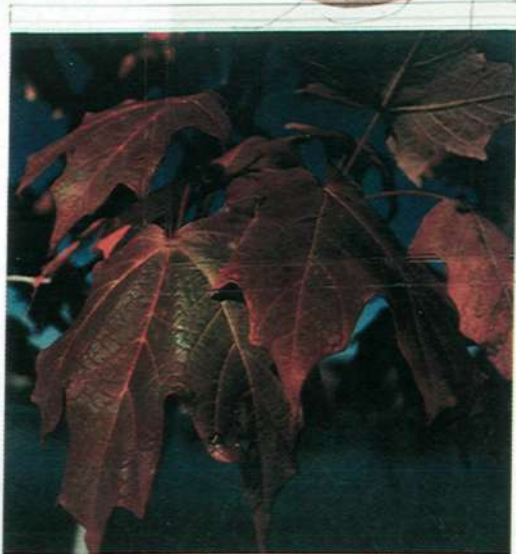


Dividend

The Magazine of the School of Business Administration

11 11
University of Michigan »

Winter 1989



*"Tree Spirit"
in the
Executive
Residence,
page 16*



THE UNIVERSITY OF MICHIGAN
SCHOOL OF BUSINESS ADMINISTRATION
ANN ARBOR, MICHIGAN 48109-1234

Gilbert R. Whitaker, Jr.
Dean
(313)764-1361

February, 1989

Dear Alumni and Friends,

Just a few weeks ago, a *Business Week* poll recognized the Michigan Business School as sixth in the nation, based on rankings of former students and corporations who recruit at the top business schools. We are proud of this recognition, while at the same time we recognize that we still need to work for continuous improvement in everything we do. However, I believe it is reasonable and appropriate to take a few *seconds* for self-congratulation before we begin with renewed vigor in our program of improvement. For more details about the *Business Week* survey, see page 25.

You probably are already aware of the Cognitive Science and Machine Intelligence Laboratory (CSMIL), an interdisciplinary organization which has its headquarters at the Business School, and which is sponsored by the Business School, the College of Engineering, and LSA. We are all very excited about a new facility to be established as part of the CSMIL program. We call it the Collaborative Technology Suite, and it has been made possible by a major grant from Arthur Andersen & Company. The facility is to be especially designed for research into collaborative work and development of software support for collaborative activities, and will contribute significantly to the business processes of group decision making and collaborative thinking.

On a personal note, we were all saddened by the death in August of Professor Philip Wernette, beloved by many generations of students, and admired as a scholar and teacher. He was for many years the editor of our *Michigan Business Review*, and worked tirelessly as a writer, government and business consultant, as well as on all manner of University Committees and faculty boards. A large crowd gathered at the First Presbyterian Church in September for a memorial service that celebrated his life, as well as expressed our sorrow at his loss.

This has been a satisfying fall for alumni activities, which have included a highly successful second Real Estate Forum and a panel discussion on Quality that was held over alumni weekend. It was good to see those of you who were able to return to Ann Arbor for that weekend, and I look forward to seeing more of you each year, both here at the School, and at various alumni events around the country.

Sincerely,

Gilbert R. Whitaker, Jr.

^^

Dividend

Volume 20, No. 1

Winter, 1989

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Faculty recruitment efforts have yielded outstanding results. On these pages, *Dividend* brings you pictures and captions about our twenty newcomers.

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Here's a Club for Students Who Love Cars 18

An impressive list of well-known names in the automotive industry came to the Business School this fall to inaugurate the founding of an automotive club.

The Real Estate Forum 20

Our second real estate forum was a big success. Here's more about what was said, both at the Saturday morning panel and the "break-out" sessions:

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Our cover features several transparencies from "Tree Spirit One" by Robert Peyser, which has just been installed in the lobby stairwell of the Executive Residence (see page 16).

Cover photograph by Larime Photographic.

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Hiring the Best and the BTightest

D. C. GOINGS



Karl E. Weick
*Rensis Likert Collegiate Professor
of Organizational Behavior
and Industrial Relations and
Professor of Psychology, LSA*

Professor Weick is viewed by his colleagues as one of this country's most influential theorists, researchers, editors, and teachers in the organizational studies field. He received his Ph.D. in psychology at Ohio State University in 1962, and since then has been associated with faculties at Purdue University, the University of Minnesota, Cornell

University, and the University of Texas, and has held three named professorships. He is also the former editor of *Administrative Science Quarterly*, the leading research journal in the field of organizational studies. Dr. Weick studies and writes about such topics as how people make sense of confusing events, the effects of stress on thinking and imagination, techniques for observing complicated events, self-fulfilling prophecies, the consequences of indeterminacy in social systems, the craft of applying social science, substitutes for rationality, determinants of effective

managerial performance, high reliability organizations, and the management of professions. His writing about these topics is collected in four books, one of which has been republished in several languages, and one of which won the 1972 Book of the Year award from the American College of Hospital Administration. He has also published more than 100 journal articles and chapters in edited volumes, and has consulted with Corning Glass, Texas Instruments, the National Science Foundation, the National Institute of Mental Health, and other companies and agencies in the public and private sector.

*Faculty recruitment efforts have yielded outstanding results,
On these pages Dividend introduces you to our twenty newcomers.*

DEAN RUSSELL



Dennis R. Capozza
*Stephen M. Ross Professor of Real
Estate and Professor of Finance*

Dennis R. Capozza is considered by experts in the field to be one of the top scholars in the U.S. and Canada who has been able to make progress in integrating the modern theory of finance and urban land economics. His fields of interest include urban land economics, business and public finance, and applied econometrics and forecasting. He received his B.A. in 1967 from the University of Pennsylvania, and his Ph.D. from Johns Hopkins University in 1971. He began his teaching career as an assistant professor at the University of Southern California, Los Angeles, in 1971, and in 1977 was promoted to associate professor. From 1978-79, he was a visiting scholar in the Housing Finance Section, Policy Development and Research at the U.S. Department of Housing and Urban Development. In 1981, he accepted a position as Professor of Commerce and Business Administration at the University of British Columbia in Vancouver, and in 1984 was named the Philip H. White Professor of Urban Land Economics at the University of British Columbia. He is a leader in the field of modeling urban markets for housing and land, and urban structure and growth, and has done much to integrate these subjects. He is a prodigious writer, and has published extensively in journals such as the *Journal of Urban Economics*, *Journal of Industrial Economics*, *American Economic Review*, and *Financial Review*.

Harry C. DeAngelo

*Professor of Finance and Director of
the J. Ira Harris Center for the Study
of Corporate Finance*

Harry DeAngelo has published extensively in the areas of corporate finance and corporate control. As the new Director of the J. Ira Harris Center for the Study of Corporate Finance, he has said that the Harris Center will undertake a corporate governance project. "It makes sense at the Michigan Business School," he says, "because of the expertise of Ira Harris, because the Center's advisory board members are major players in the market for corporate control, and because our faculty has considerable strength in the governance area." Professor DeAngelo began his professorial career at the University of Washington Graduate School of Business, then moved to the Wharton School at the University of Pennsylvania, and later joined the faculty at the William E. Simon Graduate School of Business Administration at the University of Rochester. He received his B.A. in economics in 1973 and his Ph.D. in finance in 1977 from the University of California, Los Angeles. He is currently the associate editor for the *Journal of Finance* and the *Journal of Financial Economics*. He is also a dedicated teacher who has been presented with awards for teaching at both the University of Rochester and the University of Washington. As Director of the Harris Center, DeAngelo is enthusiastic about fostering interaction between the academic community, both students and faculty, and the real-world community of finance practitioners. He has coauthored several papers with his wife, Linda, now Arthur Young Professor of Accounting, on management buyouts of publicly traded corporations, stockholder voting rights, and major corporate restructurings.



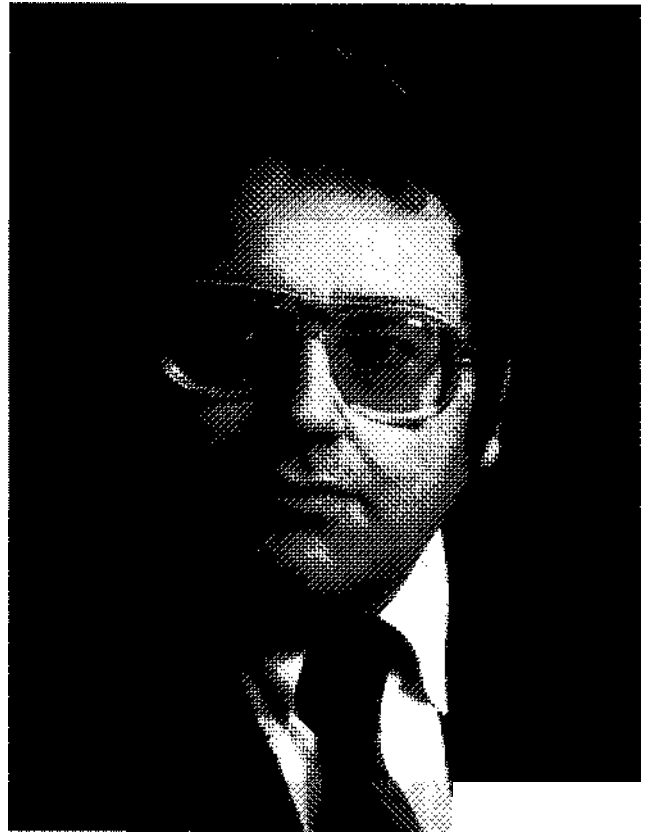
Linda E. DeAngelo,
*Professor of Accounting and Arthur
Young Professor of Accounting*

Linda DeAngelo's current work on corporate ownership and governance and her recent work on the use of accounting information in proxy fights and management buyouts are highly valued by those who study accounting issues related to the financial markets' use of accounting information and those who study the economics of auditing. She joined our faculty from the William E. Simon Graduate School of Business Administration at the University of Rochester, where she was associate professor. Before that, she was on the faculty of the Wharton School at the University of Pennsylvania. She has published in the *Journal of Accounting and Economics*, the *Financial Analysts Journal*, *The Accounting Review*, and the *Journal of Financial Economics*. In addition, she serves as associate editor for the *Journal of Accounting and Economics*. She received her undergraduate degree in voice from the University of Southern California, an M.S. degree in accounting from the University of Oregon, and a Ph.D. in accounting from the University of Washington. She and her husband, Harry C. DeAngelo, professor of finance and new director of the J. Ira Harris Center for the Study of Corporate Finance, have done important joint research on issues involving the role of proxy contests in the governance of publicly held corporations, and the effects of changes in corporate ownership structures.

Bernard Y. Yeung, assistant professor of international business, joins our faculty from the University of Alberta, where he was associate professor. He has his B.A. from the University of Western Ontario, and his MBA and Ph.D. from the University of Chicago. He also was a visiting professor in summer, 1986 at Xian Jiaotong University in Xian, China. His research interests include the development of theories in international business, and empirical tests of multinational enterprise theories. He also has a special interest in Chinese literature/philosophy and ancient Chinese economic thought.

Wayne S. DeSarbo
*Sebastian S. Kresge Professor of Marketing
and Professor of Marketing and Statistics*

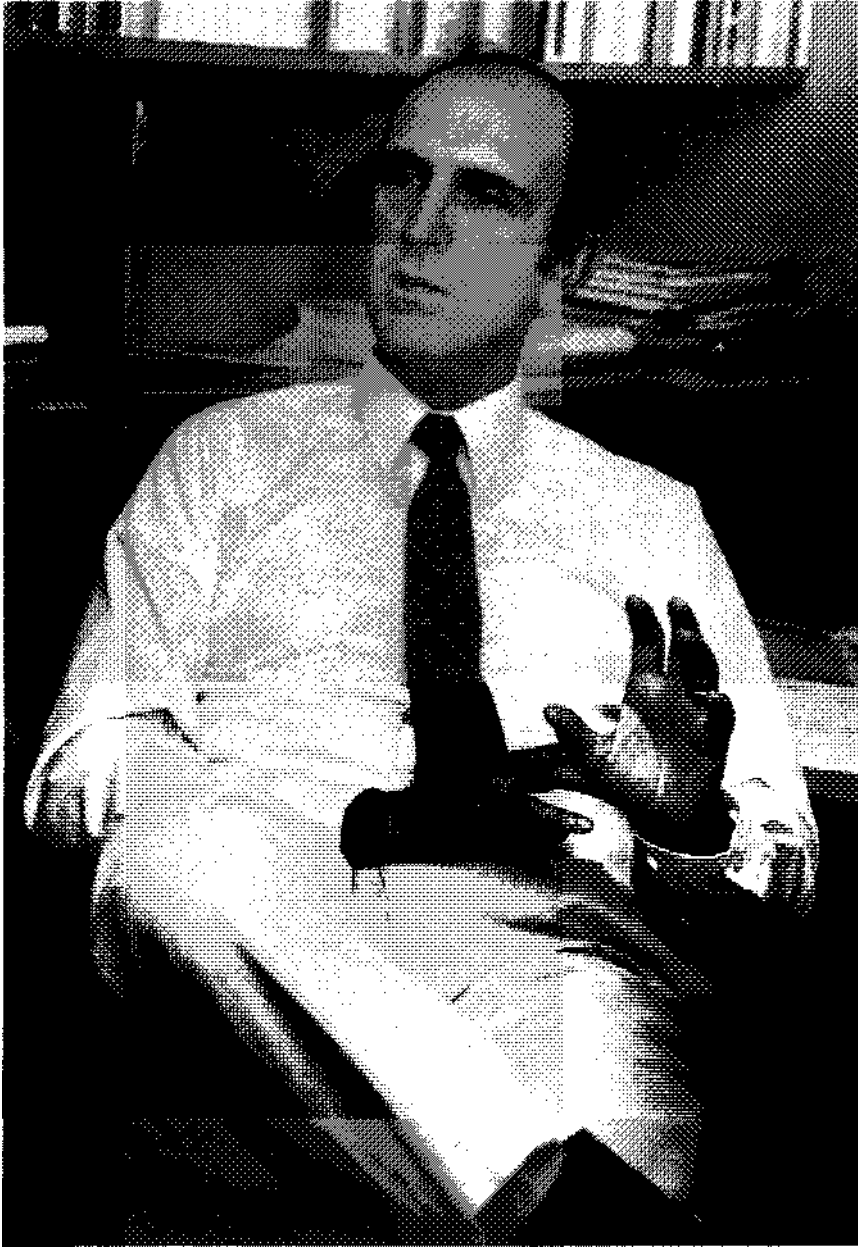
Professor DeSarbo is an innovative researcher and scholar in the field of quantitative marketing. His research focuses on the various quantitative areas of business operations and psychometrics, especially those involved in the marketing areas of segmentation, new product design, consumer choice, positioning, and strategy. He has published extensively on a wide variety of important marketing issues, and currently serves on the review staff for the *Journal of Marketing Research*, *Marketing Science*, and *Journal of Consumer Research*. He joins our faculty from Southern Methodist University, where he held the Harold Simmons Chair Distinguished Professorship in Marketing and Statistics. Before going to SMU, he was the Howard and Judy Berkowitz associate professor of marketing at the Wharton School, University of Pennsylvania. He received a B.S. in economics and an M.A. in sociology from the University of Pennsylvania in 1971. He also holds an M.A. in administrative science from Yale University and another M.A. in marketing from the University of Pennsylvania. He received his Ph.D. in marketing and statistics from the University of Pennsylvania in 1978. He has just received the 1988 Raymond B. Cattell Award, presented by the Society of Multivariate Experimental Psychology for significant contributions to the field.



