

The Magazine of the School of Business Administration • University of Michigan • Spring 1989

Dividend



10 Great Years • Page 7

Dear Alumni and Friends,

You'll notice that *Dividend* has a new look, introduced by graphic designer Carol Taylor. This issue begins *Dividend's* 21st year of publication (the first issue appeared in the Spring of 1969) and the updated look seems a good way to celebrate the magazine's birthday. Thanks go to Carol for the new design.

We are all delighted about the new \$2.5 million grant from Ford Motor Company to fund a combined business, manufacturing, and engineering program. The grant was announced by Ford Chairman Donald Petersen when he received the 30th annual Business Leadership award here at the School in January. We are grateful for the endowment, which will help significantly in preparing future leaders for manufacturing careers. For more details about this, see page 23.

Another exciting highlight of this spring was the Third Annual Corporate Finance Forum, sponsored by the J. Ira Harris Center for the Study of Corporate Finance. This Forum focused on corporate takeovers — are they good or bad for the nation's economy? The Forum was preceded by a talk given by prominent takeover attorney Martin Lipton, who spoke on "Corporate Governance: Major Issues for the 1990s." A story about the Forum appears on page 24.

Sincerely,

A handwritten signature in cursive script that reads "Gilbert R. Whitaker, Jr." The signature is fluid and elegant, with a large initial 'G' and 'W'.

Gilbert R. Whitaker, Jr.

Dividend

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What motivates entrepreneurs and how do they affect our economy? The author, who as chairman and CEO of EBCO Enterprises has spent many years as an entrepreneur, ponders these questions.

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Hugh Wenk, MBA '58, sells a constantly changing inventory of over 2,000 items as the U-M's manager of property disposition. Recent bargains include fake sheep skins and an electron microscope in excellent condition.

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A profile of Anne Flora, director of Food Services for the Executive Residence, who has done everything from print-making to running a bed and breakfast house in Wales.

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Donald Petersen of Ford receives Business Leadership Award and announces a \$2.5 million grant to the Business and Engineering Schools; Harris Center Forum considers the current takeover environment; speakers from Lionel Trains talk about manufacturing in transition; Europe 1992 considered; researchers talk about ways human resource practices can give companies competitive advantages; symposium held on the changing direction of the luxury car market.

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About the Cover

Our cover features the cake which was baked to celebrate a momentous decade in the life of the School. The cake was created by Ivan the Baker in the Food Services Department of the Executive Residence. A profile of Anne Flora, who directs that department, appears in this issue on page 20.

The cover photo is by Larime Photographic Studios.

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The Role of the Entrepreneur in Society

Millions of entrepreneurs allocate capital by recognizing opportunities where no central planner could find them, fulfilling needs that no politician has imagined, and finding resources where no bureaucrat could uncover them.

By Everett Berg, MBA '48

Of late entrepreneurship has been elevated to almost heroic proportions. Depending upon the ideological prism through which one's views are filtered, the entrepreneur is either the font of economic growth and prosperity, or conversely a source of greed and disequilibrium in our economy. In either case the entrepreneur is considered to be motivated by a primal urge for control, recognition, and wealth.

Most people would call me an entrepreneur. I have started a number of different enterprises. Many of them have succeeded. But when I hear people talk about what motivates entrepreneurs, I don't recognize myself. I have never consciously pursued great wealth, power, or prestige. I have never judged my success in terms of size — size of enterprise, position, or reputation. I suspect most entrepreneurs feel the same way.

Rather than entrepreneur, I prefer another word. I think of myself as a craftsman — a cathedral builder if you will — identifying needs, creating enterprises, and demanding the best of myself and others in order to excel in a particular field.

Today I want to share with you my insights into the role of entrepreneurs in this dynamic expanding and global economy. But, what I have to say boils down to this: we need leaders and craftsmen, people whose insights and inspiration, dedication and work, cannot be explained by money, or indeed by any other simplistic motive that would reduce people and societies to machines.

Those politicians, economists, and philosophers who downplay the role of the entrepreneur are usually the same people who tend to think of the economy as a machine, a mechanism that can be run from a central command, provided we correctly manipulate certain macroeconomic in-

puts and outputs. But, for a truly dynamic economy, we need people who wouldn't fit into any machine.

Yet this theory of the economy as a machine has a long and impressive history. In fact, it has probably been the dominant view for over a century.

One of the most important political economists of the late nineteenth century was not a professor at all, but Otto Van Bismark. Bismark and the German intellectuals surrounding him pictured the economy as a mechanism rather than an organism.

Pictured in this way, it is easy to imagine, as Bismark did, that the economy can be manipulated for the public good by giving centralized control to a right-minded elite. To the German intellectuals, the free market seemed uncoordinated and inefficient.

German social democratic ideas for management of the economy gradually spread through Europe in the next 50 years and reached their apex in England after World War II championed by the ideas of John Maynard Keynes.

Keynes held a far more sophisticated view, of course. Keynes regarded himself as a defender of free markets. But his explanation of how the government could control the business cycle revealed the same picture of the economy as a machine. Keynes' exaggerated faith in macroeconomic manipulation as the guarantor of prosperity was eagerly embraced by statist everywhere. Keynes seemed to be validating the statist belief in central control for the common good.

By the time I entered college, economics seemed to consist entirely of static supply-demand curves and dry statistical analysis. Academics and policy-makers made almost no attempt to understand or describe the wellsprings of economic activity, or the way in which a free market system really functions, in all its complexity.

■

*“I think of myself as a craftsman —
a cathedral builder if you will — identifying
needs, creating enterprises, and demanding
the best of myself and others in order to
excel in a particular field.”*

Of course, there were counter-currents. Joseph Schumpeter, far more radical than Keynes, made a direct assault on equilibrium economics. He argued that economic progress was solely the result of product or service innovations that destroyed equilibrium.

Schumpeter called this crucial process of innovation “creative destruction” and regarded it as unpredictable and unprogrammable. For him the goal of economic policy was not to plan progress but to facilitate creative destruction.

Schumpeter saw the economy as a cycle of birth and death. Old bureaucratic organizations unable to respond to consumer needs are dying constantly. They are replaced with new, young, energetic organizations eager to seize opportunity. Few of these new organizations will survive, but — in this process of perpetual regeneration — the best will become tomorrow's biggest.

