now the executive secretary and treasurer of the National Academy of Arbitrators. In 1987, he was given the Distinguished Service Award for Arbitration of Labor-Management disputes by the American Arbitration Association. His research has focused on labor-management relations, labor negotiations, arbitrable decisions, and residency requirements for public employees, as well as procedural problems in arbitration. He has published numerous articles and several books in those areas.

Donald H. Skadden, Arthur Young Professor of Accounting, and former senior associate dean of the Business School, has been granted emeritus status by the Regents. Skadden came to the Business School in 1974, and became director of the Paton Accounting Center, and chairman of the accounting faculty from 1975-79. He was very active in professional associations, and served as president of both the American Accounting Association and the American Taxation Association. He also was on several key committees of the AICPA, and was a member of the Financial Accounting Standards Advisory Council and the Commission on Taxpayer Compliance for the American Bar Association. His research focused on tax accounting, and most recently he has been working on the underground economy and the application of large databases to tax research.
Don’t let John Ivanko’s spike-haircut fool you; he’s serious.

Ivanko is a 21-year-old marketing student from Birmingham who turned a 60-page term paper for a U-M retail management class into a downtown cafe.

The French Market Cafe, 216 S. Fourth Ave., is about as jazzy a soup-and-sandwich place to be found in Ann Arbor; it offers the jazz of the New Orleans French Quarter as accompaniment to the French beignets and cafe au lait featured on its menu.

It’s the beignets (square doughnuts covered with powdered sugar and served hot) and cafe au lait (chicory coffee blended with milk) that Ivanko says earned his term paper an "A," and now attracts customers to the cafe. "Both are something that no one else in Ann Arbor offers," Ivanko said during a recent interview.

Ivanko, whose sentences tend to be sales pitches, said he and Judith Salzburg, his partner on the research project for the Retail Management 311 class, approached the project with the idea that "rather than offering yet another yogurt or sandwich shop, we’d provide something different in atmosphere, services, and quality."

After interviewing local retailers, Ivanko and Salzburg came to the conclusion that the beignets he remembered from a New Orleans’ vacation some nine years ago might attract Ann Arborites tired of "the yogurt and croissants Ann Arbor is known for."

The two wrote their paper and got their "A." But Ivanko didn’t stop there. He convinced David Kaplan, owner of what was then Kaplan’s Cafe, to wake up and smell the cafe au lait and turn his corner restaurant into the French Market Cafe.

Salzburg decided not to join Ivanko.
and Kaplan in the venture, preferring to "climb the corporate ladder," according to Ivanko.

Ivanko said he approached Kaplan — whom he knew only from a short meeting he had with him as part of research for the paper — because "I saw an exciting opportunity to turn a 60-page paper into a real-life restaurant. It was a once-in-a-lifetime opportunity."

Kaplan, who joined the Record interview after serving several customers and announcing, "we just had our best day ever," said he was impressed with Ivanko's "stick-to-itiveness" and after several meetings decided to try Ivanko's ideas.

The two have since drawn up a contract outlining a limited partnership that puts Ivanko in charge of marketing and advertising and leaves Kaplan as owner and proprietor of the French Market Cafe. The two would become equal partners in any expansion of the cafe.

Meanwhile, Kaplan handles the cafe's day-to-day operations, and Ivanko tries to attract Ann Arbor's downtown business people to the cafe.

So far, "[the cafe] has been accepted beyond all my expectations, Ivanko said. "It's the neatest feeling when you see people coming in here with their paper and waking up with the cafe in the morning."

When asked if that feeling is good enough to keep him in Ann Arbor when he graduates with a bachelor's degree in business administration in December, Ivanko said, "it's very attractive to me," but added that he had a summer advertising internship in Chicago and is thinking about advertising as a career.

Ever the pitchman, Ivanko then credited the U-M and Ann Arbor for making his research project more than just a stack of pages. "If it weren't for the U-M and the exposure to different parts of the academic world that I've gotten here, and the willingness of Ann Arbor's business people to share their thoughts with students, this never would have happened."