Rajeev Batra
Associate Professor of Marketing

Rajeev Batra's research interests include advertising management and productivity; measurement of advertising effectiveness; and processes of emotional advertising. After receiving his B.A. in economics from the University of Delhi in 1975, he attended the Indian Institute of Management, where he was awarded a postgraduate diploma in management in 1977. He then worked as a brand manager for Chesebrough-Pond's Inc. in India for two years before attending the University of Illinois for an M.S. degree in advertising. He received his Ph.D. from Stanford University in 1984, and then went to Columbia University as an assistant professor, and was promoted to associate professor in 1987. He has published and has several articles under review in the *Journal of Consumer Research*, *Journal of Marketing Research*, *Journal of Business Research*, and the *Journal of Advertising*.





Robert Quinn

Associate Professor of Organizational Behavior and Human Resource Management

Robert Quinn's recent research on paradox and organization transition has provided much-needed conceptualization in organization change, and his work is held out as an exemplar of what serious researchers are trying to do in the organization change field. He is the author or co-author of four books and numerous journal articles dealing with organizational and managerial effectiveness and the management of change. He received his B.S. and M.S. degrees in sociology from Brigham Young University, and his Ph.D. from the University of Cincinnati. He became an assistant professor in 1974 at the State University of New York at Albany, and was promoted to associate professor in 1980 and to professor in 1987. In 1980, he founded the Institute for Government and Policy Studies at Albany, and directed that Institute for six years. His new book, "Beyond Rational Management: Mastering the Paradoxes and Competing Demands of High Performance" deals with the paradoxical dynamics that underlie mastery and excellence, and attempts to build a new comprehension of managerial effectiveness.

*Reading clockwise
from top right:*

James N. Bodurtha, Jr., assistant professor of finance and international business, was formerly an assistant professor of finance at Ohio State. He has his B.A. from Vassar and his M.Phil, and Ph.D. in finance and economics from New York University. His research interests are in international finance and financial markets.

Kathleen A. Weiss, assistant professor of finance, has her B.S. from Indiana University and her Ph.D. from the University of Florida. In 1987-88, she worked as a research economist for the Securities and Exchange Commission. Her current research activity involves work on initial public offerings and closed-end mutual funds.

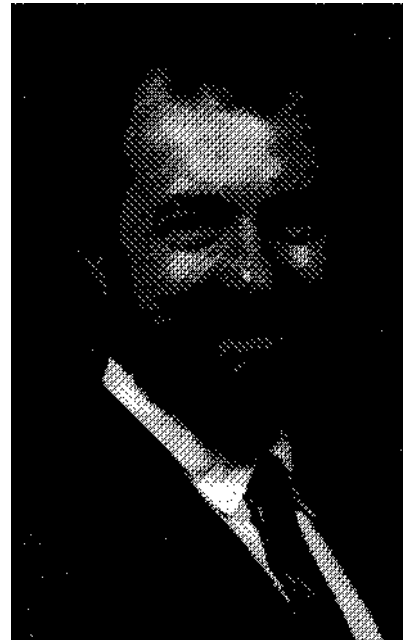
Robert E. Thomas, lecturer in business economics and business law, is interested in applied economics and law, and is currently doing research on dynamic modeling of frivolous law suits, and comparative static analysis of alternative dispute resolution mechanisms. He has his B.A. in economics from Princeton University; his J.D. from Stanford University School of Law; and is now a Ph.D. candidate at Stanford University. Before starting on his Ph.D., he worked as a practicing attorney in San Francisco.

Jeffrey E. Kottemane, assistant professor of computer and information systems, was an assistant professor at the University of Hawaii before joining our faculty. He has his B.S. (summa cum laude) and Ph.D. from the University of Arizona. He received the outstanding lecturer award at the University of Arizona three years in a row. His research interests include systems to support large-scale modeling and impacts of computer and information technology on decision-making.

ILLUSTRATION

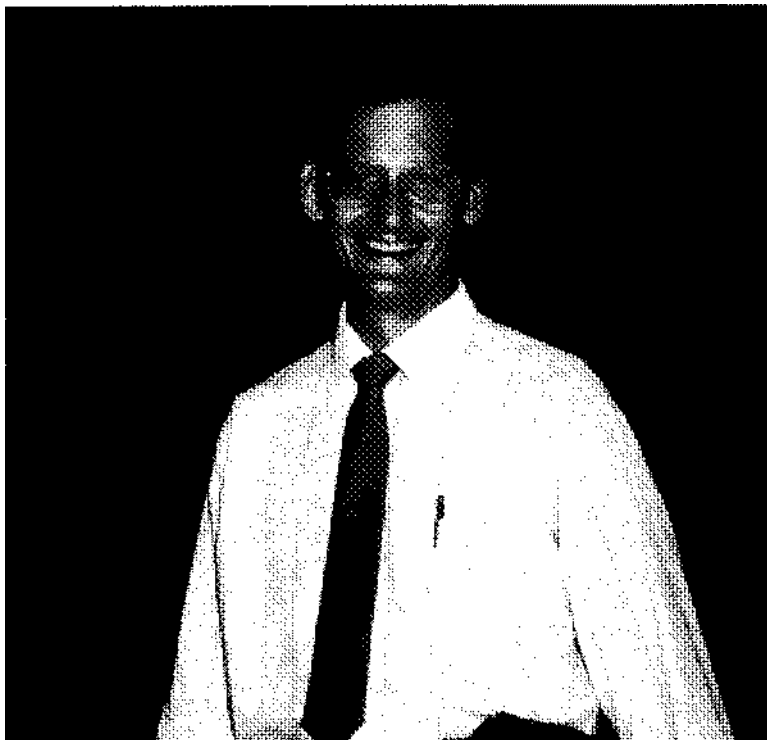


Will Mitchell, assistant professor of corporate strategy, has his BBA from Simon Fraser University, and his Ph.D. from the University of California, Berkeley. His current research interests include corporate entry and exit in evolving industries, and comparative medical equipment development in Japan and North America.





AW%J,



*Reading clockwise
from top right:*

James C. Noel, assistant professor of accounting, joined our faculty from Carnegie-Mellon University, where he was assistant professor of industrial administration. His research interests include the productive impact of cost accounting techniques; game theory and auditing; and managerial accounting and resource allocation. He received his B.S. in accounting from the University of Minnesota and the Ph.D. in accounting from Ohio State University.



Lynda J. Oswald, assistant professor of business law, received her A.B., MBA, and J.D. from The University of Michigan. While in law school, she was senior editor of the *Law Review*, and won the Young Lawyers Section of the State Bar of Michigan Writing Competition and the Ackerman Land Use Law Award. Her current research investigates compensation for business losses in eminent domain cases and valuation of business under eminent domain law.

Christine G. Papajohn, lecturer in corporate strategy received her B.A. from the University of Illinois at Urbana, and her M.A. from Stanford University, where she is now a Ph.D. candidate. She received the Stanford Economics Department Award for Excellence in Teaching in 1984. Her current research interests include competition in microelectronics, and empirical analysis of risk taking behavior of firms.

Taylor Cox, Jr., assistant professor of organizational behavior and human resource management, received his B.S. and MBA from Wayne State University and his Ph.D. from the University of Arizona. He was previously on the faculty at Duke University and the University of North Carolina at Charlotte. His research interests include manufacturing strategy/policy, and managing culturally diverse workforces.



Eugene W. Anderson, lecturer in marketing, received his B.S. and MBA from the University of Illinois, and is a Ph.D. candidate at the University of Chicago. His dissertation research was on competitive repositioning in response to increased demand for a common attribute: the case of convenience in the meat industry.

Not Pictured:

Jeffrey S. Abarbanell, lecturer in accounting, received his B.S. from the University of Illinois, and is a Ph.D. candidate at the Wharton School of Business at the University of Pennsylvania. His research interests include information acquisition in financial markets, and executive compensation.

Stephen C. Pirrong, assistant professor of business economics and public policy, received his B.A. in economics and his MBA and Ph.D. from the University of Chicago. His research interests include core theory and the organization of transport markets, and quality, wildcard and timing options in T-Bond futures.



Alumni Weekend Features



R. Eugene Goodson of Johnson Controls: "Quality improvement programs are often the sum of a thousand micro-level changes!"

What does "Quality" actually mean and why is it such a powerful force for change in the 1980s? These questions and others about quality were discussed by a distinguished panel as part of the program of the 5th Annual Business School Alumni Reunion Weekend.

Alumni and students gathered Saturday morning to hear the panel, following which they enjoyed a tailgate lunch in the Kresge portico, and then went on to the U-M — Minnesota football game.

Speakers at the Forum were B. Joseph White, associate dean at the Business School; Edward E. Hagenlocker, vice president and general manager of Ford's Truck Operations Division, and R. Eugene Goodson, group vice president and general manager of Johnson Controls' Automotive Products Division.

Associate Dean Joseph White was the first speaker. He described the quality movement as the "quiet revolution" in American industry in the 1980s and discussed changes in the accepted definition of "quality." Before 1980, he said, quality was defined as "conformance to technical specifications." More recently, firms have come to view quality as "meeting or exceeding customer standards."

Within this framework, the "customer" is the person who receives a worker's output; either the "ultimate customer" who actually purchases the product or the "internal customer" who is next in the process of producing goods/services for the consumer. Thus the "focus" of quality has broadened. It is no longer solely the responsibility of manufacturing people; now firms see that quality is "everybody's business," and that successful quality improvement programs are those that can be implemented company-wide.

White cited Ford Motor Company's transformation as an example of successful company-wide implementation of a quality program. The quality of their products has improved tremendously (compare the Pinto to the Taurus and Sable, for example) and now they are "selling like Big Macs."

How did Ford achieve this turnaround? By 1) focusing on producing cars to meet the needs of specific segments of the consumer market, 2) making quality a priority, e.g., "Quality is Job 1," 3) encouraging teamwork, 4) allowing more employee involvement in decision making, and 5) realizing that quality is a process of "continuous improvement" rather than a goal to be attained and then taken for granted. White said that Ford's increased market share illustrated his point that "consumer perception of product quality is the key to attaining market share, which is the key to maintaining a firm's profitability."

Looking ahead to the 1990s, White felt that companies will focus their efforts on continuous improvement and education. Corporate involvement in on-the-job training and public education will increase as firms realize that their employees are lacking specific job skills and, all too often, competence in the basics of reading, writing, and arithmetic.

Survival of the Fittest

Edward Hagenlocker of Ford Motor Company expanded upon White's discussion of changes at Ford. Hagenlocker explained the auto industry's stake in the "quality movement" in terms of supply and demand.

Because the industry's production capacity exceeded consumer demand by 5 or 6 million units, there began a process of Darwinian selection,

Panel Discussion on Quality

with only the "fittest" cars and firms surviving. Ford's strategy for winning this game of "economic survival of the fittest" was attaining "total quality excellence" and producing vehicles which provided "sheer pleasure" to consumers.

In the process, said Hagenlocker, they discovered that many of their production problems were rooted in "poor management of people." As the quality of their products improved, so did employee relations. For instance, a recent Ford/United Auto Workers survey revealed that 85% of Ford's workers saw a significant improvement in team spirit, and 96% felt that greater employee involvement was a major reason for the improvement in product quality. Improved human resource management, then, was an instrumental part of Ford's turnaround.

Quality Improvement: The Sum of a Thousand Small Changes

The final speaker, Gene Goodson of Johnson Controls, described the process of quality improvement in his firm. The Automotive Products Division is the world's largest manufacturer of car seats. Their goal was to achieve "single source status" with the Japanese automakers, and Goodson stated that the "key to achieving single source status is quality."

Believing that "quality begins with management," the firm made an effort to improve communications, training, employee involvement, eliminate useless meetings, etc. Modifications in the manufacturing process followed.

Goodson cited a specific steel worker at a union plant in Kentucky as a micro example of the changes implemented. This man was

responsible for cutting pieces of metal used as seat back frames, which were then trucked to another location for assembly. Quality control was the responsibility of someone at the assembly site, and the rejection rate for these parts was high. Management made a simple change, transferring responsibility for quality and inventory control to the metalworker, and the results were impressive. The metalworker's newfound sense of pride in his job was reflected in improved quality and less waste. While this may sound like a trivial modification, Goodson explained that large-scale quality improvement programs are often the sum of a thousand such micro-level changes.

These examples illustrate the themes of the forum. First, the "quality revolution" has led to significant organizational change within American companies during the 1980s. The second and perhaps most important point was that quality improvement results from better human resource management techniques as often as it does from more sophisticated manufacturing processes. In White's words, implementation of quality control programs requires the integration of "hard" and "soft" management skills. Finally, the key to profitability and even economic survival lies in meeting customers' demands for quality products. As we all know, when American firms don't meet customers' expectations, someone else always does.

(The above story is based on an article by MBA student Laura Richardson which appeared in the *Monroe Street Journal* Nov. 14. *Dividend* is grateful for permission to reprint substantial excerpts from Laura's article.)



Edward Hagenlocker of Ford Motor Company: "Many production problems are rooted in poor management of people."



Associate Dean B. Joseph White of the Business School: "The accepted definition of 'Quality' has changed."

New Sculpture in the Executive Residence

Robert Peyser, sculptor, is a risk-taker. His innovative work, entitled "Tree Spirit One," has just been installed in the lobby stairwell of the Executive Residence. How appropriate that its creator has the entrepreneurial mind-set. Not only is he willing to try new ideas, to risk and fail and try again, but he's also had to be enterprising and imaginative and persevering in order to support what he calls his "art habit" through the lean years.

The challenge that Peyser took on when he began work on "Tree Spirit One" was fraught with possibilities for failure, because he was trying out a new concept, as well as using an entirely new medium.

"For months I had been thinking about the use of computers to create sculpture," explains Peyser (who, incidentally, is the librarian for a 650-member computer user group in Ann Arbor that is devoted to visual interface computing). "I wondered if the computer could be used to create sculptures that are not limited to the visual images available to us in our restricted physical reality. Specifically, I was interested in creating sculptures that were visually solid, but could be passed through and viewed from the inside."

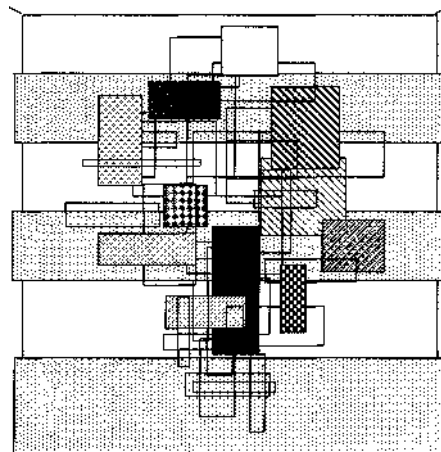
At the same time Peyser was thinking about this concept, Greg Knapp, director of the Executive Residence, was looking for a local artist to do a sculpture for the lobby stairwell of the Residence. An intermediary put him in touch with Peyser, who then came over to the Residence to look at the stairwell.

"The light that came in through the three horizontal windows in the stairwell formed triangles on the walls," says Peyser. "It created interweaving prisms, but I also realized that the light was bringing in images, not merely illumination, and that certain forms of intervention would show the images. The primary image outside was of a young maple tree just beyond the windows, and the

tree is a dominant image around the Business School.