In its pure form, this organic market is wonderfully self-correcting and astonishingly flexible, responding not to commands from the top but decisions from the bottom. Consumers voting with their pocketbooks drive the free market system. Unfortunately we rarely see this market in its pure form.

One of the most powerful human impulses is the desire to protect one's turf. That desire leads directly to monopolistic tariffs, restrictive regulations, and punitive taxes that hamstring the market organism. The history of economics is a recurring history of such short-sighted errors.

Fortunately, today the trend is in favor of free markets. People and governments all over the world are recognizing that economic systems should organize from the bottom up rather than the top down.

The three most successful postwar economies, the U.S., Japan, and West Germany, all serve as brilliant examples of the power of the individual and the central role of entrepreneurship in economic growth.

Yet the more remarkable fact is how rapidly free market ideas are spreading in unlikely places. In China and the Soviet Union, the two foremost communist nations on earth, there now seems to be a consensus that central control destroys economic growth.

I say there seems to be a consensus on this point because these days one never hears of a Chinese or Russian leader saying that socialism is good for growth. That does not mean Russia and China will become free market nations. They may remain socialistic for other reasons.

But for the communist superpowers even to be considering free market reform is a development of enormous importance. To the lesser nations of the world, the superpowers represent a range of role models. Certainly few societies in the future will be inclined to pursue a statist path if the communist superpowers admit that, economically speaking, socialism has failed.

The point is that the global free market is a lot bigger than anyone could have imagined 15 years ago, and it is likely to get bigger still. The world is awash with opportunities that have been ignored for years.

But we must take care not to forget the true sources of our prosperity.

It is true we have our problems at home these days, and yet we are still experiencing a tidal surge of economic opportunity. This opportunity is being created by the entrepreneurial dynamism of the American economy.

You have all probably heard that the U.S. has created over 17 million jobs in the past eight years. That is greater per capita and in total than any other major nation on earth.

I hope some of you also know about the work of David L. Birch, whose monumental research project at MIT has investigated the source of this explosion in employment.*

Birch and his team assembled a massive data base tracking the vital statistics of 12 million American companies from 1969 to 1985.

The results were stunning.

Birch's initial studies covering the period from 1968 to 1975 concluded that 80% of all private sector jobs were created by companies with less than 100 employees.

Birch later updated his work to cover the period from 1981 through 1985 and concluded that for this period 88% of all new jobs in the private sector were created by companies with less than 100 employees.

He then took a different cut at the problem. He defined firms not by size but by whether they fit certain criteria for the entrepreneurial firm. Only about 19 percent of growing firms fit the entrepreneurial profile.

Yet that 19 percent provided 86 percent of the new jobs created by all growing firms. In other words, almost all new jobs come from small entrepreneurial companies.

Finally Birch examined why and how various regions of the country added or lost jobs.

And here is probably his most important discovery: every area of the country, he found, experienced approximately the same rate of gross job loss.

Growing areas lost existing jobs at the same rate as declining areas.

But growing areas created new jobs much more quickly. Almost invariably those replacement jobs came from small entrepreneurial firms.

In other words, equilibrium is a loser. Job loss is a constant, steady-state phenomenon. The only thing that adds net new jobs is a high rate of entrepreneurial activity.

The percentages that Birch has used for small-enterprise job creation are sometimes attacked as being too high and, in fact, Birch acknowledges that small enterprise job creation varies from period to period based on the experience of larger businesses in the economy. But one conclusion is incontestable. The single biggest force in the current boom is the innovative power of small entrepreneurial firms. The best use of capital in our economy is to liberate it to flow towards entrepreneurial, innovative firms.

In our system, millions of entrepreneurs and investors allocate capital by recognizing opportunities where no central planner could find them, fulfilling needs that no politician has imagined, and finding resources where no bureaucrat could uncover them.

Subsidies, restrictive regulations, high taxes, and all the other tools of central control all divert economic resources from their best uses, wasting or destroying their value.

The entrepreneur, however, not only attracts capital, he creates it.

New businesses in this country use approximately \$40

billion in start-up and follow-on funds every year. This money does not on the whole come from formal financial markets, which in a good year provide less than \$10 billion for new firms.

Overwhelmingly, entrepreneurial capital is raised from the entrepreneurs themselves, and their family and friends. The money comes from personal savings, from remortgaging a house, from a spouse's earnings. It is never enough, so the entrepreneur creates yet more capital out of his own drive and will, his vision and desire. He works long into the night. He persuades partners and co-workers to give more of themselves for "the cause" than they would give for any mega-corporation.

*"People and governments all over the world
are recognizing that economic systems
should organize from the bottom up rather
than the top down."*

A command economy that discourages entrepreneurs permanently denies itself this extra human capital that entrepreneurs create.

Sometimes when we see big, broad problems in the macro-economy — problems like the trade deficit, or declines in key industries, or unemployment, it is tempting to say that we need stronger directions from the government in order to compete.

That is a common and very human error, the same error made by Bismark and Keynes.

But the reason we cannot see whether our nation is responding to these challenges is that in reality these new challenges do not manifest themselves as the vast trends familiar to the economist.

These challenges occur as millions of little contests, each among a handful of companies or individuals — contests to get a new product to market, to solve a technical problem, to cut a cost, to increase an output. The challenges to our economy are answered by the individual efforts, adjustments, and innovations of millions of entrepreneurs and managers and tens of millions of workers.

There are two ways to deal with challenge and change. You can put a central commander in charge of choreographing the responses of every individual in the system. Clearly an impossible task.

Or instead, you can create conditions under which each individual in the system can flexibly cope with the changes that come his way, creating in the process an intricate filagree of interrelationships that are the organizational strength of a free market system.

People who advocate centralized control over the economy make the same error as the manager who doesn't dele-

* Birch, David; Job Creation in America; Free Press; New York; 1987.

gate. They don't have enough faith in their fellow citizens. When it comes right down to it, they don't regard them as equals.

All people have the same essential desires, creative urges, and motivations. The golden rule is just about the best policy you can follow in psychology, politics, management, or economics.

Do unto others as you would have them do unto you. Give others the same freedom that you would demand for yourself. True freedom opens the floodgates of creativity and enhances the prosperity of all.