Gesturing at the French Market Cafe around him, Ivanko said, "I don't know if I could have done this in a different community."
Members of the MBA class of ’28 who returned to the School this spring for their 60th reunion included (left to right, above), George D. Quelette, Stanley Ford, Richard C. Moore, Bert Wertman, Robert Briggs, and Edward Snell.

Left, Richard Moore, MBA ’28, and his wife Ruth, are pictured at the reunion of the class of ’28.
Dorrie, live in Highland Park, Michigan, and have four sons.

ROBERT D. GARDNER, BBA '47, is a stock broker with Rotan Mosle, Inc., of Houston, Texas. Robert and his wife, Lib, live in Houston, Texas, and have four children.

THELMA SCHLESINGER GORMAN, BBA '47, writes that she is a real estate broker and salesperson with the Paul Semonin Company of Louisville, Kentucky. Thelma spent 20 years as a homemaker and mother and has no regrets for the time spent in that capacity. She and her husband, William, live in Louisville, Kentucky, and have three sons.

KEITH D. JENSEN, BBA '47, has retired as vice president and Michigan district manager of Englewood Electrical Supply Company of Chicago, Illinois. Keith has been director of several small businesses in Michigan; president of the Jensen Foundation in Ann Arbor; director of the Council of Michigan Foundations; and served on church and Boy Scout boards. Keith and his wife, Kay, live in Ann Arbor, and have five children.

SIDNEY H. JOHNSON, BBA '47, now spends winters in Florida, after retiring as a CPA. Sidney and his wife, Kathryn, spend summers in Holland, Michigan.

DON T. MCKONE, BBA '47, writes that he is chairman of the board at Trinova Corporation (formerly Libbey-Owens-Ford Company) in Maumee, Ohio. Don and his wife, Pat, live in Toledo, Ohio, and have two sons, Don and Bill.

ROBERT E. MESCHKE, BBA '47, has been with the Ford Motor Company for the past 34 years, specializing in sales and financial analysis for body stampings and assemblies. He and his wife, Margaret Jane, live in Royal Oak, Michigan, and have two children, Margaret and David.

I. (F.) L. MEYER, BBA '47, has retired as assistant manager of job service with the State of Kansas. Prior to his retirement he was a construction auditor with General Electric; a traveling auditor with Coca Cola; an accountant with John Puhl Products (Sterling Drug); the owner of a wholesale drug firm; and the priest of an Episcopal Church in Kansas. He and his wife, Hazel, live in Eatontown, Georgia, and have one son, Stephen.

ROBERT E. MESCHKE, BBA '47, has been director of Michigan State University's Advanced Management Program in Troy, Mich. He took over the post in June, '88, and is the fourth director in the 2 5-year history of the Executive MBA program. This appointment follows his retirement from General Motors after a 3 3-year career in personnel and labor relations. He spent the last 10 years as the director of industrial relations for GM's Detroit Diesel Allison Division.

ALAN BUTTERWORTH, BBA '55, MBA '58, has taken early retirement from Wright State University in Dayton, Ohio, to accept a position as professor of accounting at Indiana University of Pennsylvania.
Bill's election took place. The Michigan State Association of Life Underwriters is affiliated with the 135,000-member National Association of Life Underwriters, with headquarters in Washington, D.C.

**James Glaspie, MBA '60, is President of Builts Wheel and Brake Division**

James J. Glaspie, MK & S, MBA T'0, is the new president of the Budd (company's Wheel and Brake Division.

Budd, with corporate headquarters in Iron, Mich., is a leading Mippleti to the automotive industry. Its Wheel and Brake Division is a leading producer of steel disc wheels, demountable rims, and huh-i and di inns for medium and heavy-duty trucks and nailers.

DAVID T SHELBY, MBA '62, writes that he is president/owner of KM Industries, a manufacturing firm in Chicago. David spent 18 years with Ford Motor Company, primarily in overseas operations. The following 5 years he spent with International Harvester, and then started his own business in 1985. He and his wife, Carole, live in Winnetka, Illinois, and have three children.