"Then came a moment of synthesis. My best work comes when I discover something rather than when I force my pre-conceived ideas on something. The image of the tree synthesized with the thought of being able to see the inside and the outside of the sculpture at the same time, so that the viewer is not limited to exterior forms.

"This mind-set led me to envision a series of transparent planes hanging in space before the windows, capturing the images of that maple



One of the computer drawings Peyser generated when designing the "Tree Spirit" sculpture.

tree throughout the year, in all seasons, and creating a three-dimensional montage that one could walk between, below, and around; a series of images that one could, at least visually, experience from the inside as well as the outside.

"This is the first time I've tried to get inside an image like a computer would get inside it," explains Peyser. "Working in a simulated reality environment which the computer makes possible, you're not restricted to the laws of physics which bind us in our actual world. So you can break down any of those laws in the simulation and create a new universe in which your artistic freedom is

greatly expanded. Any sculpture is complex, because you have to create it from every viewpoint, and the viewpoint changes with every move of the viewer. This sculpture is even more complex, because as you move from one place to another in the space, the number of layers changes."

After sketching out his idea on the computer, Peyser took three of the computer drawings along with his resume and portfolio, and made a presentation to Knapp, who, after consultation with Dean Gilbert R. Whitaker, commissioned him to do the work.

The original idea was for a sculpture consisting of thirty to forty hanging transparent elements with its theme taken from the existence of the maple tree visible outside the stairwell in which the sculpture would hang. Cibachrome photographic transparency material was chosen for its extreme image longevity and intense color saturation.

Trying to do a sculpture with transparencies involves risk, but Peyser looked at the risk/reward ratio and decided to go for it. "I like to experiment with new things," he says, "and I know that when you experiment with new things you come up with problems. When you eventually solve the problems, there is less of a challenge, and that's when you start looking around for a new challenge."

There were plenty of challenges inherent in the concept and in the material he was working with. A major difficulty came with the technology of actually hanging the transparencies in the space. They needed to be laminated, and they had to be laminated a certain way or they wouldn't hold up for more than five years. "Some ways of laminating are better than others," says Peyser, "and some things you should avoid entirely. In fact, some of my original ideas came under the category of things you should avoid entirely. But you don't know until you try."

The first firm he went to for

lamination destroyed all his enlarged transparencies. The bottom roller on the laminator wasn't hot enough and all of the laminations came out curved and milky rather than transparent. Luckily, he had kept meticulous notes on the exposures and different color filtrations of his enlargement processing. So he did them all over and tried again.

The second time, with a different firm, the laminations were excellent in quality but the material used was so soft that the laminations couldn't be hung up without tearing. Again, back to square one.

On the third try, another lamination company sent the transparencies back with brushmarks and fog. Finally, the fourth time, they were done right. But Peyser lost six months because of the lamination problem.

"Failure just slows me down. It doesn't stop me," says Peyser. "At one time I was supporting my art habit by selling things. I learned that if it takes 99 rejections to get one sale, all you have to do is reach 100 people and you've made a sale. A certain amount of failure is built into any new thing that you learn to do. Failure is a part of the eventual success. You're never going to get the success without facing and overcoming the failure."

From time to time Knapp and Peyser would talk about how the work was going. During one of those discussions Knapp mentioned how nice it would be if the sculpture could be enjoyed from as many different vantage points as possible, rather than primarily just from the landing at the top of the stairs. Peyser began to think about what one would have to do to make the sculpture powerful from the bottom of the stairway, and as he was standing there looking up he says, "my imagination suddenly made the walls and the ceiling become as transparent as the windows, and I saw the tree with' its environment all around, so that no matter where you stood in the stairway, you'd see beautiful images. That meant creating images for the walls and ceiling of clouds and sky."

In the glow of this inspiration, Peyser discussed the new ideas with Knapp, who then approved the expanded concept. "It is part of the entrepreneurial flavor of this project that both the artist and the facility were open to change as the ideas evolved," comments Knapp.

Peyser started sculpting in high school, got his bachelor of fine arts at Manhattanville College in Purchase, New York, and his master of fine arts in 1978 from the State University of New York at New Paltz. He has worked in bronze, marble, limestone, clay, and plastics. He studied marble carving at the State Institute of Art in Carrara, Italy, studied under Anthony Padavano and George Peter of Scarsdale, New York, and Isaac Soyer of New York City. He also apprenticed under Seymour Lipton in New York City. He has exhibited widely, and has seven of his sculptures in public collections as well as numerous works that are owned by private collectors.

It wasn't always thus. Peyser has had to be enterprising in figuring out ways to support his art. He has sold everything from medical alarm systems to wedding photography contracts and from greeting cards to furniture.

Along the way he figured out how to make money putting his design talents to work, even if you wouldn't call it art. For instance, he once worked in a chocolate bunny factory, designing the mold pieces that would be made into chocolate bunnies. He worked in a belt buckle factory, designing prototypes for belt buckles. Later he got a job sculpting lifesize display figures for natural history museums. ("The problem with that," he says, "is that most museums are very poorly funded, so it takes forever to get paid.") He also has done restoration work on architectural details on buildings.

"What's happened over the years," says Peyser, "is that I've very gradually attained the goal of being able to earn my living only doing art."

It's been a long process, but it's been worth it."

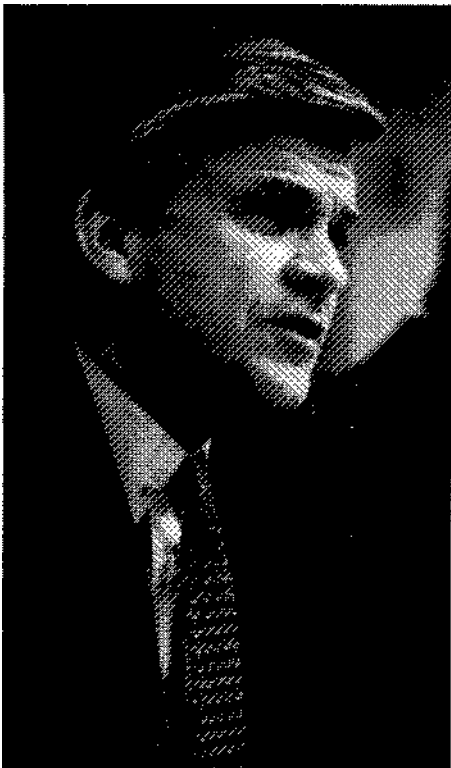
Since "Tree Spirit" is situated in a building connected with the education of executives, it seems particularly appropriate that the artist who created it is enterprising, and has an attitude toward risk-taking and failure that is as adventurous and imaginative as any business entrepreneur.



Peyser installing "Tree Spirit" in the Lobby Stairwell of the Executive Residence.



Harold K. Sperlich, MBA '61, recently retired president of Chrysler Corporation.



Allan D. Gilmour, MBA '59, executive vice-president of Ford's International Automotive Operations.

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An impressive lineup of well-known names in the automotive industry came to the Business School Sept. 18 to participate in a panel discussion on the future of the industry and at the same time to commemorate the founding of a student automotive club at The University of Michigan.

The new club aims to bring together engineering and business students interested in making cars for a living, and expose them to a bit of each other's disciplines through informal seminars and presentations.

The panel discussion, entitled "Challenge, Opportunity, and Tomorrow's American Automotive Industry," featured William Hoglund, executive vice president at General Motors; Allan D. Gilmour, executive vice president of Ford Motor Company; Harold K. Sperlich, former president of Chrysler; David E. Cole, director of the U-M Office for the Study of Automotive Transportation; and David E. Davis, Jr., editor/publisher of *Automobile Magazine*.

Hoglund, who received his MBA from the Michigan Business School in 1958, is now president of GM's Saturn Corporation subsidiary. In a recent article in *Industry Week*, he spelled out his management philosophy, saying "Some managers try to manage numbers and report people. To be successful you have to

manage people and report numbers."

Gilmour, MBA '59, is now executive vice-president of international automotive operations and a member of Ford's board of directors. "The nature of the world and the car business today requires putting many pieces together to achieve total success," he commented in a recent article in *Automotive News*. "We've learned that every piece is important."

Sperlich, MBA '61, recently retired as president of Chrysler. Lee Iacocca once said of him, "Hal's got that uncanny ability to see into the future, to know what people will want three or four years down the road."

Cole, the founder and director of the Office for the Study of Automotive Transportation at The University of Michigan, holds BS, MS, and Ph.D. degrees in mechanical engineering from the U-M. One of his group's major areas of research is the competitiveness of the U.S. automotive industry in the changing international marketplace. "Change is an opportunity as well as a threat," he said on the panel. "We must leverage all our resources, and one way to do that is to bring engineering and business together."

Davis has done everything from racing sports cars in California; to having a highly successful career in

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Love Car

automotive advertising copywriting; to being publisher at *Car and Driver*, *Cycle*, and now *Automobile Magazine*, a publication launched for Murdoch Magazines in 1986. "I am not an automotive expert, nor a pundit, nor an analyst," wrote Davis in the first issue of his new *Automobile Magazine* in April 1986. "I am a car nut, better informed than some, perhaps, because I've been able to eat, sleep, and drink cars for the past thirty-five years."

Founding members of the new Automotive Industry Club include Bernie Moreno, BBA student who worked in the embryonic customer service department of GM's Saturn Corp. last summer, and Bill Brinkerhoff, MBA candidate who holds a degree in industrial engineering and spent two summers working as a management intern at GM's Hydra-matic transmission plant in Willow Run.

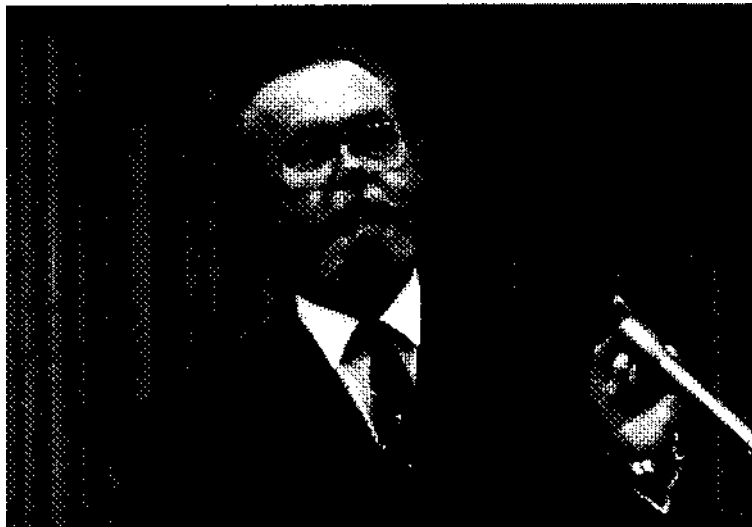
The club's mission is to bring together all University of Michigan students who are interested in the automotive industry, and to act as liaison between automotive manufacturers (both domestic and international) and the U-M student body, by coordinating recruitment within each school of the University, by providing a forum for automotive thought, and by coordinating a variety of activities throughout the year.



William E. Hoglund, MBA '58, executive vice-president, General Motors Corporation.



David E. Cole, founder and director of the U-M's Office for the Study of Automotive Transportation.



David E. Davis, Jr., editor and publisher of Automobile Magazine.

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" T i l here are you and what % / % / have you been doing?"

T w was the question that started off the second Real Estate Forum, held Friday and Saturday, Oct. 7 and 8. The first session, moderated by Peter T. Allen, MBA 73, adjunct professor at the Business School, and president of Peter T. Allen &c Associates, took place Friday afternoon in Hale Auditorium, and gave everybody a chance to discuss their current positions and the problems and opportunities they saw facing them in the real estate industry. Following this networking session, six different "Break-out" meetings on various aspects of the industry were held simultaneously in different rooms. The meetings repeated the material every thirty minutes so that participants could attend several of them.

Dinner Friday night honored Professor Dennis R. Capozza, who joined the Business School faculty in January as the Stephen M. Ross Professor of Real Estate and Professor of Finance.

Saturday morning featured a panel discussion, moderated by Stephen M. Ross, BBA '62, president of the Related Companies, Inc., on "Emerging Trends in Real Estate."

On these pages, we bring you pictures and stories about what happened at the Forum, which was sponsored this year by the Business School, the College of Architecture and Urban Planning, and the School of Business Real Estate Club.

represent the usual opt l^B mistiOj upbeat attitude typical of real ©state entrepreneurs* Instead, ney spoice qanotaiy OT what they viewed as neg* attve trends altnouoo they were upbeat for real estate over the lono haul Nevertheless* everyone seemed to agree that to succeed in real estate today* you need much "deeper pockets" than In the past, and that Onnfirtiifiifi&e ff%a* fHA small* adventurous real estate entrepreneur are not nearly so numerous as they once were* On these pages we bring you summaries of what

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By Stephen Ross, BBA '62
President, The Related Companies, Inc.

These are exciting times in the real estate industry — times of change. In the past, the real estate industry was strictly market driven. Today, everything is finance driven. Therefore, you have a tremendous amount of overbuilding throughout the country.

In the past, there were limited sources of capital available for real estate. Today, with globalization and securitization, there is almost an unlimited amount of capital looking for investment in real estate.

In the past, the tax laws encouraged real estate development and entrepreneurship. Today, we have a tax law that discourages real estate development and in fact eliminates the small, undercapitalized developer and eliminates a lot of the entrepreneurship. No longer can the small developer attract capital through the syndications that he was able to do in the past.

In the past, the approval process and the environmental laws were such that with a limited amount of work you were able to get approval and to know that you could build a job. Today, it's almost impossible to get approval, and it's only getting worse.

If you look at all these factors, you wonder where are we today? Today, we have less development, primarily because of overbuilding. With real estate development, you're really playing a game of musical chairs. Every time it stops, they've taken away another chair. Today, everyone



Stephen Ross, BBA '62 (left), and Peter Allen, MBA '73, who inspired and developed the idea of the Real Estate Forum.

wants to become a "niche player." The question is, how many niches are there? And where can you find them?

With the change in the tax laws and the amount of capital needed, the major institutions are getting into development. I think we're going to see a lot more of institutional development. At the same time, the older developers who were really building for their own account have become merchant builders, because they are able to sell their projects at a lower cap rate than the actual cost of running them. They can't afford to

keep their projects, so therefore they sell them at a profit.

We also have lower cap rates, in which more money is looking to find successful products, so that there will be a lot more money to be made if you are able to develop a successful product, but with all this overbuilding that's a lot harder to do.

But, there's still tremendous opportunity. You have an industry going through a state of change, and where there's change, there's opportunity.

The Panel — Not Necessarily Good News

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By Rosalyn Payne, BBA '68
President, Jackson Street Partners, Ltd.

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Payne spoke of the 3 Rs of Real Estate — Risk, Reward, and Regulation. Because there are many concerns now about the quality of life, real estate sales and partnerships now have to take into account the possibility of the presence of hazardous substances on the property; toxic waste; lead based paint; asbestos, etc.

About the judicial process, she commented that we no longer have the concept of an accident; instead, we have a harsh concept of liability. What is considered reasonable duty to prevent events from occurring? Who is at fault? And who pays? "We need to have qualified environmental consultants to conduct surveys," said Payne. "We need to have supervisors who are trained to deal with toxic substances and all the regulatory issues and documentation matters. And one needs to have detailed contracts that encompass the thorny topics of indemnification and insurance. These are very complex, expensive, long-term issues."