In this decade, not one of the nations of the world has adopted socialism. People have embraced the market system not only because it is more efficient, but because it is the only method by which our needs and desires can be adjusted to those of others without coercion or the arbitrary intrusions of authority. That is why Alexander Hamilton said that the strength of a market system is primarily spiritual because it expands the range of human freedom while increasing the scope of human endeavor.

For entrepreneurs the freedom to create — which depends on the free movement of capital — is as essential as freedom of speech is for a professor, or freedom of the press for an editor.

Capitalism deserves our loyalty not merely because it is productive, but because it is just. Moreover, the justice of capitalism is the source of its productivity.

The simple justice of capitalism is that people are rewarded in accordance with what they produce for society. To do so people are free to choose whatever pursuit legitimately maximizes their happiness. It is a system of well-defined and enforced property rights under which people can freely engage in transactions which offer each party mutual advantage. In that important sense transactions both individually and totally are inherently "wealth-creating". It is the only system where, in the absence of political intervention, economic power cannot be concentrated. While it is not a system that replaces moral conscience, its emphasis on economic cooperation rather than coercion makes it the most congenial system in which social virtue can otherwise flourish.

Moreover, capitalism ensures that economic resources will flow to those who use them most productively. Profits, as Schumpeter proclaimed, flow to those innovators and entrepreneurs who are the true source of prosperity.

When economic resources are directed by government, those resources will almost certainly flow to established or politically favored institutions. In a society that rewards politics rather than productivity, greed and bickering replace effort and imagination.

In my view, such a system is unjust. But morals aside, such a system is certainly unproductive.

The entrepreneur is the agent of creative destruction, Schumpeter's terrifying and glorious angel of death, by whose solemn verdicts capitalist economies constantly renew themselves. Central control of the economy destroys creative destruction.

I make these points not because I really believe that America will turn away from economic liberty. On the contrary, these days whenever I worry about some new outbreak of statism among our leading economists, I try to remember how bleak things looked when I graduated 40 years ago. The intellectual climate for freedom has improved, here and all over the world, and I think it will get better still.

Rather I am trying to convey to you the excitement of the world that awaits you even if you never take the plunge of starting your own enterprise.

But as you look ahead to your careers, please remember that with few exceptions the dynamism in our economy does not come from large corporations. Our economic leaders are mostly to be found in small companies, small companies founded by people like yourselves, trained in the same skills you have mastered here.

I am proud to have received my education from this great institution, and proud to be here among you today.

But I will be prouder still if in some small measure I have encouraged some of you to enter the wonderful game of business in the most indispensable of all roles: as entrepreneurs.

D

About the author: Mr. Berg is chairman and CEO of EBCO Enterprises, a company with diverse operations in retirement housing, electronics, energy conservation, gold and silver mining, and real estate development, with headquarters in Emeryville, Calif. He is also the founder of the Everett E. Berg Professorship in Business Administration at the Business School. This article is excerpted from remarks he made to students when he visited the school to give a Dean's Seminar.

Alumni Profile: Hugh Wenk, MBA '58

The Biggest Garage Sale in Town

By Mary Jo Frank



Walking out of Property Disposition clutching my \$5 white lab coat, I saw Hugh A. Wenk, MBA '58, for what he is: a super salesman. Since childhood I have disliked white lab coats, avoiding people who wear them, like some people avoid black cats. Now I own my own white coat; it makes an excellent apron.

Wenk, the University's manager of property disposition since 1980, says, "We run the biggest garage sale in town — the most versatile, too."

His constantly changing inventory of more than 2,000 items is housed in a 10,000-square-foot warehouse at 3241 Baxter Road, on the northeast fringe of North Campus. Property Disposition accepts merchandise from University departments and sells the merchandise on consignment, retaining about 10 percent to cover costs.

Discarded desks, tables, chairs, and computer components are Property Disposition's staples. Customers almost always can find bargain-priced office furniture.

Popular items like four-file drawer cabinets are recycled back to University departments, Wenk says. "We have waiting lists for departments needing file cabinets. The office furniture is in excellent condition. Why sell a used file cabinet to someone for \$75 when the University would have to turn around and pay \$175 for a new one?"

Wenk, who earned his way through college selling cars, appears to sell almost effortlessly, items that less creative types might consider "white elephants."

"See these fake sheep skins? Very big sellers," says Wenk, holding up a 30-inch by 24-inch rectangle of fleecy white fabric used in hospitals to prevent bed sores. The fake sheep skins, which sell for \$1 each, are used as car seat

covers ("they work great on hot vinyl seats"), under sheets for a softer bed, as blankets for pets, or for craft projects.

Pointing to a heat lamp marked \$75, Wenk says, "We can't give that thing away." However, Property Disposition has no trouble selling incubators used in pediatrics. He has sold about 10 for \$75 to \$100 each to breeders of exotic parrots.

Wenk and his staff of two sales associates, one stockperson, and an administrative assistant also sell commercial kitchen grills, construction trailers, hundreds of doors, operating tables, and obsolete medical equipment. Property Disposition has sold boats, a motor home that was donated to the University — even an airplane.

"We have an electron microscope now. I'd like to get \$18,000 for it," Wenk says.

His marketing strategy for the electron microscope includes contacting dealers and former customers, asking the department selling the microscope for suggestions of potential buyers and advertising nationally.

"The microscope is in excellent condition. The number of hours of use are low for its age because it was used for research, making it more valuable. I haven't found someone who thinks it has the same value I think it has," Wenk admits.

Property Disposition sets prices for its varied inventory based on a number of factors, including previous experience with similar items, current retail price, technological obsolescence, and advertised prices for similar merchandise in trade magazines.

"It's just a pulse. You have to recognize the kind of thing you're selling," Wenk says. For those who think that sounds too simplistic, Wenk notes he can get higher prices for computers built in 1973 and 1974 than those built more recently (after the United States went off the gold standard) because manufacturers used more gold on computer cards then. People buy computers prior to 1974 for their gold content.

"You're better off if you know that so no one pulls your leg," Wenk says.

Wenk jokingly offers buyers two types of warranties: "as is" or the "extended warranty — to the door."

Wenk, who earned a master's degree in marketing from the U-M, has a broad business background, having worked in marketing for Ford Motor Co. He also owned a chrome-plating business in Detroit and ran a retail store.

When items like chairs come in by the hundreds, Wenk sometimes resorts to a progressive markdown to move them quickly.