H. WAYNE STAVOE, MBA '62, is senior director of market and product development with Sealed Power Corporation, OTC Division, Owatonna, Minnesota. He spent 4 years with Chrysler Motors Corporation in sales, 10 years with ALCOA in sales/marketing, 5 years with Chicago Pneumatic Tool in marketing, 3 years with Stavos & Associates in marketing consulting, and 2 years with Sealed Power Corporation. He and his wife, Betty, live in Owatonna, Minnesota, and have two children, David and Terry.

CHARLES L. TINKHAM, MBA '62, is presently in charge of the branch office of E. F. Hutton in Sun City, Arizona. From 1962 to the present time he has been a stockbroker for Tucker Anthony and R. L. Day, Boston, Massachusetts; Shearson, Sun City, Arizona; and E. F. Hutton. Charles and his wife, Karen, live in Litchfield Park, Arizona, and have four children.

MICHAEL TOUMAJIAN, MBA '62, is president of Mi-T-Mart, Inc., Inglewood, California, a retail food store. Michael lives in Manhattan Beach, California, and has four children.

EDWARD H. WAHTERA, MBA '62, is a consulting partner with Arthur Andersen & Company, London, England, and has been with them for 25 years. He and his wife, Patty, have lived in Denver, Salt Lake City, Houston, and now London.

EDWARD A. WILSON, MBA '62, is executive director of the Institute of Chartered Accountants of Canada. David became a chartered accountant with Price Waterhouse in 1966; assistant professor of business at the University of Windsor in 1967, and then advanced to associate professor, professor, and chairman; and then in 1978 to his present position. He was Arthur Young distinguished lecturer in accounting at the University of Glasgow from 1985-86. He received the Rotary International Foundation Award for international understanding to participate in representing Windsor-Detroit area young business and professional men in a group study exchange with a Rotary district in Japan in 1972; was awarded Queen's Silver Jubilee Medal for hospital board and other community work; became a Rotary International Paul Harris fellow in 1978; and was elected a fellow of the Institute of Chartered Accountants of Ontario in 1979. David lives in Toronto, Canada.

FREDERICK D. WOLFE, MBA '62, is director of accounting and financial management with the U.S. General Accounting Office in Washington, D.C. He was with Arthur Andersen & Company for 23 years. He worked with Arthur Andersen & Company for 8 years in their Chicago office, spent 8 months with the State of...
R. Band Stephenson, MBA '72, is Elected CEO of Advanced Nuclear Fuels Corporation

Advanced Nuclear Fuels Corporation (ANF), a major nuclear fuel supplier to electric utilities in the United States, announced today that R. Bailey Stephenson, MSK [N'duclar 7'-], BBA '72, has been elected president and CEO of the company.

Stephenson joined ANF in 1972 as an engineer working on the Jores Nuclear Fuels development and was later involved in research and development of the Atomit Vapor Laser Isotope Separation (AVI) system. In 1977, he transferred to the reactor fuels manufacturing operation where he set up various management positions in engineering and finance.

Stephenson served in various positions as a commissioned officer in the U.S. Navy for 5 years, and worked for Admiral Rickover in the nuclear propulsion program in Washington, DC. His marketing career includes management positions at General Foods, Procter & Gamble, Hunt-Wesson Foods, and General Consumer Electronics. His advertising career includes Ogilvy & Mather, and his current position at Keye/Donna/Pearlstein. He has also done independent marketing consulting for three years. He and his wife, Beverly, live in Brea, California, and have two children, Heather and Todd.

B. KIPP FRANKLIN, BBA '67, has been promoted to vice president in the Trust Division of Provident National Bank in Philadelphia. She joined the Provident as an assistant vice president in 1984 after being a portfolio manager at Fidelity Bank in Philadelphia. Before that, she was a pension investment administrator at Union Bank in Los Angeles, a pension representative at United California Bank in Los Angeles, and an account executive at Dean Witter in Los Angeles. She is a member of the Institute of Chartered Financial Analysts.