Both the legislative and the judicial arenas have had a profound impact on the third topic — design modification. For example, over the past decade, design in high-rise office buildings has gone through major changes — from electrical capacities to meet computer needs of companies, to inventory warehousing programs dealing with better space utilization, to life safety systems mandated by law. Also, because of an overbuilt real estate market, design implications are very important in the viability of a project. Real Estate entrepreneurs need to "think forward" in terms of safety and liability. Who pays? In the short term, the owners pay, but in the long term, the tenants pay.

The fourth trend identified by Payne was the changing profile of real estate ownership. "You now need more capital and staying power just to play the game," she said. "Whether it applies to major developments, major tenants, or major capital sources, consolidation is underway. Nowhere is this more painful than in the financial services area, especially the savings and loans and commercial banks. This trend is not decreasing, but expanding. An associate of mine recently said that he felt there were no more frontiers in the real estate world.

"But what this really means," Payne concluded, "is that those who participate in the process must recognize its complexities, the interactive nature of its components, and the increasing need for professionalism. That leads to opportunities for you and me."

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Rosalyn Payne, BBA '68, and president of Jackson Street Partners, Ltd., identified four core trends affecting real estate today, and spoke of them as being interactive as well as interrelated, adding that they seemed to embody simultaneous cause and effect.

The four trends are: the importance of the legislative process; the importance of the judicial process; design modifications; and ownership consolidation.

About her first trend, the importance of the legislative process,

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By Nancy Zak, MArc. '78, MBA '79
Vice President,
First Fidelity Mortgage Corporation

The third speaker on the panel was Nancy Zak, MArc. '78, MBA '79, vice president of First Fidelity Mortgage Corporation. She spoke about three major imbalances that are affecting real estate:

1) *The imbalance between supply and demand.* Because real estate is currently perceived to be a good investment, she said, there is a vast amount of money available for investment. This imbalance on the demand side for investment real estate is creating a lot of overbuilt markets. There is money there to invest in the property, but there are not necessarily tenants to occupy the property. In such a situation, design

By Arthur P. Solomon
Managing Director,
Drexel Burnham Lambert

Arthur P. Solomon, managing director of Drexel Burnham Lambert, said that there has been more change in real estate financing in the past three or four years than in all previous years combined. He highlighted five major changes that have taken place during the 1980s:

- 1) A full globalization of the real estate capital markets. Forty percent of downtown Los Angeles is now owned by the Japanese, for example.
- 2) Securitization — the selling of interests in real estate in the form of stocks and bonds.
- 3) The explosion of financing vehicles for real estate, many of them



DEAN RUSSELL

borrowed from the more mature corporate finance market. "Tax considerations used to be the engine that drove real estate transactions," he said. "Now the ability to finance real estate transactions is the engine."

4) More active and more dedicated management of corporate-owned real estate. Real estate tends to be the most undervalued asset on the balance sheet of many corporations.

5) The increased role of Wall Street. There now is taking place a "technology transfer" of techniques that had previously been used only in corporate finance and are now being applied to the financing of real estate. This "technology transfer" has brought Wall Street more prominently into the real estate scene.



DEAN RUSSELL

N. ZAK

quality, location, and the quality of the financing become very important in making the property desirable to potential buyers.

2) *The imbalance between the world economy and the U.S. economy.* She perceives problems on multiple levels, including the trade deficit imbalances, instability because of the level of debt within our country, and the Third World debt situation. "We have borrowed," she said, "betting on the future of our own productivity. We have some 'fail-safes' built in, but my concern is that those fail-safes are not going to work on multiple levels should we start having problems." She advised the audience to "bring yourselves into balance *vis-a-vis* your levels of debt," and suggested that now might be a good time to eliminate some debt by selling some properties.

3) *The imbalance between us and the environment.* "We need to reevaluate our relationship with the environment," she warned. "In the past, we have not charged enough for certain products in view of how much it's going to cost us to clean up the environment after their manufacture. In a sense, this is our 'invisible national debt.' It shows up in increased prices caused by environmental costs, and in the health costs of environmental problems."

In conclusion, Zak said she believed three things were important now in order to succeed in real estate — she listed them as "deep pockets" in order to hang on to your property, good design and good location for your properties.

©ssions* Lots to Think About

Everything from the hot©! market to environmental

cussed at **six** Break-out sessions **held** Friday at* ternoon* Two hours were allowed for the sessions, mcrtr repeaieo ineiii" selves every 3S minutes with a ten»mtnute break hatiraMm cut that rtsrfi#*i« oeiweeo, so *mm* paruci- different sessions. The sessions included:

Design: The Competitive Edge for American Business *

A review of the importance of imaginative high performance design as a central strategy in business development was given by Colin Clipson, professor of architecture at the U-M College of Architecture and Urban Planning, which sponsored this session. He gave examples illustrating the value to U.S. business of better design. He was the principal investigator for the Integrated Simulation Project for the Space Station, NASA Ames Laboratory in 1987-88, and for the National Endowment for the Arts, "The Competitive Edge: The Role of Design in American Corporations," in 1985.

Recent Trends in Real Estate

This session, sponsored by Coopers & Lybrand, focused on current trends in real estate development and finance which the speakers had observed from ongoing work in their firm's Tax, Audit, and Consulting practices. Changes in the structuring of real estate finance as well as current market realities related to real estate development were also discussed. The speakers were Fred Brenner, tax partner in the Detroit office of Coopers & Lybrand, and Kate Beebe, manager of the Real Estate Consulting Group at Coopers & Lybrand. She holds a Ph.D. in architecture from the U-M as well as a master's in urban planning. Brenner has a J.D. from the U-M Law School.

The Greater Detroit Metropolitan Hotel Market

What have been the trends in this market over the past four years? Is product segmentation really the answer? Why do the limited service and all-suite products make more economic sense? What can we expect to see in the greater Detroit Metropolitan hotel market in the next few years? Addressing these questions were speakers Larry Allen, MBA '82, principal/director of the real estate department at BDO Seidman, which sponsored the session, and Wanda Spencer, senior manager at BDO Seidman.

Current Developments in Environmental Law and Land Use Regulation

Regulatory issues related to real estate development were discussed in this session, which was sponsored by Schlusser, Lifton, Simon, Rands, Galvin & Jackier. Managing partner of the firm, Jerold Lax, spoke on the "Not In My Backyard" syndrome and the recent Supreme Court decisions which may require the payment of money damages by municipalities in the event their land use regulations are held invalid. He is associate professor of urban planning at U-M and a former Ann Arbor City attorney. The other speaker was Sheldon Silver, an attorney with Schlusser, et al., and a former assistant Michigan attorney general, natural resources division. He discussed environmental concerns and the scope of federal and state regulation.

Manage Your Career Before It Manages You

William Ferguson, managing director of the Chicago office of Russell Reynolds Associates (which sponsored this session), and Andrea Redmond, executive director of the same firm, spoke on career opportunities in real estate, and how the industry has been transformed over the last five years. They spoke of options in career opportunities, citing as an example that an outstanding real estate lender could move into development, acquisitions, or grow within lending, depending on the individual's risk-orientation.

Acquisition, Redevelopment, and Expansion of Regional Shopping Centers

In conjunction with The Cafritz/Schonberger Group, Schostak Brothers & Company, which sponsored this session, purchased the Universal Mall in Warren, Mich., from an Australian-based real estate development company. Speakers Philip A. Schonberger, president of the Cafritz/Schonberger Group, and Robert Schostak, vice president of Schostak Brothers & Co., discussed the program for this redevelopment, which includes the addition of department stores, theatres, restaurants, and a variety of new retailers.

Business Week Survey Ranks Michigan Business School Sixth in the Nation

Business Week magazine decided to try a different tack when doing a survey about the best business schools in the nation. Instead of asking business school deans and professors to rank the schools, the magazine asked how well the schools are serving their two markets: students and their ultimate employers. According to their issue of November 28, Michigan ranks sixth in the nation.

To conduct the poll, *Business Week* mailed questions to about 3,000 graduate MBAs from 23 schools, asking them to assess such characteristics as the quality of the teaching, curriculum, environment, and placement offices at their schools. They also polled corporate recruiters from 265 companies that had recently recruited at a third or more of the 23 prominent schools. Companies were asked to name the school that produced graduates with the best skills in several areas, from general management to marketing, and to indicate their overall preference among the schools from which they recruit. A total of 112 companies replied. The recruiters' rankings were then combined with the results of the graduate poll to create a composite score.

By this method, Michigan fared better than any publicly assisted university business school, being surpassed only by Northwestern, Harvard, Dartmouth, Wharton, and Cornell. "That Northwestern beat out such powerhouses as Harvard and Wharton was not the only surprise," commented *Business Week*, adding that Cornell and Dartmouth made

the top five, while Stanford and Chicago, usually near the top of the conventional rankings, finished 9th and eleventh respectively.

In talking about the Michigan Business School, *Business Week* highlighted our blend of the analytical with the practical in the curriculum, and the fact that we have the highest proportion of minority students (25%).

The *Business Week* survey also included a section on where recruiters from four industry groups prefer to search for talent. Below are the results:

COMPANIES' FAVORITE HUNTING GROUNDS

Where recruiters from four industries prefer to search for talent

FINANCE	CONSUMER PRODUCTS
1. Wharton	1. Northwestern
2. Chicago	2. Harvard
3. Northwestern	3. Wharton
4. Columbia	4. Chicago
5. Michigan	5. Michigan
BASIC MANUFACTURING	HIGH-TECH MANUFACTURING
1. Chicago	1. Harvard
2. Wharton	2. Michigan
3. Northwestern	3. Wharton
4. Harvard	4. Stanford
5. Dartmouth Virginia	5. Berkeley

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In commenting on the survey, Dean Gilbert R. Whitaker said modestly that it "suggests we're on track," while at the same time warning of putting too much emphasis on survey results.

The Michigan Business School is now in peer competition with private schools that have enormous resources to draw upon. To help even out the resource disparity, Whitaker is emphasizing our collaboration with other units of the University, encouraging interdisciplinary research between business school faculty and their colleagues in other units of the University, and initiating diverse joint degree programs that allow students to pursue MBA studies while also specializing in other subject areas.

"This sort of collaborative strategy allows us to compete effectively with schools that have greater resources than we do, but operate in relative isolation from the rest of their universities," says Whitaker.

Another section of *Business Week's* cover story described the pressure on deans of prestigious schools to recruit top faculty. The battle for the best in academe has become furiously competitive. Enticements can include such things as research support, extent of teaching load, and travel expenses. In such a highly competitive arena, we are particularly proud of our current crop of new faculty members, both the senior "star" faculty, and promising young academics. For more about our new faculty members this year, see pages 4-13.

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.

Second Manufacturing Forum Considers Competitiveness, Downsizing, and Quality

L. Joseph Bauman, IBM Director of Materials, spoke on IBM Manufacturing Strategies for Competitiveness at the Second Annual Manufacturing Forum, held November 22 and sponsored by the School's Office of Manufacturing Management Research.

The Forum's purpose is to establish a long-term relationship between the Business School and the manufacturing sector to forge solutions to the pressing problems of manufacturing management.

Following Bauman's talk, a series of talks were held on Strategic Manufacturing Management: Work in Progress. They included summaries and management briefings on the U.S.-China Automotive Study, discussed by Michael Flynn, research scientist at the U-M Transportation Research Institute, and by Kenneth Lieberthal, director of the Center for Chinese Studies; and a talk entitled, "Manufacturing Experience Counts," by John Ettlíe, director of the Office of Manufacturing Management Research.

Other summaries were entitled "Manufacturing Downsizing: The Challenge and the Response," by Kim Cameron, associate professor of Organizational Behavior and Human Resource Management (OBHRM) at the Business School; "Manufacturing Strategy and Plant Effectiveness: An Analysis of Operational Elements and Plant Focus," by Taylor Cox, assistant professor of OBHRM at the Business School; and "Quality: What It Means



L. Joseph Bauman, IBM Director of Materials, spoke on IBM Manufacturing Strategies for Competitiveness at the Second Annual Manufacturing Forum.

in the Next Decade," by Walton Hancock, associate dean of the U-M's College of Engineering.

The Forum included time for questions and for break-out groups to identify and discuss strategic issues in manufacturing.

The Manufacturing Forum consists of a group of progressive companies representing best practice in each industry of the manufacturing sector of the economy who have joined together to establish a long-term relationship with the School of Business Administration in order to foster quality applied research in manufacturing management. These companies are: Cadillac Division of General Motors, Cummins Engine,

Donnelly Corporation, Dow Chemical Company, Ford Motor Company, GE, J.P. Industries, Inc., Knapc & Vogt, PPG Industries, Rockwell International, Scott Paper Company, S. C. Johnson, Trinova Corporation, Unisys Corporation, The Upjohn Company, and USX Corporation.

Further information about the Office of Manufacturing Management Research and the Forum may be obtained by writing John E. Ettlíe, Director of the Office of Manufacturing Research, School of Business Administration, The University of Michigan, Ann Arbor, Michigan 48109-1234, or by calling the Office at (313) 936-2835.

The U-M is an Important Partner in the State's Economic Development

Outside of its primary role as one of the nation's foremost providers of quality education, The University of Michigan — as an employer and a consumer — operates as a strong force in the local and regional economy.

Almost one out of every five people who work in Washtenaw County is employed by the U-M at its Ann Arbor campus. In 1987, the U-M had 16,526 full-time employees and another 14,268 who worked part-time. The total number employed by the U-M was just more than 18 percent of the county's 170,900 employees.

The 1987 fiscal-year payroll for the Ann Arbor campus was \$572 million, or about 20 percent of the Washtenaw County private sector payroll of \$2.84 billion.

The U-M is a major consumer. In 1987, it purchased \$96.9 million worth of goods and services from 3,542 vendors in Washtenaw County, which is 21 percent of the \$456 million the U-M spent for all goods and services in 1987. It bought \$292.5 million worth of goods and services from Michigan vendors.

In addition, the University's payments for public services in 1986-87 included: water and sewage payments, \$3.3 million; police services, \$393,744; capital improvements, \$19,000; school board, \$197,390. The state appropriated an additional \$571,250 directly to the city of Ann Arbor to support the fire protection needs of the University.

Excluding the cost of U-M room and board, tuition, and books, the 35,495 students enrolled last year on the Ann Arbor campus spent \$40 million to \$45 million in the area. Using U.S. Bureau of Standards statistical guidelines, U-M officials estimate that students spent \$6.8 million on pizza alone.

The U-M is a magnet, drawing people who live in other areas to Washtenaw County for a wide variety of University-sponsored cultural, recreational, and educational services. The visitors also contribute to the area's economy.

For example, the University Musical Society holds 50 concerts a year and about 30 percent or 144,000 of the attendees are coming to Ann Arbor from outside the county. The six home football games draw an average of 54,000 outside visitors apiece, or a total of 324,000 people per season.

About 76 percent of the U-M Hospitals' admissions come here from outside the county. That translates into 208,380 patient days a year. About two-thirds — 427,000 — of the Hospitals' 641,150 outpatient visits were from out-of-county residents.

In 1986-87, about 36,885 people were drawn to Ann Arbor by the University's continuing education programs, institutes, seminars, and conferences. The approximate number of people who attended these sessions were Extension Service, 12,400; Department of Postgraduate Medicine and Health Professions Education, 5,917; Institute for Continuing Legal Education, 12,713; Chrysler Center for Continuing Engineering Education, 1,500; and Division of Management Education, 4,355.