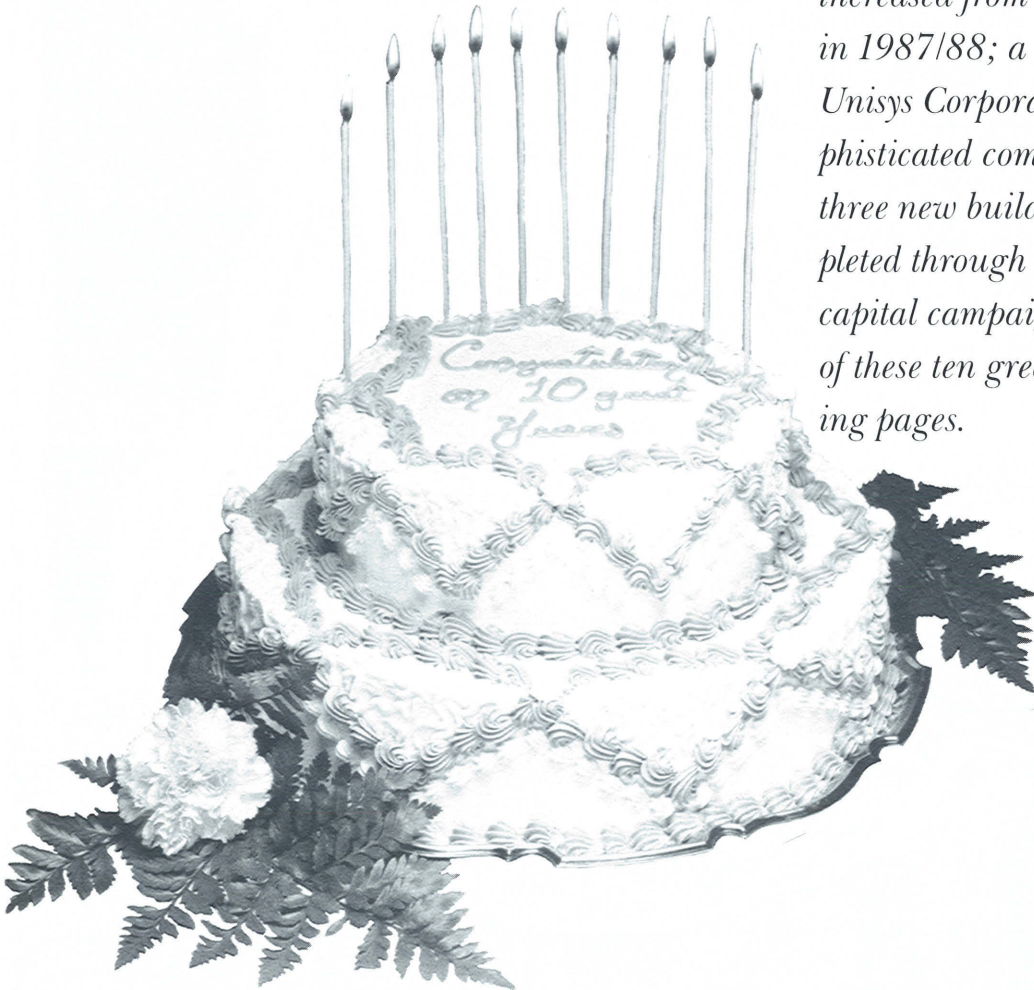
"We're so packed we can't afford to fool around with \$2 chairs and not take in other, more valuable merchandise," Wenk says.

In all, Property Disposition annually sells more than \$500,000 worth of merchandise. However, Wenk admits: "We're not magic. We scrap too." Occasionally even he has to call in a dumpster.

(Reprinted by permission from The University Record)

10 GREAT YEARS

Since Gilbert R. Whitaker took over as Dean of the School in 1979, the size of the faculty has grown from 71 to 122; we have thirteen new joint degree programs; applications to the MBA Day program have increased by 60%; ten named professorships have been added; we have exchange programs with six European business schools; three new interdisciplinary research centers have been established; the number of companies recruiting our students has increased from 296 in 1979/80 to 465 in 1987/88; a collaboration with the Unisys Corporation has resulted in sophisticated computer capabilities; and three new buildings have been completed through a successful \$15 million capital campaign. For more highlights of these ten great years, see the following pages.



1979



Gilbert R. Whitaker, Jr.

Gilbert R. Whitaker, Jr. becomes Dean of the School in January. Some of his goals for the School include: adding substantially to the faculty and incorporating the evening MBA teaching into the regular teaching load; adding to and upgrading the business school facilities; launching a full scale development program; and putting the Business School into the very top ranks of the nation's leading business schools.

The Business School's existing space is adapted to meet updated needs by converting several of the old classrooms into case-rooms, creating new faculty offices, and remodeling the admissions and student services offices and the Dean's office.



Anneke de Bruyn Overseth

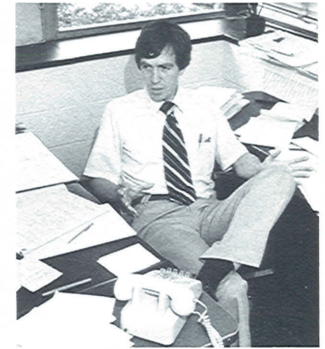
Anneke de Bruyn Overseth is appointed first Director of Development for the Business School. Her job includes the coordination of all of the fund-raising efforts with alumni, corporations, and foundations. She is also to be involved in the planning for a capital campaign for badly needed new building facilities.

Dr. Robert K. Mautz is appointed Director of the Paton Center for Accounting Education and Research, and launches a major interdisciplinary study on the state of the art in internal controls.

The Placement Office reports that 298 organizations scheduled over 8,000 interviews at the Business School. Starting MBA salaries averaged \$22,200; starting BBA salaries were \$15,500.

The Black Business Students Association sponsors its third Black Alumni Day. Six Black MBA graduates and 17 Black BBA graduates were honored along with three new Black PhD graduates.

The Michigan BBA program is chosen one of the two best undergraduate programs in business (the other one was at the University of Pennsylvania). The rankings are done by business school deans and top industrial personnel executives.



Frank Wilhelme

1980

Eighteen new faculty are added to the Business School staff, partially because the evening MBA teaching is now being incorporated into the regular teaching load instead of being taught on an overload basis. This new program, initiated by Dean Whitaker, encourages regular faculty to spend more of their time doing research.