JOSEPH L. RIES, MBA '67, is personnel specialist for the School Board of Palm Beach County, Florida. Joseph and his wife, Karen, live in West Palm Beach, Florida, and have two children, Brendan and Amanda.

PAUL H. ROHRKEMPER, BBA '67, is vice president and treasurer at the Cigna Corporation, Philadelphia, Pennsylvania. After serving as a commissioned officer in the U.S. Public Health Service, Paul joined Connecticut General in 1970 as an actuarial student in its life insurance company. He has held a variety of actuarial and financial management positions. In late 1983, he assumed his current responsibilities at Cigna.

J. E. RYERSON, JR., MBA '67, writes that he is co-owner of Ryerson Tabor Associates, an executive search firm in Tenafly, New Jersey. Jerry spent twelve and a half years in package goods marketing and a year in marketing consulting before opening his own business six years ago. He and his wife, Holly, live in Kinnelon, New Jersey, and have one child, Renee.

ROBERT L. SANDELMAN, MBA '67, is vice president/management supervisor at Keye/Donna/Pearlstein, Los Angeles, California. Robert was supply officer in the Navy for 5 years, and worked for Admiral Rickover in the nuclear propulsion program in Washington, DC. His marketing career includes management positions at General Foods, Procter & Gamble, Hunt-Wesson Foods, and General Consumer Electronics. His advertising career includes Ogilvy & Mather, and his current position at Keye/Donna/Pearlstein. He has also done independent marketing consulting for three years. He and his wife, Beverly, live in Brea, California, and have two children, Heather and Todd.

BILL SCHAUER, MBA '67, writes that he is vice president at DISC, Inc., Baltimore, Maryland. Bill spent 7V2 years with IBM, 1 year sabbatical traveling in the South Pacific and Asia, 3 years with three different Washington, D.C., based management consultants, and 8V2 years with DISC, a financial software firm. He and his wife, Laurie, live in Gambr, Maryland, and have two daughters, Elizabeth and Julie.
FRANCIS M. SCHAUER, JR., MAS ’67, is consulting actuary and employee benefit consultant at the Wyatt Company of Washington, D.C. Francis spent one year with Lincoln National, two years in the Army at the Pentagon, and 17 years with Wyatt Company. Francis and his wife, Terry, live in Washington, D.C. and have two children, Jennifer and Justin.

LAURENCE J. LEBLANC, BBA ’71, MA ’76, has been elected to the 1988 national edition of "Who's Who Among Human Services Professionals." Laurence is the founder and director of Great Lakes Career Development Center in Ann Arbor, which specializes in comprehensive career/vocational assessments. The Center merges the expertise of career guidance counselors and certified clinical psychologists to effect career selections and change. Larry is also a special needs counselor with Wayne-Westland schools.

THOMAS M. HRESKO, BBA ’72, has taken a new position as national director of sales for Coastcom, a manufacturer of T-1 voice and data multiplexers, digital access cross connects, and network control software. He is in charge of 4 regional managers and a manager of national accounts. He says sales are increasing dramatically.

TOM PICKLES, MBA ’72, is now senior vice president and management supervisor at BBDO Advertising, Los Angeles, California. For 10 years Tom worked in the Chicago area for Leo Burnett (1973-75), Needham, Harper & Steers (1976-78), and McDonald’s Corporation (1978-83), where he was director of advertising.

HOWARD RICHARDS, BBA ’72, is vice president of United Federal Savings Bank in Roseville, Minnesota.

DONALD F. SMITH, MBA ’72, has been with Ernst & Whinney in Cleveland, Ohio, since graduation, and is now a partner. He has spent his time on the audit staff specializing in manufacturing and governmental work.

STEVEN W. PERCY, MBA ’72, is manager of planning and control at BP Oil International in London. He spent four years with Babcock & Wilcox, and eleven years with BP/Standard Oil where he had eight different positions, including head of marine tanker operations, head of crude oil trading, and assistant to Standard's Chairman of the Board. He also has completed a law degree and passed the Ohio State Bar.