Although the exact amount visitors spend here has not been calculated, the estimated amount, based on studies done at other universities, is \$125 million annually.

The University now has 14 construction projects underway on the Ann Arbor campus in the amount of \$164 million, plus six renovation projects totaling \$23.8 million. Additionally, there are four projects in the planning stage totaling \$15.8 million.

The University also encourages economic development through the creation of spinoff research companies. There were 39 research companies started in Ann Arbor as a result of University faculty and staff in the College of Engineering, and another 53 companies have resulted from activities of laboratories affiliated with the University.

"These facts illustrate the positive role that the University plays in the daily lives of most county residents. We are a constructive partner in the growth of the city of Ann Arbor and Washtenaw County," says Peter M. Pellerito, U-M senior state and community relations officer.

"We have a significant impact on buying patterns in this county. The University's faculty and staff earn nearly \$600 million in salaries, much of which remains in this county and which is used to purchase cars, food, and other commodities. It's also used to buy houses in Washtenaw County, and that helps generate property tax," Pellerito says.

"It's very important for the University community and for Washtenaw County and the state to understand that the U-M is not only an institution of higher education but also an important partner in economic development."

Some Enchanted Evening Concludes Inaugural Week

A different party on each level of the Rackham Building was the idea of "Some Enchanted Evening," a special event co-sponsored by the Business School, the College of Engineering, the School of Music, and Rackham School of Graduate Studies.

Proceeds from the evening were dedicated to the Presidential Graduate Fellowship being established in honor of the inauguration of James J. Duderstadt as the University's 11th president. The Fellowship will be awarded yearly on a rotating basis between the Business School, the Music School, and the College of Engineering.

The program began with an opera gala at the Power Center, a joyous sampling of music even non-opera lovers love. After the opera gala, guests proceeded to the Rackham Building, where they enjoyed supper and a glorious birthday party for the Rackham Building, which was 50 years old in October.

On the third floor of the Rackham Building was a 21st century disco, where guests could dance to today's music in the disco setting of tomorrow. On the fourth floor, where dessert and dancing was scheduled for the end of the evening, the program was billed as a journey back to the Big Band music of the '40s and '50s.

The conference room of this suite will be equipped with a variety of information technology tools to support meetings.

Sponsored by Grant from Arthur Andersen & Co

What I find so fascinating is that a technology we regarded for so long as a technology that tended to isolate people ... is rapidly evolving into what you might call interpersonal computing, which is linking people together in new ways," said President James J. Duderstadt about a new Collaborative Technology facility to be located at the University.

The facility, which will be developed at the Cognitive Science and Machine Intelligence Laboratory (CSMIL), headquartered at the Business School, was made possible by a major grant from Arthur Andersen & Co. under a \$1 million pledge that combines funds from Arthur Andersen's technology service organization and U of M alumni support through a corporate matching gift program. CSMIL, headed by Gary M. Olson, is sponsored by the Business School, the College of Engineering, and the College of Literature, Science, and the Arts (LSA).

"CSMIL is a very exciting venture that takes me by surprise once a week," said Dean Gilbert R. Whitaker, Jr., when the new Collaborative Technology Suite was announced. "I look forward to this collaboration between the three schools and Arthur Andersen in this intellectual venture." The new facility will be especially designed for research into collaborative work.

The Collaborative Technology program is the second major project



Dean Gilbert R. Whitaker, Jr.; Jacques H. Passino, Jr., Director of Information and Technology Planning at Arthur Andersen & Co.; Gary M. Olson, Director of CSMIL; and James J. Duderstadt, President of The University of Michigan. They are pictured at the reception where the new technology suite was announced.

to be undertaken under the Arthur Andersen \$1 million pledge. The first, announced in May, was a scholarship program targeted for Detroit minority students, in which one outstanding student per year will be given full support for four-year attendance at the U-M.

This second undertaking represents Arthur Andersen & Co.'s commitment to advanced research

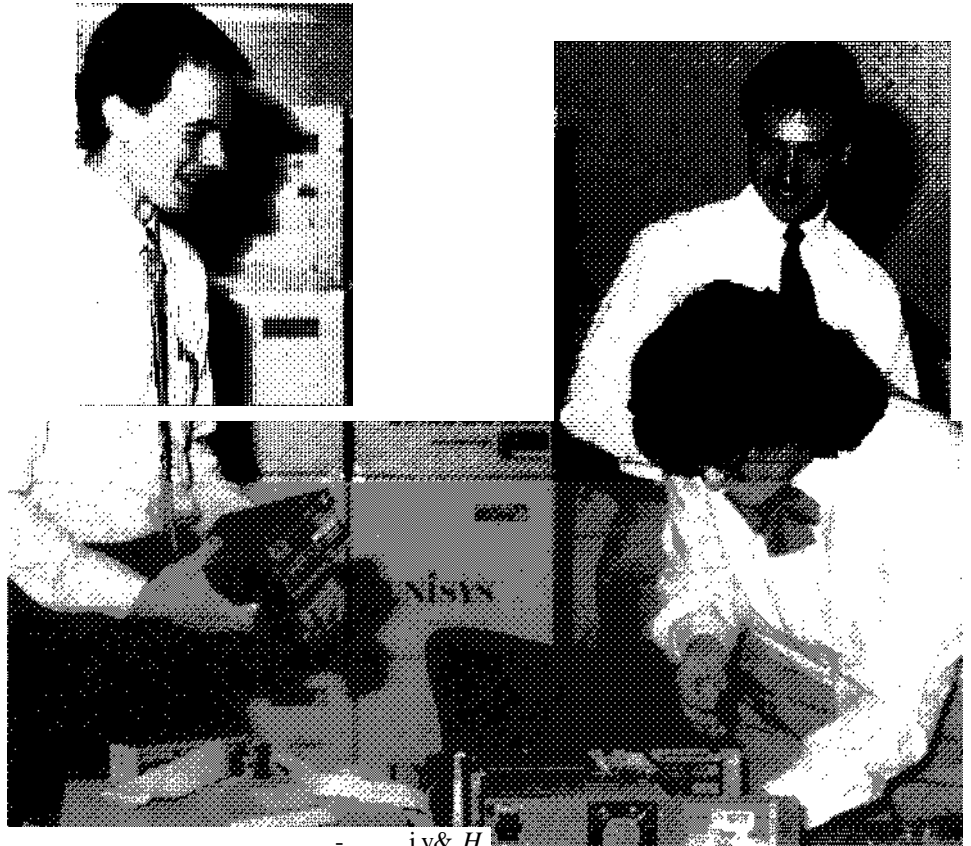
and development in the areas of business, engineering, technology, and cognitive science. "We believe the prospects for contributing significantly to the business processes of group decision-making and collaborative thinking based on the work of the CSMIL are tremendous," said Jacques Passino, director of information and technology planning at Arthur Andersen & Co.

This gift is one component of a two-part relationship between Arthur Andersen and CSMIL in the area of collaboration technology. The gift funds will be used primarily to build, equip, and staff a facility at the Business School for supporting research on the use of information technology to aid collaboration. The second component is research funding for work on the topic of collaboration, and is coming from Arthur Andersen's Center for Strategic Technology Research (CSTaR) in Chicago. The Director of CSTaR, Bruce B. Johnson, and a member of his staff, Libby Mack, attended the CSMIL open house where the gift was announced.

The collaboration technology suite will be built in the space presently occupied by CSMIL in the Business School. The centerpiece of this suite will be a computer-equipped conference room, in which collaborators can use a variety of information technology tools to support meetings. An observational area and control room that looks into the conference room will allow researchers to study the behavior of the collaborators who are using the conference room. The facility is being designed with considerable flexibility, so that researchers can study the effects of different physical arrangements and different information technologies on the collaborative process.

The new facility will be useful for a broad range of research. The principal focus will be on studying the role of information technology in supporting such collaborative activities as software engineering, design, policy formation, decision making, writing, and education. A preliminary timetable calls for construction of the suite during the summer of 1989.

Preliminary designs for the suite, developed by Luckenbach, Ziegelman & Partners, Inc., of Birmingham, Michigan, were displayed at the CSMIL open house October 11, where the announcement of the new facility was made.



A significant change in the Business School's computing environment this year is the addition of more than 200 MS-DOS workstations for student labs, faculty, and secretaries. Pictured here assembling the computers, called PW² 500s are, left to right, Unisys project managers Eric Fahlgren and Randy Littleton, and Gretchen Kuehnlein, computer systems specialist for the Business School. The new PW² 500s have a 3.5-inch, 1.44 Mb floppy drive, and a math coprocessor chip to accelerate numerical computations. Computing services is now supporting two multi-environment labs. The upper and lower student labs have both BTOS and MS-DOS computers. The upper lab also has ten Macintosh SEs.

Executive Education Offers New Program on Information Technology* Competitiveness

Critical issues in planning, justifying, and implementing information technology for competitive advantage will be considered at a new seminar sponsored by the Executive Education Center and scheduled to take place from February 27-March 3.

Dennis G. Severance, chairman of the Michigan Business School's computer and information systems group, and a member of the Corporation Systems Advisory Council for both Chrysler and Whirlpool, will address the most

critical business concerns for non-technical managers, including current trends and applications of technology, a framework for identifying strategic opportunities, and achieving a sustainable advantage.

The program is designed for non-technical senior managers who need to make informed decisions about the planning and utilization of information technology in support of their business. Benefits of attending the program include understanding the role of users and support staff in developing applications, integrating information systems with overall business planning, and offering hands-on exposure to contemporary end-user computing tools.

Tom Gorman, MBA '83, Gives Keynote Address at Ninth MBA Forum

Keynote speaker Tom Gorman, MBA '83, emphasized business ethics and personal values at the September 23, 1988 Ninth Annual MBA/Alumni Forum. He also addressed the issues of more money versus most wanted job and told students to take the job that they wanted and be assured that the money will come later.

"All of your job decisions, which job to take, and how to work effectively in your job has to come down to your own personal values," he said. "You have to know what you are willing to compromise as far as family versus business. When you make a decision, consider your business ethics and then ask, Am I willing to read about it in the paper tomorrow? or 'Could I tell my family about it?' If the answer is no, don't do it. Trust me, you'll sleep a lot better."

Hale Auditorium was filled with first and second year MBAs already anxious about searching for jobs and internships. Gorman's advice: Keep a positive outlook and stay confident.

"You will experience the joys of researching a company and of refusal letters. You may even experience the joy of receiving a flyback second interview followed by a refusal letter," Gorman said. "Rejection letters can make you question your own worth and can affect the next interview. You have to stay confident."

Gorman, an area production manager for Dana Corporation, graduated from the University of Detroit in 1976 with a bachelor's degree in philosophy. For seven years, he studied to become a Jesuit, a strong order of Catholic priests dedicated to education and missionary work. During that time he worked in an isolated, north Alaskan village where he helped a small group of Eskimos build a church, as well as in the Dominican Republic, where he worked with the impoverished natives. After he decided to leave the seminary, he worked for four years as assistant director of admissions at John Carroll University. In 1981, he decided to come to Michigan for his MBA, which he received in 1983.

After the keynote address, students and alumni broke into smaller sessions by profession. Each session included a panel of recent alumni, 1984-87, where students heard brief introductory speeches by the panel and asked questions. The sessions included Marketing, Computer Information Systems, Human Resource, Consulting/Corporate Planning, Commercial Banking, General Management, Entrepreneurship, International Business, Investment Banking, Operations Management, Financial Services/Corporate Finance, and Non-Profit Organizations.

"What is the most positive and most negative thing about getting an MBA?" a student asked at the General Management Session.

"An MBA carries a lot of weight. It gives you the benefit of the doubt in business decisions. But, when people have confidence in you they also have higher expectations. If you don't live up to them you're dead in the water as far as the people you supervise are concerned," according to Carlos Montes, MBA '87, a Technology Systems District Manager for Michigan Bell.

The familiar question of how many hours do you work per week was answered in a different light by Deborah Yasutake, MBA '87, a Senior Human Resource Representative for FMC Corporation in New York.

"The number of hours you work depends on the job you take, so it's really up to you. I know MBAs who are working 60 or more hours a week, but for me that is an unacceptable life condition. I am interested in too many other things to work that much," Yasutake said. "The people who work those hours tend to get paid a little more but that is a choice you have to make based on your own values."

MBA students left the forum feeling more confident about what their futures hold but still remembering Gorman's closing remark.

"The Business School is a training ground, a place where you can go to become management. But, no matter what, if you are a bonehead when you start the program, you'll leave as a bonehead with an MBA."

Visitors Learn About CSMIL Activities and Research at Open House

The Cognitive Science and Machine Intelligence Laboratory (CSMIL) held an open house one October afternoon, to give visitors a chance to learn more about their activities and programs, to see a series of software demonstrations, to learn about new and continuing research projects, and to meet old and new faculty, staff, and students. Displays describing research projects were scattered around the room, and some of the people who were doing the research were available for questions and discussion.

CSMIL is an interdisciplinary organization, spanning the fields of artificial intelligence, cognitive science, human-computer interaction, and collaboration technology. Its primary mission is to facilitate faculty research, graduate student training, and undergraduate education, with a special focus on cross-college collaborations. It is sponsored by the School of Business Administration, the College of Engineering, and the College of Literature, Science, and the Arts (LSA), and directed by Gary M. Olson.

CSMIL faculty are interested in a variety of specific topics in human or machine cognition, such as vision, attention, memory, learning, language use, reasoning, and problem-solving. Some are also interested in designing and evaluating the interaction between humans and computer systems, in developing computer tools to augment and extend human cognition, and to design and evaluate technology to support collaborations. CSMIL faculty have a broad range of experience in methods relevant to these problems, including such areas as the design and special computer architectures, software design and evaluation, artificial intelligence programming, the analysis of human cognition, and the observation of individuals and groups.

CSMIL sponsors various seminars, colloquia, conferences, and workshops on the U-M campus in order to facilitate interdisciplinary intellectual exchange. Sometimes it sponsors a single set of focused intellectual activities designed to stimulate

n all-day session to introduce minority high school students to the Business School was held this fall under the sponsorship of the Black Business Students Association.

The day included brief presentations by Business School faculty and a panel discussion by current Black business students, both in the BBA and MBA programs.

Following lunch and a tour of Business School facilities, students were divided into teams to do an exercise that simulated the way classes are held at the Business School. The purpose of the exercise was to develop an understanding of group problem-solving and to compare individual vs. group decision-making.

The problem given the teams was to rank in order of importance for survival, 12 items saved by passengers who had crash landed in a remote woods. Current BBA students worked with each group to give advice and help if needed.

The students were given guidelines to observe in making the group decision. For example, "Do not vote; try to reach a true consensus. Base your decision on knowledge, logic, or the experiences of group members. Seek out differences of opinion, discuss underlying assumptions, and listen carefully to one another. Do not assume someone must win and someone lose when discussion reaches a stalemate. Instead, look for the next most acceptable alternative for all members."

The day ended with a discussion and question session.

progress in one particular research frontier, devoting a specific period of time to the intellectual exploration of an important topic. In addition, CSMIL coordinates financial support for faculty projects and takes an active role in disseminating results from the research of U of M faculty through a series of publications tailored either to specific technical audiences or to a general readership.



Above, BBA students Tracy Knox and Lucinda Brannon (1st and 3rd from left) help out with the group exercise.