Frank Wilhelme is hired to be the first full-time director of alumni relations and the annual fund. Frank starts a series of alumni receptions, conducts an alumni census, and begins the first student-alumni forum and the first student pledge program, all in that first year. He also begins work on the School's annual fund.



The newly formed Development Advisory Board meets for the first time. They hear a student team from an advanced market-

ing seminar give a presentation on fund-raising, and discuss plans to raise money for three new buildings.



Claude Martin, Stanley Winkelman, Harold Shapiro, Dean Whitaker

A new chair, named the Isadore and Leon Winkelman Professorship of Retail Marketing, is established this year. It is given to the School by the Winkelman Brothers Apparel Foundation, Inc., the Leon and Isadore Winkelman families, and the officers, directors, and friends of Winkelman Stores, Inc.

Also in 1980 . . . *Dividend* starts a Class Notes section which runs to only three pages . . . the first Growth Capital Symposium is held to bring together company executives, bankers, and investors, and thus encourage diversification and growth of Michigan's economy.

1981

Hard times. State appropriations to the U-M decline from almost \$73 million in 1972-73 to less than \$56 million in 1981. The recession leaves many people wondering if the State's economy will ever be the same again. Budget constraints require the University to use its resources ever more carefully, and some hard choices have to be made about trimming and even eliminating some pro-

grams to free up money to keep the most outstanding programs funded and to maintain the University's faculty excellence.

In the face of these hard times, private giving to the school goes from \$553,000 in 1980 to over \$900,000 in 1981.

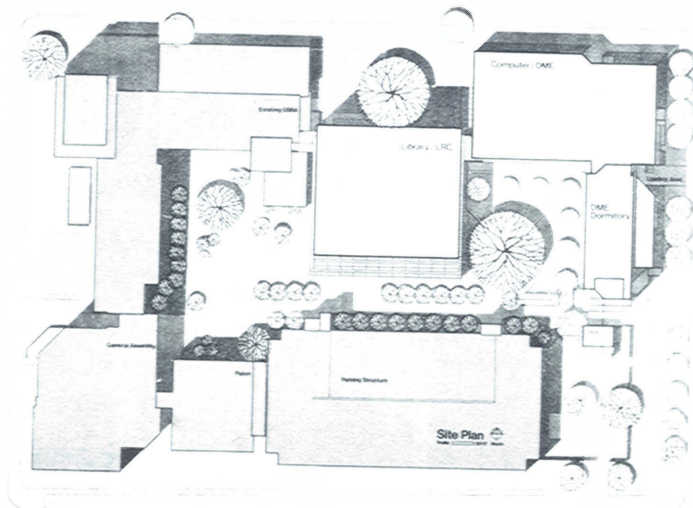


Reading the Alumni census forms

Getting in touch with our graduates becomes a major theme for the alumni office. A series of receptions is organized in major cities across the country at which Dean Whitaker and alumni are able to become acquainted; faculty members start to speak at luncheon and dinner meetings organized for alumni in different parts of the country.



The School publishes its second annual report, entitled "Update" and covering events from July, 1980 through June of 1981.



With the Regents' approval of the basic plan for construction of three new buildings in the Business School complex, the project proceeds to preliminary design stages for a new library, a structure

housing the computer facilities and the Division of Management Education Programs, and an Executive Residence for participants in the Executive Education programs.

The Dean's seminar series is inaugurated, with William Davidson, president and chief executive officer of Guardian Industries, as the first speaker. This series brings executives to the Business School to speak informally with a small, invited group of students who are chosen based on their interests and the topic of the speaker. The Dean's seminars provide an opportunity for interaction with top executives that students would otherwise not experience.

A huge response is generated by the Alumni Census, and *Dividend* receives so many interesting Class Notes that a special issue is devoted to alumni profiles.

1982

A \$100,000 grant from the Charles J. Strosacker Foundation is given to support summer research activities by junior faculty members. The fellowship, known as the Olin W. Blackett-Charles J. Strosacker Fellowship, honors Olin Blackett, the School's first professor of statistics and business conditions, who was a member of the faculty from 1924 until he retired in 1965.

"Saturday Morning at the Business School" begins. These programs are held on football Saturdays and consist of a talk by B School faculty members followed by a pre-game brunch, and turn out to be very popular with alumni.

The Library joins the Research Libraries Group, a partnership of major universities and research institutions, and begins using Research Libraries Information Network, an online, machine-readable database for cataloging. This enables our library to develop a shared online database within the University and with other major libraries.

The first Student Award for Teaching Excellence is given this year. Its winner is George B. Cameron III, professor of business law. Nomination for the award is done by student ballot (about 250 ballots were submitted), and final selection is by a four-member student-faculty committee.

The Growth Capital Symposium, which began in 1980 with about 100 participants, by this year has grown to a group numbering 280. The two-day Symposium attracts investors from all over the country, and provides an opportunity for entrepreneurs, venture capital bankers, and special service providers needed by fledgling companies, to get acquainted. David Brophy, associate professor of finance who started the Symposium, says its objective is "to help develop an atmosphere that encourages the growth of entrepreneurial companies in Michigan."

It is a clear, cool, sunny October day when the School breaks ground for the new Kresge Business Administration Library and the new Computer-Executive education center. At this time, the Business School has

pledges of just over \$10 million, with the major alumni effort getting underway. Included in the total is a \$2.5 million challenge grant by the Kresge Foundation of Troy, Mich. for the construction of the new library.



A new five-year experimental program in accounting is announced. It will allow qualified students to earn both a BBA degree and a master's in accounting in five years. The new "MAcc" program will begin accepting students in the fall of 1983.