Please Tell Us About Yourself

We would like to hear more about alumni in Dividend, and hope you will help us in providing information about you. We'd like to know where you are working and other news about you, such as promotions, new business ventures, other 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 "Principal Smith, Editor, Dividend Magazine, Graduate School of Business Administration, University of Michigan, Ann Arbor, Michigan 48109," we would very much appreciate it.

Name:  
Business Position:  
Business Address:  

Please write below some personal or business news about yourself that we can share with other alumni.
Robert Fisher, BBA '77, is Vice-President of Finance at Warner Brothers

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s ^7 Ej RAYMOND YEE is money
- Vr position manager at Frist of
American Michigan in Portage, Michigan.
He writes that he is married to Dr.
Maureen Mackey and they are expecting
their first child in the fall.

38 Fall, 1988 / DIVIDEND
J. PARKER LAPP, MBA '78, has been named president of the Equipment Finance Group of Heller Financial, Inc. He will be responsible for overseeing all aspects of the Equipment Finance Group, which offers equipment financing under vendor programs, financing services for leasing companies and other finance companies, and financing for companies in the broadcast and other media industries. He joined the Heller organization in 1984.

JAMES C. ACHTENBERG, MBA '78, is locally for U-M representation at high
locally for U-M representation at high

offers equipment financing under vendor programs, financing services for leasing companies and other finance companies, and financing for companies in the broadcast and other media industries. He joined the Heller organization in 1984.

JAMES C. ACHTENBERG, MBA '78, is president and founder of Woodbrook Enterprises, Inc., a computer consulting and training company with three divisions: education, software services, and rentals. Seminars are aimed at the beginning and advanced user of IBM PCs. Software services currently include assistance with the full line of IBM PCs and compatibles, in addition to the UNISYS B25 series and compatibles from Convergent Technologies. Woodbrook has developed a strength and conditioning system used by the Michigan football team in addition to a complete accounting system. Jim is currently treasurer, of the Michigan Convergent Technologies Users Group.

Earl Landesman, MBA ’79, has been elected a principal of A.T. Kearney, Inc., an international consulting firm with headquarters in Chicago. He is a consultant in the automotive group, and is based in the firm’s Cleveland office, where he specializes in automotive, marketing/acquisition analysis and business strategy. Before joining Kearney in 1984, Earl was supervisor of financial studies at Chrysler Corporation. He has also worked for Ernst & Whinney as a senior accountant and for the city of Ann Arbor as a city planner. He holds a master of urban planning degree in addition to his MBA.

Steve Matioitt, BBA 73, MBA 77, is raising a drop of entrepreneurs

Steve Matioitt, BBA 73, MBA 77, has helped raise teenagers and voting adults in one of the most disadvantaged neighborhoods of the city. "So I'm trying to go into business with these kids. What I'm trying to do is work with kids who are in trouble," he says.

Steve's program, the South Bronx Entrepreneursial Education Program, began as a class in the South Bronx. The skills needed to be successful in business are taught. The students learn how to set up a business, how to sell, and how to read. They also learn about taxes and advertising. And they are taught how to read and write.

When high-street hoochers get tinned out on in the Entrepreneurship Program, Marion said that they can bring them up in a safe and controlled environment. He studied business writing, sales, and advertising. And the students learn to set up their own business.

If I inspire them, he said, I'm going to help them. If I don't, they're going to fail. So I'm going to help them.

When they learn they don't want to be unemployed or to be on welfare, then they're going to be successful. And then they're going to be able to help others.

"Main tend to put themselves at the bottom," Steve explained. "They look at their own problems, not the problems of others. They think they can do it alone."

"I asked the kids what they want. They want to be entrepreneurs. They want to be successful. They want to be independent."

"The most important thing is teaching them to be entrepreneurs. They want to be successful. They want to be independent."

Steve has taught in New York's South Bronx for six years.

"I asked the kids what they want. They want to be entrepreneurs. They want to be successful. They want to be independent."