Below left, BBA students Byron Foster (left) and Brian Hopson explain the assignment. Below right, first year BBA student April Miller with one of the high school students.



High school visitors hear the details of the group decision-making project.

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2%e 19## Wilbur K. Pierpont scholarship winners are pictured here with Dr. and Mrs. Pierpont just before the five enjoyed lunch together at the Executive Residence. From left to right, they are: Nathan Wilke, a second year MBA student interested in general management; Mrs. Pierpont; Teresa Scotton, a first year MBA student who is interested in international relations; Dr. Pierpont, and Nancy Harlan, a second year MBA student who is specializing in corporate finance. More than \$300,000 is now in the Pierpont endowed scholarship fund, established to honor Dr. Pierpont as a

distinguished educator and administrator who has given 36 years of dedicated service to the University, both as vice president and chief financial officer, and as a professor of accounting. "Scholarships are an important way the University can help students who may not be able to come to school otherwise," says Pierpont, who adds that he himself would not have been able to attend the University without a scholarship to get his MBA after he graduated from Central Michigan University in 1934.

Faculty News Notes

Hal Varian, the Reuben Kempf Professor of Economics (LS&A) and Professor of Finance (Business) presented the keynote address on "Software Economics" at the US-Japan International Conference on Economics & Management. This conference was sponsored by IBM Japan, Ltd., MITT, and Nihon Keizai Shimbun, Inc., and was held at Gakushuin University, Tokyo, November 28 and 29, 1988.

Kathy Stecke and **Ilyong Kim's** paper, "Performance Evaluation for Systems of Pooled Machines of Unequal Sizes: Unbalancing versus Balancing," has been accepted for publication in the *European Journal of Operational Research*. In addition, Kathy has agreed to serve three-year terms each as a member of the editorial board of the *Journal of Manufacturing Systems*, as well as an associate editor of *Large Scale Systems*.

At a dinner at the Detroit Athletic Club on September 28, **George Siedel** was honored by the State Bar of Michigan, Real Property Law Section, for his service as editor-in-chief of the *Michigan Real Property Review*. He also gave the opening lecture in the 1988-89 Distinguished Speaker Series at the Penn State University Center for Negotiation and Conflict Research. The lecture was entitled "Intersections of Business and Legal Dispute Resolution."

Jay Ritter recently published two articles and has a third one in press. "The Buying and Selling Behavior of Individual Investors at the Turn of the Year" was published in the July 1988 *Journal of Finance*; "Initial Public Offerings" (coauthored with Roger Ibbotson and Jody Sindelar of Yale), was published in the Summer 1988 *Journal of Applied Corporate Finance*; and "Portfolio Rebalancing and the Turn-of-the-Year Effect (coauthored

with Michigan Business School Ph.D. candidate, **Navin Chopra**), will appear in the *Journal of Finance* in early 1989.

Cindy Schipani presented her manuscript, "The Relevance of the Duty of Care Standard in Corporate Governance: An Analysis of the Trans Union Decision and Subsequent Delaware Legislation" (coauthored with **Michael Bradley**), at the American Business Law Association National Convention in New Orleans.

Robert Cole has received a Japan Foundation Fellowship and will be spending his 1988-89 sabbatical year as a visiting professor at Keio University in Tokyo.

Tom Schriber and **Kathy Stecke's** paper, "Machine Utilizations Achieved Using Balanced FMS Production Ratios in a Simulated Setting," has been accepted for publication in the *Annals of Operations Research*.

Pris Rogers' paper, "Distinguishing Public and Presentational Speaking for Management Communication," has been published in the *Management Communication Quarterly*, August, 1988.

The second edition of **Arthur Southwick's** book, *The Law of Hospital and Health Care Administration*, was recently published by the Health Administration Press. In June, he attended a conference for hospital medical staff and administrative personnel in Williamsburg, Virginia, and the Annual Health Law Teachers Conference at The Wharton School. At the Teachers Conference, he participated in a panel discussion entitled "Institutional Control of Physician Behavior: Legal Barriers to Health Care Cost Containment."

Cliff Ball's article, "Estimation Bias Induced by Discrete Security Prices," appeared in the September issue of the *Journal of Finance*.

Linda Lim spoke on "Financing Development Cooperation in the 1990s: The Role of the Asian NICs" at a conference entitled "Cooperation for International Development, U.S. Policies and Programs for the 1990s" held at Michigan State University. She also presented a research paper on "Foreign Investment, Industrial Restructuring, and Changing Comparative Advantage in Malaysia, Thailand, Singapore, and Taiwan" at the conference on foreign investment and industrial restructuring in developing countries, held at the OECD Development Centre in Paris, in July.

Avi Fiegenbaum's Ph.D. dissertation has been awarded the 1988 Strategic Management Society Award for Outstanding Research in Strategic Management. The award was presented at the 1988 annual meeting of the Academy of Management.

Noel Tichy was the keynote speaker at the Second International Forum for Corporate Innovation, held under the sponsorship of the Nihon Keizai Shimbun (the Japan Economic Journal) and the Institute of Business Research, Hitotsubashi University, where he gave a speech on the "Transformational Leadership Challenge: US versus Japan."

Paul Sweeney presented "Implications of Inventory Positioning (Improving Customer Service by Reducing FGI)" at the Multi-Echelon Inventory Systems Conference. This summer, he presented "Cutting Stock Decisions for Rolls with Multiple Quality Grades: Results from an Implement Model" and "A Bibliography for Cutting Stock Problems" at the Joint International Conference of EURO IX/TIMS XXVIII.

Philip Wernette Dips at 84

Philip Wernette, professor emeritus of business administration and editor emeritus of the *Michigan Business Review*, died in Ann Arbor on August 12, 1988. He was 84.

A large crowd gathered at the First Presbyterian Church in September for a memorial service that celebrated his life as well as mourned his death.

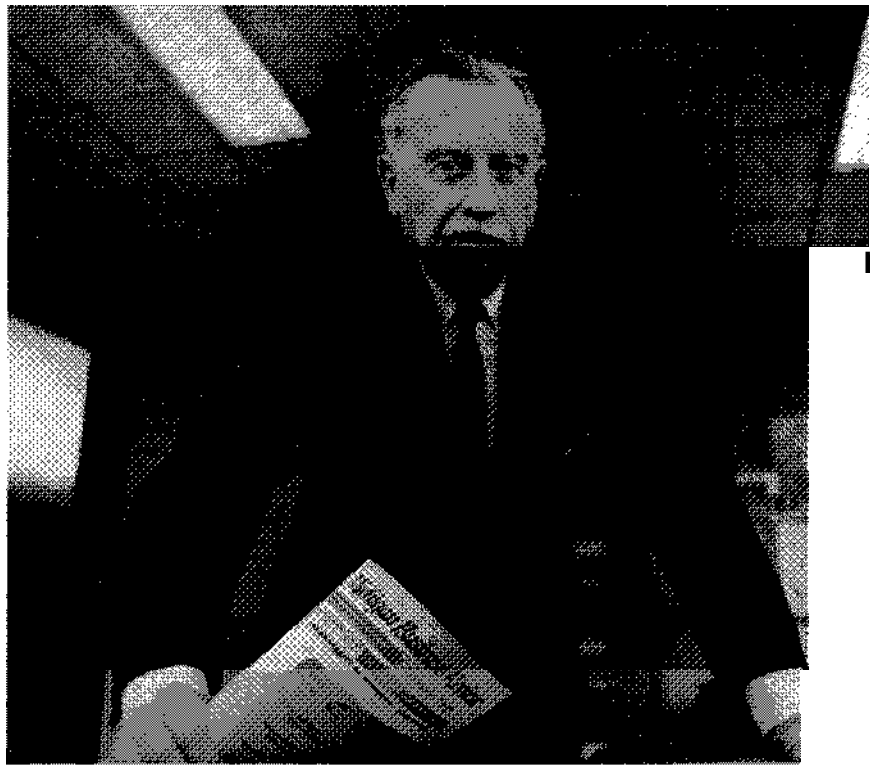
Wernette came to the Michigan Business School in 1948 after serving as president of the University of New Mexico. Before that, he taught at USC before moving on to Harvard where he taught for 18 years. While at Michigan, he founded and became editor of the *Michigan Business Review*, and for many years taught a course in business and government, worked tirelessly as a writer, government and business consultant, and on all manner of University committees and faculty boards.

He earned a bachelor's degree from the University of California at Berkeley; master's degrees from the University of Southern California and Harvard; and a Ph.D. from Harvard.

Wernette was a man of broad and diverse interests. Besides his scholarly pursuits, his writing of numerous books and articles on the economic relationship between government and business, his editorship of the *Michigan Business Review*, and his teaching responsibilities, he also found time to swim every day, to keep a diary, and to hold membership in the "Baker Street Irregulars" — a Sherlock Holmes fan club.

He was also a devoted family man who loved to read aloud to his children and to travel with them and with Eleanor, his wife of 48 years, all over the United States. Said his daughter, Betsy, in her remarks at the memorial service, "By the time I was 8 years old, I had been in 47 states. Through those miles, he would tell stories from O. Henry. He loved the American language, and O. Henry was a master of it."

Paul McCracken, who arrived at The University of Michigan the same



Professor Philip Wernette edited *The Michigan Business Review* for many years.

month that the Wernettes did 40 years ago, spoke affectionately of Wernette at the memorial service.

"My most vivid early recollection of Phil has to do with an autumn conference sponsored by our School," said McCracken. "Phil was the first speaker. It was his characteristically masterful combination of solid and thoughtful analysis judiciously leavened with urbanity and benevolent humor. At the break a businessman said it all: 'That Professor Wernette makes even economics interesting.'

"Professionally Phil's interest in economics was not in arcane and obscure issues of theory. Others could argue about the discipline's equivalent of how many angels could dance on the point of a pin. For him like Keynes (with whom Phil had some personal contact) he was interested in what to do about a problem. Nor was he apt to be set off course by the fads and fashions that episodically blow with gale force

through the intellectual community. His book on monetary theory, for example, early anticipated the needed contemporary re-emphasis on the Federal Reserve's role in the management of economic policy.

"For years Phil was editor of our *Michigan Business Review*. The skill and seeming ease with which he could extract articles from people who, everybody knew, would never sit still long enough to produce the piece was awesome. Moreover, he could make editing suggestions so deftly as to leave the author almost thinking that he had thought of the improvements himself.

"Throughout his career Phil maintained an optimistic and confident view of our fundamental economic prospects. The practice of what Carlyle called the Dismal Science did not lead Phil to dismal conclusions. In this country, he often insisted, the optimists have been the realists."

He will be missed.

900

HAROLD L. PACKER, BA '23, writes, "I really am not an alumnus of the Michigan Business School, since I was graduated in 1923 before the Business School was established. However, I was graduated (with distinction) with a major in economics and a certificate in General Business Administration. I have since taken a semester at Swarthmore in the College program for Bell System Executives, and I completed the curriculum in the emergency management of the national economy officered by the Industrial College of the Armed Forces." Packer goes on to say that he retired in 1963 from the Michigan Bell Telephone Company after 38 years of service, most of it in the Traffic Department, but ultimately in the Executive Department as General Defense Coordinator, a one-of-a-kind, wartime job with a staff of some 30 people. In this job, he says, he had to determine what the targets of choice would be in Michigan; determine the probable loss of telephone communications, and figure out in advance what could be done to minimize the loss. He then was to organize programs to restore service as soon as possible, and to recommend steps that would enhance survivability in the long run. It was a fascinating job, he says, that afforded him contacts with many branches of government. It was also a frustrating job, he says, because the initial response of many people was that nothing could be done (whereas, he says, much could actually be done) and secondly, because the cost of anything that could be done had to compete for money with the cost of regular telephone extension programs at a time when current demands were great and difficult to meet. "In retrospect," he writes, "I could not have had a better college education than I had, and I appreciate it very much."

NICHOLAS P. CHAPEKIS, MBA '43, is now senior attorney with Chapekis, Chapekis & Pearson, in Escanaba, Mich. He writes that he graduated in 1943 in the same class with professor Jim Pilcher. After 40 months of military service, he was offered a position teaching economics at William and Mary



Alumni Weekend '88 — Tom Phares, MBA '41, and his wife, Connie, BA '41. Tom is working as a public relations counsel and freelance writer in Pittsburgh, Penn.

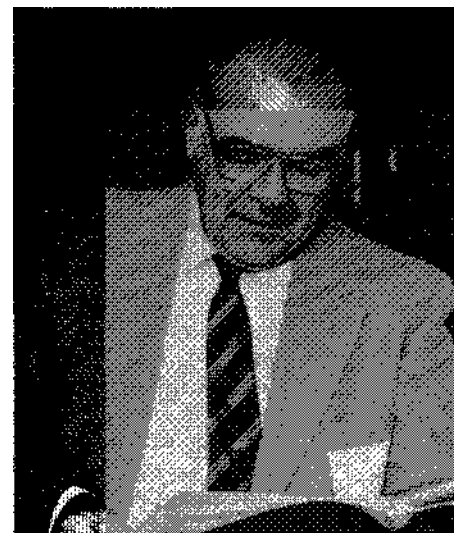
University; and with Merrill Lynch in California. Later, he decided to go to Michigan Law School, from which he received his JD in 1949, after which he went home to Escanaba, Michigan and into private practice. He became prosecuting attorney, a position he held for 16 years, becoming a director of the Michigan Prosecuting Attorney's Association and of the National Trial Lawyers Association. He now practices law in Escanaba but spends his winters in Ft. Lauderdale, Florida where he has a limited practice, having passed the Florida bar in 1980. He says he now prefers estate planning and trust work. He writes that he remembers his teachers fondly, "especially Professors Rodkey, Paton, Waterman, Jamison, Blackett, and John W. Reigel."

J. PERRY TRYTTEN, BBA '47, MBA '48, retired from Trustcorp (the successor to Citizens Trust and Ann Arbor Trust). He plans on living in the Traverse City area during the summers and in Ann Arbor when not traveling during the winters.

MARTIN E. APPEL, BBA '49, has retired after 37 1/2 years with General Motors in Detroit and Santa Barbara, California. He and his wife Jean enjoy good health after both had open heart surgery. Marty and Jean continue to live in Santa Barbara, where Marty plans to do some tax consulting and volunteer work at the local hospital. Their three sons also live in California.

WILLIAM EILOLA, BBA '50, retired from Michigan Technological University, Hancock, Michigan, in 1988, after 27 years with MTU as assistant treasurer, director of budgets, and director of employee relations.

Buz DURANT, BBA '50, writes that he "retired" to a home on Captiva Island, Florida, after a corporate career as executive VP of American Standard, VP and general manager of the RCA Consumer Electronics Division, president of the RCA Distributing Corp., and chairman of the RCA Sales Corp. "Being an avid golfer and not finding a course to my liking," he says, "I found a partner and started my own residential community built around a country club. That led to a second, which is in its last phase, a third about to break ground, and a fourth coming off the drawing board this winter. So much for 'retirement.' "



Alumni Weekend '88 — Ross Miller, MBA '50, is now retired from Ernst & Whinney.