1983

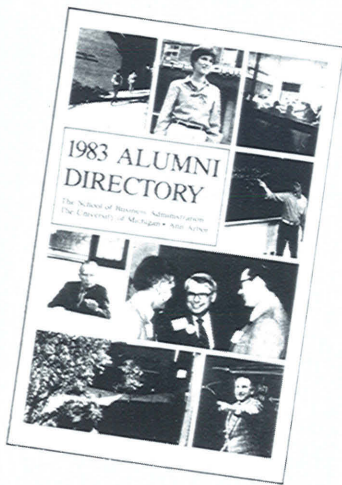
The first Peat, Marwick, Mitchell & Co. Professorship in Accounting is established under the leadership of Charles T. Smith, Jr. managing partner of the Detroit office, and Robert W. Scharff, BBA '69, partner in the Detroit office. Also founded this year is the Ernst & Whinney Professorship in Accounting, given by alumni and friends of the School employed by Ernst & Whinney, and matching grants from the Ernst & Whinney Foundation. The effort to establish this professorship is led by Arthur P. Bartholomew, MBA '40, Robert D. Neary, BBA '55 and Philip C. Berry, MBA '53. Also the Price Waterhouse Auditing Professorship is established this year, as well as two Arthur Andersen professorships — one in accounting and one in computer and information systems — which are founded under the leadership of Richard Measelle, managing partner, and William Adams, BBA '57, MBA '58, partner in the Detroit office of the firm.

Dwight F. Benton leaves a bequest establishing a \$1.5 million endowed professorship and a \$1.5 million permanent endowment for scholarships at the Business School. Another bequest of more than \$500,000 comes from the estate of Lillian Green Dykstra whose husband, Professor Dykstra, taught business law at the School for many years. The fund is for awards to students who intend a career in teaching business administration.



Peter deVaux

"Obviously, the School can't talk to 18,000 alumni in a two-way dialogue," said Peter deVaux, BBA '66, MBA '70, chairman of the newly created Alumni Society Board of Governors. "I see the Board as a surrogate for the mass of alumni who don't have a means of communicating effectively with the School. We can give the School some direction on what alumni would like to have the School do for them, and we can be an extension of the School's resources for building that connection." The alumni board is composed of 21 graduates of the School.



The School's first Alumni Directory is published, with more than 11,000 alumni answering questionnaires to bring their records up to date. The Directory is organized into three listings — one by geographic area, one by class date, and one alphabetical.

William Davidson, BBA '47, president and chairman of Guardian Industries Corp., creates an endowed visiting professorship to bring business scholars to the School for periods of a few days to as long as a semester to work with faculty, students, and doctoral candidates.

A chapter on the Michigan Business School is included in a new book, entitled *The Insider's Guide to the Top Ten Business Schools*. The chapter is written by Len Savoie, MBA '80, an account executive for a New York advertising firm.



A five year, million dollar challenge grant is established by the J. Ira and Nicki Harris Foundation to increase alumni support of the Business School. Ira Harris, BBA '59, is a prominent investment banker who has been a strong supporter of the School. Under the terms of the challenge grant, all new and all increased alumni gifts to the Business School, up to \$100,000 annually, will be matched by the Foundation on a two-to-one basis.

1984

Burroughs Corporation and the Business School come to a \$12 million agreement to install a highly sophisticated computer network at the Business School. During the first phase of the program, Burroughs will provide approximately \$6 million in computer hardware, software, support, and services. The Business School will contribute another \$6 million in new facilities and equipment, and in research and operating personnel.

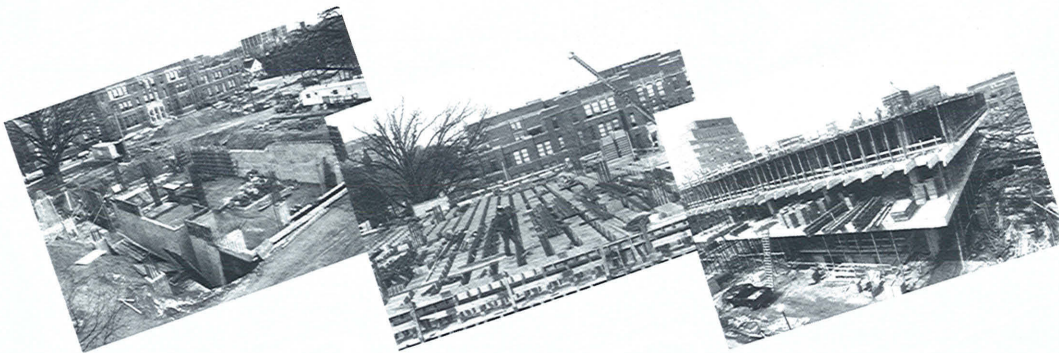
Faculty members receive national recognition in a number of areas. To sum up: two senior faculty members were elected Fellows of their professional associations — W. Allen Spivey of the American Statistical Association and Edwin L. Miller of the Academy of Management; Robert K. Mautz, professor of accounting, was given the Outstanding Educator Award of the American Accounting Association; the 1984 Heizer Award for Outstanding Research in New Venture Development was won by Robert K. Kazanjian, assistant professor of policy

and control; the best dissertation of the year award from the Consumer Psychology Division of the American Psychological Association was won by Michael D. Johnson, assistant professor of marketing; and the outstanding tax manuscript award of 1983-84 was presented to Michael W. Maher, associate professor of accounting. In addition, Wilbur K. Pierpont, professor emeritus of accounting who served the University as vice president and chief financial officer for 25 years, received the First Distinguished Business Officer Award of the National Association of College and University Business Officers.



Millard Pryor (right) with two winners of the first Pryor Award. They are Barry Levine (center) and S. Ralph Gerbie.

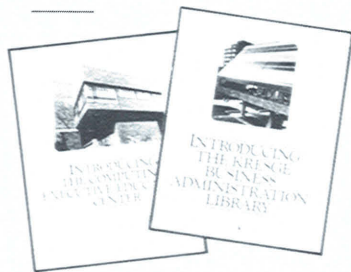
The Michigan Individual Entrepreneur Award, to encourage entrepreneurship and new business formation, is established by Millard H. and Mary S. Pryor by a \$50,000 grant through the Pryor Foundation. The award offers a \$2,500 annual cash prize for the best-prepared, most innovative business plan detailing the start-up strategy for a new enterprise.



Three new joint degree programs are established, bringing to eight the number of joint degrees available. Graduates receive the MBA and a degree in any of these eight areas: hospital administration; social work; Near Eastern and North African Studies; law; music; Asian studies; public policy studies; and architecture. (Editor's note: since then joint degrees have been added in forestry, construction engineering and management, industrial and operations engineering, Russian and East European studies, and naval architecture and marine engineering.)



Education Building makes it possible to consolidate executive education activities within the Business School complex, instead of holding those classes off-campus, as had been done previously.