"They want to be entrepreneurs. They want to be successful. They want to be independent."
Susan Man sell, MBA 79, is Serving Her First Term as a Legislator

Susan (Irimes Munsell is turteenth seniort her last term, is a slate legislator in the Michigan House of Representatives. Where she represents the 51st district (13 of the if) townships in Michigan. She also maintains iter own (IPA prat tit e in Livingston County. Before setting up he own prat tit e, she was <mplol>ed lot loin wars in the tas depamneni of Arthin Andersen Company. Susan has been appointed to the leadership position of assistant development and brokerage company. He now lives in Livonia, Michigan.

Adrianne Sawicki, BBA ’82, works in the tax department of Ernst & Whinney in Phoenix, Arizona.

Carie Dale Sax, BBA ’82, is the assistant vice president of Southeast Bank, N.A., a commercial real estate lending firm in Ft. Lauderdale, Florida. Carie and her husband, Spencer, live in Boca Raton, Florida, and have one child, Arielle.

Anne Schable, BBA ’82, is the assistant vice president of Town North National Bank in Texas and writes that she received her MS degree in management and administrative science from the University of Texas at Dallas in May, 1987.

Marilyn B. Schmid (Mitask), BBA ’82, is systems analyst with Chrysler Corporation, Warren, Michigan. Marilyn returned to school at Wayne State University and received her master’s in computer science in 1985. She and her husband, Kurt, live in St. Clair Shores, Michigan.

Robert Spatta, BBA ’82, is the chief financial officer with Black Mountain Spring Water in San Carlos, California. Robert was on the audit staff with Arthur Andersen in Houston from 1982-84; with Spatta Imports, Houston, Texas from 1984-86; served on the audit staff of Touche Ross & Company, San Jose, California, and from 1987 to the present is with Black Mountain Spring Water. He lives in Sunnyvale, California.

Kathryn M. Scott, BBA ’82, writes that she is an auditor with the Hertz Corporation in Princeton, New Jersey, an automobile and equipment rental business. Kathryn lives in Milwaukee, Wisconsin.

Craig A. Stack, BBA ’82, is the manager of the national accounts with CF Air Freight of Charlotte, North Carolina. He says, “Deregulation of both the air passenger and air freight industry has brought major changes to both my business and personal life in the past 5 years. Fortunately, change always means opportunity and I have been lucky that when opportunity has come knocking, I’ve been home to answer the door.” He lives in Charlotte.

Laurie Ann Stone (Roderick), BBA ’82, serves as a financial analyst for IBM in Rockville, Maryland. Laurie Ann and her husband, Michael, live in Fairfax, Virginia.

Greg Szabo, BBA ’82, writes that he is the Belgian regional financial supervisor of Dow Corning-Europe in Brussels, Belgium.

Laurence S. Tisdale, BBA ’82, is assistant vice president of The Related Companies, Inc., of New York, New York. In 1983, Laurence got his CPA and then left public accounting to join The Related Companies, where he structures public and private real estate limited partnerships which are sold through Wall Street brokerage houses.

Keith Vosburgh, BBA ’82, is second vice president of the Michigan National Bank, Farmington Hills, Michigan.

Lynda Waldeck, BBA ’82, writes that from 1983 through 1986, she was the credit administration officer for the First American Bank, and is now a housewife and mother living in Columbia, Maryland, with her husband, William, and daughter, Katie.

Susan Ward, BBA ’82, is a student at the J. L. Kellogg Graduate School of Business at Northwestern University in Evanston, Illinois, after four years in operations management and sales with the American Hospital Supply Corporation in Dallas, Boston, and Southern California.
Monroe Street Journal
Wants to Form an Alumni Editorial Board

MARK KENNEDY, MBA '83, O %JF has been elected vice president and treasurer of Federated Department Stores, Inc. He was formerly operating vice president and assistant treasurer. Mark joined Federated in Oct., 1987 from the Pillsbury Company where he had been director of corporate and international finance. Before that, he had been with Arthur Andersen & Co. in St. Paul, Minn.