LEO E. KIVELA, BBA '51, MBA '52, is now director of human resources at Sonicraft Inc., a high tech firm located on the south side of Chicago. The firm, which is 100%

minority owned, has flourished and now has 280 employees, most of whom are minority, in all phases of the company, including management, professional, administrative, non-exempt salaried, and blue collar. Leo writes that following 27 years as a divisional director of human resources at Westinghouse Electric Corporation, he became a private consultant in workers' compensation, and also was a consultant for a law firm in Helsinki, Finland (he is fluent in the Finnish language) in the area of international trade between Finnish firms and EEC, Mideast, and North African countries. While in Finland he participated in a study for the United Nations, drafting proposed commercial law for the ECOWAS Treaty Organization, which consists of 16 African countries south of the Sahara. He joined Sonicraft Inc. in 1983.

9 K O R. D. "DAN" WAGNER, BBA '57, %FC5 MBA '58, has been promoted to Director, Compensation Corporate Human Resources with PPG Industries, Inc. He is responsible for worldwide compensation programs, which include executive compensation, incentive programs, sales bonus and commission plans, and expatriate compensation policy. Before this appointment, Dan served as manager of personnel administration for PPG's Coatings and Resin Division and was responsible for salary administration for a worldwide group of 6,000 salaried employees located in seven countries. He developed and implemented salary policy for U.S. and Canadian facilities covering executive exempt and non-exempt populations. Dan and his wife, Catherine, live in the Pittsburgh suburb of Upper St. Clair and celebrated their thirty-first wedding anniversary in September. They have three grown sons: Gregory, David, and Brian.

BRUCE EVANS, MBA '58, and associate professor at the Graduate School of Management at the University of Dallas, was recently written up in a front page story in the *Dallas Morning News* for his program that gives graduate MBA students practical experience at solving business problems in their final semester of work. At the end of the semester, the students present recommendations to the client. In the 15 years since the program's inception, students have performed relocation, diversification, marketing, strategic planning, employee turnover, scheduling, productivity, and acquisition projects for various Dallas firms.



Alumni Weekend '88 — Wayne Mutter, BBA '59, is president of Mutter's Shoes in Grand Rapids.

'61 RICHARD CHAMBERLIN, BBA '61, formerly regional manager for Upjohn Healthcare Services, is now working in the employee relations department in the Worldwide Pharmaceutical Manufacturing Division of Upjohn. He relocated from Okemos, Michigan, to Kalamazoo, Michigan, and lives in Hickory Corners, Michigan.

KLAUS SCHULZE, MBA '61, has started his own business as an international personnel consultant with an office near Cologne, Germany. He spent 14 years in personnel management with the German subsidiary of P & G and ten years as director and vice president of human resources for R. J. Reynolds Tobacco in Cologne. He writes that he became familiar with the consulting business with one of the biggest German executive search companies.

Fred Schalz, BBA '57, Eleclcd ZBT President

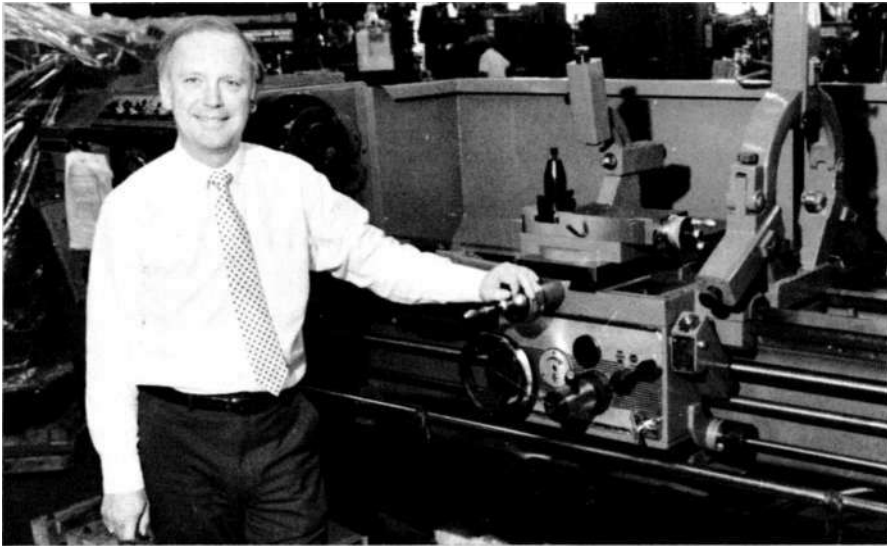
/eia Beta law. iht national » ollegr fraternitv has eleeied hodettk F. S< hat/. BBA T>7. to a twu-uMi term as its :>7th national president.

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¥^L ^AVID % SHELBY, BBA '62, I r I MBA '64, is president of ICM Industries. ICM, founded in 1985, is a holding company based in Chicago. Its objective is to acquire manufacturing companies, to increase their value through operational and financial restructuring, and to retain the resulting healthy companies for long-term equity growth. David and Jack Rutherford, co-founder of ICM, visited the School this fall to talk to students during a Dean's Seminar on entrepreneurship, including the basic ingredients necessary for success and some aspects of ethics and social responsibility. Before founding ICM, David was employed by Ford Motor Company from 1962-80, where he was a financial manager in the U.S. and Brazil; assistant controller of International Automotive Operations; and controller of North American Truck Operations. From 1981 to 1985 he was with International Harvester, serving in various vice presidential capacities, and in 1983 was appointed senior vice president and general manager of International Harvester's European Agricultural Operations in France.

¥% r> JOSEPH W. DELLAPENNA, %J*Jr BBA '65, and professor of law at Villanova University, is the author of a new book entitled "Suing Foreign Governments and Their Corporations," published by the Bureau of National Affairs. The book explores the first ten years of judicial interpretations of the Foreign Sovereign Immunities Act of 1976, as well as other matters usually involved in suits against foreign governments and foreign-government-owned corporations. Joseph writes that he recently returned from teaching for a year as a Fulbright professor at Jilin University in the People's Republic of China.

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John N. Van Otterloo, MBA '65, CEO and president of South Bend Lathe Inc., stands in the company's cavernous machine shop.

John Van Otterloo, MBA '65, Aims to Make South Bend Lathe a "World Class Company"

John N. Van Otterloo, MBA '65, took over as president and chairman of South Bend Lathe Inc. in March. "I am coming to this company to build a large company in South Bend," Van Otterloo said. "I am coming here with the avowed purpose of filling this building with work."

Since then, Van Otterloo has made changes aimed at enabling the Indiana company to raise \$10 million by issuing increased shares of stock. Some \$3.4 million of the \$10 million South Bend Lathe hopes to raise will be used to make improvements to the company's building, which was constructed in 1928 and was long used as an engine building plant by

Studebaker Corp. South Bend Lathe has occupied the 483,000-square-foot building since 1965.

The remaining \$6.6 million would be used to buy new equipment and to develop new machine tool products, especially computer-controlled machines for working metal.

Van Otterloo says he believes these changes will enable South Bend Lathe to double its employment within five years. The company now employs 206 people, less than half its employment of a dozen years ago.

Van Otterloo formerly headed Structural/Kinematics Corp. of Troy, Mich.

'67 GARY IKEMAN, MBA '67, spent eight years at Sandoz Canada (Swiss multinational pharmaceutical firm) after receiving his MBA. He spent two of those years with Sandoz in Sydney, Australia, as a product manager. Gary is currently entering his 10th year with Trans Canaderm, a private dermatological pharmaceutical company with product marketing from different countries around the world. Trans Canaderm is one of the leading specialty "dermatology-only" companies in Canada. He has been married for 15 years and has two children.

Gary's hobbies include buying a country house, fixing it up, and selling it.

WILLIAM R. SWINYARD, MBA '67, has been appointed the first recipient of the Fred G. Meyer Chair of Retailing within the School of Management at Brigham Young University. Professor Swinyard is an excellent teacher and a productive scholar. At Brigham Young University, he won the Outstanding Faculty Award in 1984 and the Exxon Teaching Excellence Award in 1982. He has been a member of the faculty since 1978.

ROBERT A. HULL, MBA '67, currently is vice president and co-owner of Accurate Castings and Kingsbury Castings, two foundries in LaPorte, Indiana, where he also serves as councilman in LaPorte County. Robert married Trudy Downs in August. He also writes that he purchased Century 21 Pine Lake Realty in LaPorte in June.

DOUG TAYLER, MBA '67, is director of research for Input, a computer industry market research firm in Mt. View, California. Doug joined Input after three years at Deltok, as vice president of marketing and product development. Deltok produced training products for the data processing industry. Prior to Deltok he spent 12 years at Cummins Engine Company, rising to the position of executive director of information systems. He also served as vice president of business systems for Envirotech. He and his wife Sharyn live in San Francisco.

PHILIP J. HARMELINK, MBA '67, has been given the rank of Research Professor at the University of New Orleans. He is one of six professors chosen for this honor because of their commitment to research as well as their national and international reputations in their respective fields. Each of the six will have lower teaching loads, so they can devote more time to research, and a travel stipend for attendance at scholarly conferences. Harmelink has been a member of the University of New Orleans faculty since 1979, and is a specialist in federal taxation.



Alumni Weekend '88 — Hal Kellman, MBA '68, is president of HRK Enterprises in Fremont, Calif.



Alumni Weekend '88 — *Roger Lump, MBA '68, is vice president of CNA Financial Corp. in Chicago.*

EDWARD M. JOFFE, BBA '70, has recently been made a partner with the law firm of Sandler, Travis & Rosenberg, P.A., in Miami, Florida. The firm specializes in customs, international trade, and intellectual property rights. Edward is head of the litigation department and is extensively involved in matters concerning international trade, intellectual property, and general corporate and commercial litigation. He is a graduate of New York University School of Law.

JAMES W. GILLESPIE, MBA '70, is vice president of planning and administration with Anheuser-Busch, Inc. Jim is now in his 18th year with the company, having been recruited by them immediately after graduation. He has been a principal officer of the company since 1987 and currently has senior management responsibilities within the Wholesale Operations Division, encompassing ten company-owned beer distributorships in key metropolitan areas. Jim's wife Mary has been a CPA in St. Louis since 1972, and was recently admitted to the Missouri Bar Association after successful completion of her JD and LLM degrees. Jim and Mary live in St. Louis, Missouri.

ALLAN T. POPELKA, MBA '71, vice president of Sami-Burke, has been recently promoted to head up the western region of Sami-Burke Marketing Research. He and his wife Pam live in Pacific Palisades, California. Pam works in case management at the senior citizen organization in Santa Monica—Westside Independent Services to the Elderly.

HAROLD E. HUGHES, MBA '74, a vice president of Intel Corporation, has been promoted to director of business development for Intel's Microcomputer Components Group. In his new post, he has worldwide responsibility for developing and negotiating new business affiliations for the Group. He formerly served as treasurer of the company. The new treasurer of the company, ARVIND SODHANI, is also a graduate of the Business School, having received his MBA in 1978. Harold served in the United States Army from 1969 to 1972. He joined Intel in 1974.

CARL E. BALLARD, MBA '76, a consulting engineer for Allied-Signal, Inc., Bendix Automotive Brake Systems, is on a two-year assignment, opening and maintaining an engineering office in Seoul, Korea. Carl will be performing the engineering liaison between Korea auto manufacturers and the USA operations. He recently retired as chief engineer at Kelsey-Hayes Company of Romulus, Michigan.

FRED J. EVANS, MBA '76, has been appointed dean of the School of Business at Eastern Washington University, Cheney, Washington.

JAMES D. WARREN, JR., BSE '74, BA '74, MBA '76, is now the partner in charge of management consulting services at BDO Seidman's San Francisco office. BDO Seidman is the 9th largest accounting and consulting firm worldwide. James spent four years with Gap Stores as systems project leader and financial analyst; six years on the consulting staff at Price Waterhouse; two years with BDO Seidman as Director of the San Francisco consulting staff. He became a partner in July. He writes that he was awarded the certified management consultant (CMC) designation in 1986, and adds that his BA is in music and he still plays the pipe organ as a professional organist.

RICHARD Q. ANDERSON, MBA '77, is the new president of ASFE, the Association of Engineering Firms Practicing in the Geosciences. Formerly known as the Association of Soil and Foundation Engineers, ASFE changed its name within the past year in response to changes in the membership's practice. Some of the group's 350 members are involved solely or principally in geoenvironmental practice. Anderson is the senior vice president of Soil and Materials Engineers, Inc., headquartered in Livonia. The firm began as a provider of geotechnical services, and since then has expanded into the geoenvironmental/hazardous materials field.



Alumni Weekend '88 — *Bob Sobditch, MBA '70, and his wife Nancy. Bob is an account executive with Prudential Bache in Madison Heights, Mich.*

5 ^ 7 0 TIM LITINAS, BBA '78,
f CJ recently joined a new
Washington, D.C. area homebuilder,
Atlantic Washington Homes, as con-
troller. Tim's responsibilities include all
accounting and finance functions as well
as oversight of the administrative area.
He works closely with the company
president on planning future activities.

RANDY PETRIPRIN, MBA '78, was recently
appointed chief financial officer of the
UAW-GM Human Resource Center in
Auburn Hills, Michigan. Before this,
he spent sixteen years in a variety of
management positions with Burmah
Technical Services, Inc., a subsidiary of
Burmah Oil.

ARVIND SODHANI, MBA '78, has been
appointed treasurer of Intel Corporation,
replacing HAROLD E. HUGHES, JR., MBA
'74, who was promoted to director of
business development for the company's
Microcomputer Components Group.
Sodhani has been with Intel since 1981.
As treasurer, he will be responsible for
corporate credit, risk management,
and treasury worldwide. Before his
promotion, he was assistant treasurer
of the company.

2 * 7 Q ROY L. PHELAN, MBA '79, is
• %y consulting manager at Arthur
Andersen & Company's Los Angeles
office. He started with Arthur Andersen
in the Detroit office directly from
The University of Michigan, and was
transferred to Los Angeles in 1982. He
works exclusively with manufacturing
companies, helping to improve their
competitive position through systems and
efficient plant design. Roy's consulting
work has carried him throughout the
world, with assignments in the U.S., Asia,
and Europe. In 1981, he married Debbie
Rosenbaum, a U-M graduate in
psychology.

JEFFREY M. LOOP and CARI Moss LOOP,
both MBAs '79, have been working
for Ann Arbor-based operations. Jeff
was employed as director of financial
planning for General Automotive
Corporation, one of the largest privately
held companies in Michigan. He is
currently serving as vice president of
finance for Hercules Automotive, Inc.,
a GAC subsidiary located in Albany,
Georgia. Cari is a senior marketing
executive for the Business Systems
Division of Xerox Corporation. She
recently landed the largest single
Xerox order in the country for
business systems.

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

Name: ,,,

Degree(s) and Class Years:

Business Position;

Business Address:

Home Address:

Please write below some personal or business news about yourself that we can share with [ot.li.er](#) alumni,



Alumni Weekend '88 —*Jim Parsons, MBA '81, and Barbara Mahone, MBA '72. Jim is with Regional Financial Enterprises in Ann Arbor, and Barbara is general director, personnel and public affairs, with GM's Inland Division in Dayton, Ohio.*

5 Q | T | MOLLIE MOSSMAN, BBA '80, has been named vice president and CFO of Mediplex Medical Building Corporation, a national developer of medical office buildings headquartered in Dallas, Texas. With projects in many different states and offices in Atlanta, San Diego, and Boston, she is enjoying the exposure to many different real estate markets. She writes that medical office buildings present unique challenges to all disciplines of real estate. "The land is typically leased from a hospital and must be negotiated through its committee process. Special zoning and parking requirements must be met. Architecturally the project must compliment the hospital campus while presenting its own identity. Space planning must accommodate the most

advanced and complex equipment. Tenant finish demands are of high quality, and even a large building will have many small tenants." She says she finds the structuring and solicitation of the financing for these projects quite fascinating, because they can take many forms — from syndications to general partnerships to sale/leasebacks. The company is part of the health care division of Avon Corporation.