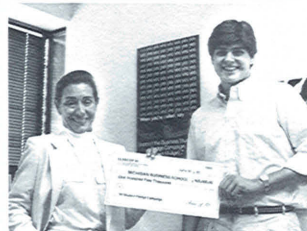
The new buildings are dedicated on a beautiful sunny October afternoon under the portico of the new Kresge Business Administration library with Mr. and Mrs. Stanley S. Kresge as honored guests. After the ceremonies, the crowd circulates in the Kresge portico enjoying refreshments and Dixieland music. The new library building seats three times as many students as could be accommodated in the old library, and the new computing center for students contains more than 85 easy-access microcomputer workstations. The new Computing/Executive

1985

A newsletter begins to be published for the evening MBA students, nearly all of whom hold full-time managerial positions during the day, then commute to classes in Ann Arbor or Dearborn. Such demanding schedules leave evening students little time to be aware of the wealth of resources available to them at the School. Thus the newsletter.

The Executive Program, a one-month course for senior executives, has become so popular that it is decided to run an additional program to take care of the demand.

Robert E. Cole joins our faculty with a joint appointment as professor of sociology and business administration. He was the director of the U-M's Center for Japanese Studies for six years, and has written extensively on comparative studies of American and Japanese industry.



The Student Pledge campaign tops \$100,000 pledged over five years, a record amount. This year also marks the end of the first student pledge period which began in 1980, since the pledges are for five years.

People going to work in the old Business School building pick their way through a maze of blocked passageways (CONSTRUCTION — KEEP OUT) as major parts of the building are being renovated. The old library space is completely remodeled. The library reading room becomes the new student lounge, the old student lounge becomes offices for PhD students, the old computing area on the third floor is changed into faculty offices, and substantial upgrading and modernization of the tower begins.

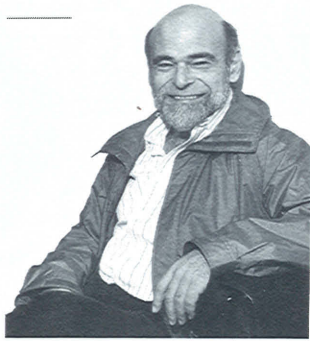


Thirty-two minority men and women students choose to enroll for their MBAs at the University of Michigan Business School under the auspices of the Consortium for Graduate Study in Management. The consortium fellowships provide two years'

tuition and stipends to talented Blacks, Hispanics, and American Indians. The U of M is one of nine institutions with membership in the Consortium. Also this year the Black Business Students Association holds its ninth annual Alumni Day.



Lois and Bruce Zenkel establish an endowed fund for faculty research and development at the School, which helps provide for one of the School's highest priority needs — the ability to obtain and retain talented new young faculty members. Bruce received a BBA from the School in 1952.



Sam Zell

Sam Zell and Robert Lurie, both highly successful real estate entrepreneurs, decide to encourage entrepreneurial tendencies in Business School students by initiating a \$25,000 prize competition in the teaching of entrepreneurship. The winner will come to the School for a year and teach a course in entrepreneurship. (Editor's note: The first winning course focused on the psychology of entrepreneurship; the second year the winning course looked at the structure of entrepreneurial systems; and the next course, nicknamed "Failure 101" by students, focused on the role of failure in the development of entrepreneurs.)

A Career Resources Center is organized as a joint endeavor of the Placement Office and the Library. Files are set up for the more than 400 companies that recruit at the School or solicit resumé from students. Each company's file includes the latest annual report, recruiting literature, and a file of current news stories and Standard & Poor's stock report. Packets are also compiled on careers ranging from public accounting to venture capital, and files are established on all major cities, including the local city magazines. Students are quick to discover this new resource. During the first week, 50 items are requested — that soon grows to 550 requests during one week of the winter term.

1986

A unique "preferred admission program" is inaugurated. Qualified high school seniors who anticipate doing later work in engineering, business administration, or pharmacy can receive what amounts to simultaneous admission to U-M undergraduate and professional schools. This program is believed to be the first of its kind in the nation, and is designed to free outstanding undergraduates to broaden their course selections and avoid "over-professionalism."

Two funds are started to honor two beloved professors: Wilbur K. Pierpont, professor of accounting, and Paul W. McCracken, Edmund Ezra Day University Professor of Business Administration. The Paul W. McCracken Collegiate Professorship in Business Economics is established with a \$100,000 pledge from the Dow Chemical Company as a way of hon-



Wilbur K. Pierpont



Paul W. McCracken

oring Prof. McCracken on his retirement from their Board of Directors. The Wilbur K. Pierpont Endowed Scholarship Fund is started with a gift of \$100,000 from the Herrick Foundation. Recipients of grants from this fund will be known as the Pierpont Scholars. (Editor's note: by 1989, these funds have grown to more than \$300,000 each.)

The Executive Residence is completed and goes into operation in the spring. Rising seven stories above the campus, the Residence offers distinctive accommodations for participants in the Executive Education programs, and marks the final phase of the School's \$15 million building campaign. The building contains 96 guest rooms, a large, hand-somely furnished guest lounge, and a glass-walled dining room looking out on a pleasant courtyard.



The Cognitive Science and Machine Intelligence Laboratory (CSMIL) is founded with headquarters at the Business School. This new lab gathers researchers from Business Administration, the College of Engineering, and LSA to pursue research on machine vision, learning, the interaction between humans and computers, and the design of computer tools. The lab will promote interaction between disciplines.

Richard P. Bagozzi becomes the Dwight F. Benton Professor of Marketing. Before joining our faculty, he taught at Stanford University, the Sloan School of Management, and the University of California at Berkeley.



Placement reports another record-breaking year. Three hundred and seventy-seven firms recruit at the Business School, 52 of them for the first time. Ninety companies recruit for summer internships. MBA salaries are at a mean of \$37,500; BBA salaries at a mean of \$22,800.

A new computer laboratory opens at Village Plaza, the satellite location for evening MBA classes. Ten Burroughs B-25 microcomputers are installed at the study center, all equipped with word processing, spreadsheet, and graphics software. The microcomputers also can access the University's mainframe computer, and communicate with the Business School computer facilities via modem.

Applications to the Ph.D. program are up a substantial 42% since 1984-85, reflecting the increased visibility of the Business School as one of the very best in the nation.