DAVID FERTITTA, MBA '83, has recently been promoted to corporate manager of medical administration for American Airlines. He works at American's corporate headquarters in Dallas, Texas, and lives in Bedford, Texas, with his wife, Asako, and two-year-old son, Matthew.

TO MKEENAN,MBA '84, is A international product manager for the Personal Computer Group of Hewlett Packard. He writes that he assumed his present position in March, with responsibility for making sure that HP's personal computer products are internationalized on time, under or at budget for the world market.

Mark joined Federated in Oct., 1987 from the Pillsbury Company where he had been with Arthur Andersen & Co. international finance. Before that, he had been director of corporate and treasurer of Federated Department Stores, Inc. He was formerly operating vice president and assistant treasurer. Mark joined Federated in Oct., 1987 from the Pillsbury Company where he had been director of corporate and international finance. Before that, he had been with Arthur Andersen & Co. in St. Paul, Minn.

Deaths

DAVID M. WANGER, MBA '79, died May 5th after a long struggle with cancer. He is survived by his wife, Gail, who lives in Nanuet, New York.

JOHN W. RIEGEL, professor emeritus of industrial relations and the first director of the U-M's Bureau of Industrial Relations, died May 22. He was 93. Riegel, a national expert in personnel management, taught at Harvard University and at Miami University of Ohio before coming to the U-M in 1935 to head the then newly created Bureau of Industrial Relations.

Under his direction, the bureau inaugurated an ongoing series of conferences throughout Michigan of industrial and labor leaders, bringing the two forces together for collaboration and mutual benefit. His various publications and reports on industrial management and personnel direction made him a recognized expert in the field.

"He built up the Industrial Relations Library into one of the finest collections in that area in the nation,” said Dallas L. Jones, professor of industrial relations.

"The library was used by scholars from all over. He wrote several books and two or three were pioneer works in the field. His books were well-known and respected, and he was regarded as a very good scholar.”

In 1959, Riegel resigned as director of the bureau to devote his full time to teaching at the Business School. He was appointed professor emeritus in 1965, and continued as an adviser and consultant to a number of corporations.

Survivors include the Rev. John W. Riegel, Chaplain at the Hill School in Pottstown, Pa.; his daughters-in-law, Nicole Riegel and Marjorie Bushnell Riegel; five grandchildren and nine great grandchildren.
Members of the MBA class of 1938 who returned for their 50th reunion are pictured here. Top row, left to right, they are Wilbur K. Pierpont, Charles A. Hoffman, Robert P. Thome, Carl V. Wurster, Robert E. Halsted, and Irwin Bailey.

Bottom row, left to right: Richard H. Friermuth, Ernest A. Pederson (MBA '39), Frank H. Mason, Donald L. Weir, and Norman B. Davey.

James B. Bonner, MBA '33

Norman B. Davey, MBA '38
A highlight of the emeritus reunion at the School was the display of photographs from times past loaned to the School by the Bentley Historical Library at The University of Michigan. Here Dale C. Campbell, MBA '37 (left), and Charles A. Hoffman, MBA '38, enjoy a picture of B School faculty members playing a friendly game of poker during the 1930s at the home of Francis E. Ross. In the picture are Herbert Taggart, D. Maynard Phelps, Olin W. Blackett, Charles L. Jamison, Merwin H. Waterman, William A. Paton, and Robert G. Rodkey.

Who Says You Can't Go Home Again?

Come to our 5th Annual Alumni Weekend
Friday and Saturday, November 4th & 5th

Activities include the Business School Reunion Dinner
Friday evening, a Saturday Morning at the Business School panel discussing "The Quality Movement in American Industry," our delicious tailgate picnic at the Kresge Library portico, followed by the U-M vs. Minnesota football game.
What are the problems and opportunities that face the real estate industry today?
Come to the Real Estate Forum to explore this question.
Friday, Oct. 7 & Saturday, Oct. 8, 1988 at the Business School.

(If you have not received a brochure about this year's Forum and would like one, please call (313) 763-5775)