MICHAEL FOLEY, BBA '80, and his wife, PENNI ICKES FOLEY, BBA '82, are living in New York City with their daughter Kristin, age 2. Michael recently began a two-year assignment as senior manager in Peat Marwick Main & Company's executive office, Department of Professional Practice, in

New York City. His responsibilities will involve rotation among five functional groups consisting of accounting, office advisory, quality control, SEC, and professional auditing standards/international.

RICHARD K. LINDGREN, MBA '80, was recently named vice president and managing editor of South-Western Publishing Company's Electronic Publishing Division in Cincinnati, Ohio. South-Western publishes textbooks in business, economics, and computer information systems.

RYAN M. WILSON, BBA '80, is currently practicing law at Hubbard, Fox, Thomas, White & Bengtson, P.C., in Lansing, Mich. He returned to the Hubbard law firm in September after completing a three-year tour as a lieutenant in the U.S. Navy. His personal decorations in the Navy include the Navy Commendation Medal and the Navy Achievement Medal. Ryan specializes in tax, business law, and employee benefits. He and his wife Lori have a one-year-old daughter, Rachel.

PETER BERMAN, MBA '81, C3 JL recently joined Print Technology, Inc., of Marina Del Rey, California, as vice president of consumer marketing. The company is a start-up involved in the photo-processing industry. Peter says the market is highly competitive, but adds that his company will soon launch a product that will revolutionize the industry. Before joining PTI, he was employed as director of product management at Epson America, Inc., and before that was employed by Atari, Inc., and Procter and Gamble. Peter and his wife Muriel live in San Pedro, California, and stay in touch with a number of classmates from the Business School.

RON JACKSON and LAURIE JACKSON (MEADOWS), both MBAs '81, have returned home from Taiwan to Summit, New Jersey. Ron has been promoted to director of planning for Airco Gases, a division of the BOC Group — London, England. Laurie has accepted a position with the Chemical Division of BASF Corporation.

PAMELA BECKSTROM HACKERT, BBA '81, J.D. '84, writes that after practicing law in a corporate tax setting and doing private litigation, she has decided to return

Mark Your Calendars for These 1989 Alumni Weekends

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to school to pursue a medical degree. She entered the University of Michigan Medical School this fall.

ABIGAIL LAUFER, MBA '81, writes that after achieving success as a pension investment consultant, she brought her investment marketing expertise to the Japanese investment community. She is senior vice president in marketing with Yamaichi Capital Management in New York City. This is in addition to raising her identical twin boys, ages 1 1/2 years, who keep her very busy. She is living in New York City.

CAROL WILKINSON, MBA '81, is the accounting and auditing manager of Multinational Force and Observers, an international organization headquartered in Rome, Italy, which is responsible for supervising the security arrangements of the peace treaty between Egypt and Israel in the Sinai Peninsula. Carol's work involves monthly trips to the Middle East from Rome. When her two-year contract is finished later this year, she will move to London, England, to join Ernst & Whinney. She previously worked with Ernst & Whinney in Michigan.

'82 STEVE ADAMS, MBA '82, has spent the past three years in the San Francisco area as a valuation consultant performing business valuations (amusement parks, high tech companies, radio and TV stations, sports franchises, etc.). Steve recently quit his job to embark on a Ph.D. in U.S. history at Johns Hopkins. His specialty will be business history, particularly histories of individual firms. Steve married Madeleine Bergman in June. They are living in Arlington, Virginia.

NANCY PREECE, BBA '82, graduated this year with an MBA (major in finance) from Southern Methodist University in Dallas, Texas. She got her MBA while on an educational leave of absence from Ford Motor Company, where she worked as a programmer/analyst for three years.

THOMAS H. CHETRICK, BS '77, MBA '82, has been promoted to group product director at McNeil Specialty Products Company, a division of Johnson & Johnson. McNeil Specialty is devoted to marketing sucralose, a new non-nutritive sweetener derived from sugar that is currently awaiting FDA approval. Thomas is living in Holland, Pennsylvania.



Thomas and Thieme Family Members Count Almost 100 Years at the U. of Michigan

John Thieme Thomas, BBA '57, MBA '58, proudly poses with his son, Evan Thurston Thomas, who graduated last spring as the fourth generation in the Thomas family to receive a U-M degree. John writes, "Between the Thomas and Thieme family, there are over 20

of us with degrees going back to a great, great, great uncle in the 1850s." John's father, John Shepherd Thomas, received his BA from U-M in 1921 and an MA in 1924. His grandfather, John Frederick Thomas, received his BA in 1895 and his MA in 1899.

MARTIN SCHWARTZ, BBA '82, says that he is now starting his fifth year with Shearson Lehman Hutton and has attained both a vice presidency and chairman's council membership. He writes, "The year since the crash has proven to be exciting, challenging, and particularly rewarding as investor emphasis has changed. My clients have benefited by understanding the

importance of cash flow and private market value in securing quality and conservative investments. I firmly believe as we enter the 1990s that these two criteria will determine the success of corporate America." He and his wife Cheryl are expecting their third child in May, and have two daughters, Stephanie and Jaime. They live in Brooklyn, New York.

9 © O LEWIS M. KAYES, MBA '83, has been awarded the Chartered Financial Analyst (CFA) designation by the trustees of the Institute of Chartered Financial Analysts. To earn this designation, a candidate must pass three six-hour examinations over a minimum of three years. A successful candidate also must have at least three years of experience related to investments and adhere to the ICFA Code of Ethics and Standards of Professional Conduct.

5 Q y | MICHAEL A. RICCI, MBA '84, has joined the management consulting services staff at Plante and Moran as a senior consultant. He will be responsible for technical recruiting and executive search in automotive engineering, and is based in the Southfield, Mich., office. Before joining Plante and Moran, he was a senior associate at Selective Recruiting Associates, Inc. Plante and Moran is a Michigan-based accounting and management consulting firm.

9Q C ALICIA ROBINETTE (WEAVER), BBA '85, has been promoted to product development specialist at Foremost Insurance Company. Alicia lives in Grand Rapids, Michigan.

DONG JIN LEE, MBA '85, has been working for Bankers Trust Company's Seoul branch ever since returning home in 1985. He writes that except for six months of military duties, he's been with the bank, first as a trainee in corporate banking, then transferring to treasury. His primary responsibilities include local won funding for the branch, local and foreign currency gapping management, local bond trading, and Euro-dollar futures trading via IMM of Chicago. In the fall, Dong visited the main office in New York for a two-month training program. He lives in Seoul, Korea, and invites classmates to call if they are in Korea (office 752-7752).

KYLE GASPAR, BSE '80, MBA '85, has been promoted to corporate director of Operations and Market Planning, from director, Operations Management, at Ancilla Systems, Inc., a multi-hospital health care corporation with facilities in Illinois and Indiana. Kyle joined ASI in 1986 as director of Operations Management. Her new position will incorporate the oversight of system-wide market research, establishment of a system-wide market data base,

Five MBA and MAcc Work Together in Financial Consulting Department

Ernst & Whinneys Financial Consulting Group, a Detroit-based group which specializes in mergers and acquisitions, business transition consulting, litigation support, insolvencies, and shareholder wealth creation, has hired at least one Michigan MBA or MAcc graduate in each of the last five years. Steve Oesterle, Partner-in-Charge of the Financial Consulting Group, said "Michigan MBA and MAcc graduates have proven to be particularly well-suited for the deal making, business valuation, and shareholder wealth creation phases of our consulting practice. The combination of our in-house accounting and tax expertise with their concentrations in finance has made us uniquely qualified to serve our clients."

Of the twelve full-time professionals providing these services, five are U of M Business School alumni. This group includes James R. Petersen, MBA '84, Ronald I. Dhnatlia, MAcc '85, James W. Carter, MBA '86, Michael L. Gay, MBA '87, and Gregory G. Adams, MBA '88. They provide executive-level consulting to buyers and sellers of businesses, to trial attorneys, to Chapter 11 creditors and debtors, as well as to entrepreneurs via shareholder wealth creation strategies. When describing (he success of this

and responsibility for system-wide data analysis. Before joining Ancilla, whose headquarters is in Elk Grove Village, Illinois, Kyle served as a manager for Ernst & Whinney in Chicago.

PAUL CANCHESTER, MBA '85, has been appointed management consultant at the Blue Cross and Blue Shield Association (BCBSA), the national professional association that represents 77 Blue Cross and Blue Shield Plans. In his new position, Paul consults with Blue Cross and Blue Shield Plans throughout the national system, and is responsible

group of alumni, Oesterle said, "Our consulting practice leverages the many skills they acquired at graduate school — from discounted cash flow theory to regression analysis — albeit tempered by 'real world' factors and experience of the senior members of the group."⁵

Each of the five has responsibilities in all practice segments, although pursuit of practice specialties is also encouraged. Dimattia currently is helping several successful owners in the sale of their businesses, and recently Adams and Gay were part of a team instrumentally structuring and negotiating the management buyout of a large division of a Fortune 500 company. "All of us were initially attracted to the M & A and shareholder value practices," says Carter. "But in time we found the litigation support and insolvent:} practices exposed us to key players as often as the other practices."

On the future of the group of Michigan alumni, Petersen says. "We have been fortunate to find a consulting group which, in essence, lives out the capstone finance and policy case courses offered at the U of M. Our goal now is to expand locally and regionally to create opportunities for ourselves and the future MBAs we hire."⁵

for solving a variety of business, environmental, legislative, and competitive problems facing Plans. Before coming to BCBSA, Paul served as director of finance at the Illinois Hospital Association in Naperville, Illinois, and as reimbursement analyst at Oakwood Hospital in Dearborn, Michigan.

ROBERT E. FULTON, JR., BBA '85, writes that he and his wife Cynthia are expecting their first "future Wolverine" in early April. He is now service zone manager of Metro Louisville in Louisville, Kentucky.

Letters

To the Editor:

Congratulations on your recent issue featuring the Third World debt crisis (Spring, 1988). You do a real service in publishing expert opinion on such vital topics.

The World Wildlife Fund has devised a better way of dealing with the debt than simply writing it off: namely, the Debt-for-Nature swap. The scheme is similar to the plan proposed by Japan at the annual meeting of IMF and The World Bank this week in West Berlin in that it involves converting a portion of a country's debt into local currency bonds. Under an agreement concluded in December 1987 between WWF and the government of Ecuador, WWF can purchase from US banks up to \$10 million face amount of Ecuador's external debt, which WWF will try to obtain at a substantial discount. The face amount of this debt will then be converted through Ecuador's Central Bank into local currency bonds to be held by Fundacion Natura, Ecuador's leading private conservation organization. The interest on the bonds — 31 percent in the first year — will be used by Natura to finance a variety of conservation projects.

At maturation in nine years, the principal of the bonds will become an endowment for Fundacion Natura. The first Debt-for-Nature swap was concluded in July 1987 by Bolivia and Conservation International, a US organization, and Costa Rica has also announced a Debt-for-Nature program with WWF, CI, and The Nature Conservancy.

What do banks (and their stockholders) get in return for the deeply discounted debt? Scientists agree that forests are the planet's best defense against the greenhouse effect through their consumption of carbon dioxide. Some also believe that large forests are net oxygen producers. Medical researchers point to the number of pharmaceuticals derived from plants indigenous to the tropical forests and bemoan the species' extinction that inevitably accompanies rapid deforestation. Bank stockholders should take comfort in the thought that their discounted loans may contribute to the salvation of the planet and with it the human race.

Alison Fuller
Altadena, CA

To the Editor:

Professor Quinn's "radical new theory" on sliding from the positive to the negative zone in management (*The Failure of Success: How Good Becomes Bad*, Fall 1988) was anticipated by Aristotle: "Moderation in all things."

Daniel B. Burg, MBA '88
Ypsilanti, MI

Ph.D. Notes

MARTHA R. SEGER, BBA '54, MBA '55, Ph.D. '71, member of the Board of Governors of the Federal Reserve System, spoke October 31 to the Economic Club of Detroit on "A Federal Reserve Governor's View of the Economy in 1989." As a Governor of the Federal Reserve, Dr. Seger is, by law, a voting member of the Federal Open Market Committee and directly involved in the formulation and execution of American monetary policy.

Russ RAY, Ph.D. '78, is associate dean and associate professor of finance at the University of Louisville School of Business, Louisville, Kentucky. He formerly was a financial economist in the U.S. Foreign Service.

90 £ ? CRAIG EHRNST, BBA '86, *CfJ* is working for NASA in Seabrook, Texas, and keeping track of his BBA classmates of '86. Send him your news. His address is 2800 E. NASA Road One #414, Seabrook, Texas 77585. He writes that:

CHARLOTTE CAROSKES-WASHINGTON, BBA '86, who works for EDS in Southfield, Mich., as a financial analyst, is now the proud mother of a daughter, Nicole Desiree Washington, born September 5, 1987.

CHRISTOS GARKINOS, BBA '86, has been promoted to assistant brand manager and is now working to develop a copy and positioning strategy on a Clorox Company brand.

DIBRA CHAPMAN, BBA '86, is working for GM Consulting Services, a division of Metropolitan Life.

Chul Koo Yun, Ph.D. ??, Delivers Keynote Speech at Steel Conference

Dr. Chul Koo Yun, Ph.D. '73, was the luncheon keynote speaker October 11 at the Governor's Michigan Steel Conference. Dr. Yun is the commodities manager of ferrous materials, purchasing activities, for the General Motors materials management staff. He is responsible for the procurement of steel and the coordination of all other ferrous materials management programs for GM, including corporate stamping and scrap programs. He represents a \$7 billion perve.it responsibility.

His speech, entitled "Where Do We Go From Here! - A

Customers Point of View," Yun discussed the impact of rising steel quality, ending the vicious cost cycle, supplier base realignment, the internationalization of the steel industry, and the auto/steel partnership program.

The goal of the Conference was to bring together managers of both the steel and the automotive industry to discuss issues relevant to the growth of both sectors. The Conference was sponsored by the State of Michigan Department of Commerce, the American Iron and Steel Institute, and the University of Michigan.

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The Regents of the University:
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Thomas A. Roach, Veronica Latta Smith,
Nellie M. Varner, James L. Waters,
James J. Duderstadt (ex officio)



The Random Errors, the Business School's entry in the Ann Arbor Men's Community Slow Pitch Softball League, won the championship this year. The team, composed mostly of Business School faculty members, had a good spring training with various MBA teams providing tough preseason competition. This helped the Errors capture the regular season divisional championship. The grand finale was winning the league championship with back-to-back playoff victories by scores of 7-6 and 2-1 (in extra innings). The star

of the playoffs was Gene Imhoff, who pitched two outstanding games. Pictured here are (top row, left to right) Ph.D. student Jim Wahlen and professors Edward (Ted) Snyder, Joe Machak, Gene Imhoff, Rob Hansen (visiting), and Ph.D. student Mike Guolla. Bottom row, left to right, are professors Jay Ritter, Robert Lipe, Richard (Andy) Andrews, Roger Kormendi, and Jim Wheeler. Not pictured are Ken Eades, Tom Stober, Gregg Niehaus, Bob Hover, David Wright, and Susan Chaplinski.