1987

Three new interdisciplinary research centers are established. They include: the J. Ira Harris Center for the Study of Corporate Finance, founded to stimulate productive interaction between financial executives from industry and Wall Street and the faculty and students of the School; the Office of Manufacturing Research, designed to foster the development and dissemination of applied multidisciplinary research on manufacturing management; and the Office of Tax Policy Research and Analysis, founded to encourage and facilitate joint research on the tax system by economists, accountants, and scholars of other disciplines.



William A. Paton

William A. Paton, Edwin Francis Gay Distinguished University Professor Emeritus of Accounting and Economics, is designated Outstanding Educator of the Century by The American Institute of Certified Public Accountants. An endowed scholarship fund has been established to honor him.

Professor Karl E. Weick, viewed by his colleagues as one of this country's most influential theorists in the organizational studies field, joins our faculty as the Rensis Likert Collegiate Professor of Organizational Behavior and Industrial Relations and Professor of Psychology.

The School's first Real Estate Forum is held in the fall — a two day event with lively speeches and discussions. (Editor's note: the Forum was so successful it was continued the next year and is planned for 1989 as well. The Forum included a networking session; a dinner and keynote speech, a series of short talks by different real estate experts; and a series of small panel discussions on various aspects of real estate.)

Two new endowed senior professorships are established. Stephen M. Ross, BBA '62, president of the Related Companies, Inc. pledges funds for the School's first endowed professorship in real estate, which will be named the Stephen M. Ross Professorship in Real Estate. The other professorship is established by Everett E. Berg, MBA '48, Chairman and CEO of EBCO Enterprises, and named the Everett E. Berg Professorship in Business Administration.



Stephen M. Ross



A new publication, entitled "The Research Beat" is launched to help keep alumni and friends of the School up-to-date on some of the ongoing research activities of the School. Each issue carries summaries of some of the diverse research work being done by the Michigan Business School faculty.



Felix G. Rohatyn, Joseph A. Grundfest, J. Ira Harris, Joseph H. Flom

The opening event of the J. Ira Harris Center for the Study of Corporate Finance draws an enormous audience to hear ten of the most well-known and powerful names in the high-stakes world of corporate finance discuss “Mergers and Acquisi-

tions: The Past, The Present, The Future.” A major purpose of the Center is to facilitate the interaction of students and faculty with the “real world” of corporate finance. This was an auspicious and impressive beginning.

The School has the largest applicant pool in its history. Applications are up 75% since 1984. Eighty-eight percent of the matriculants have work experience, up from 77% the previous year.

The Business School’s Annual Fund exceeds \$1 million for the first time in the School’s history. This is an important milestone for the School, which is in tough head-to-head competition with the very best (and most well endowed) schools in the nation. For example, annual fund contributions this year to Harvard B School are \$13.4 million; to Stanford, \$2.7 million; and to Wharton, \$2.02 million. Our \$1.32 million is cause for celebration, but we also have to work smarter to stay even. Annual Fund contributions have more than tripled since 1981, illustrating the generosity and support of our alumni and friends.



D. Maynard Phelps and Dean Whitaker

A scholarship fund is created to honor C. James Pilcher, professor of finance, who retired after being a member of our faculty since 1948. Another well-loved professor is honored when the executive lounge in the Assembly Hall building is renamed the Phelps Lounge in honor of Professor D. Maynard Phelps, who joined our faculty after graduation in 1926 and is now professor emeritus of marketing.

1988

The Kresge Business Administration Library is one of 20 sites selected nationally to receive a new English language database — Japan News and Retrieval — which offers online access to vital economic information on Japan and Japanese Financial Markets.



Jack D. Sparks

The Jack D. Sparks-Whirlpool Corporation Research Professorship in Business Administration is founded with a gift pledged by the Whirlpool Corporation. The professorship honors the former chairman, president and CEO at Whirlpool.

Internationalization through the development of exchange programs with management programs in Europe continues to increase at the School. Currently we exchange students with six European business schools and are exploring the possibility of exchanges with schools in Asia and Latin America.

The Milton and Josephine Kendrick award for theory development in marketing is established to recognize the importance of theoretical scholarly work among doctoral students in marketing.

Alumni of the School establish a special investment fund, managed by our alumni. The fund seeks long-term growth of capital through a diversified portfolio. (The Stanford Business School Trust, which was used as a model, grew from \$70,000 to \$9 million in 20 years).

Dean Whitaker is elected vice-president/president-elect of the American Assembly of Collegiate Schools of Business (AACSB).



Minority enrollment at the Business School hits an all time high — 24% of the entering MBA class. In the fall of 1981, 35 minority students matriculated; in the fall of 1988, that figure had risen to 102. This reflects the sustained efforts on the part of our admissions office to reach out and recruit qualified minority students.

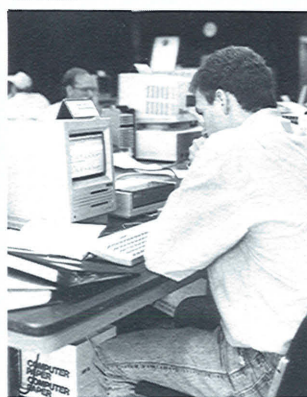


A specialist's book is produced which lists Business School faculty and their areas of expertise. It is distributed to various media sources to increase media awareness of and exposure to the Michigan Business School.

Membership in the School's Visiting Committee now stands at 35, all of whom are top corporate executives. The Committee has grown from a membership of 17 ten years ago.

Several outstanding senior faculty members join us this year. They include Wayne DeSarbo, Sebastian S. Kresge Professor of Marketing, who is an innovative scholar and researcher in the field of quantitative marketing; Linda E. DeAngelo, Arthur Young Professor of Accounting and her husband, Harry C. DeAngelo, professor of finance and director of the J. Ira Harris Center for the Study of Corporate Finance. The DeAngelos 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. Also joining our faculty is Dennis R. Capozza, the Stephen M. Ross Professor of Real Estate and professor of finance, who is considered a top scholar in the integration of the modern theory of finance and urban land use economics.



The School's Library and Computing Services are merged under Dr. Elaine Didier, representing acknowledgement of the converging nature of the two information-based activities. As technology offers more sophisticated ways to store, manage, and retrieve information, the traditional boundaries between computing and library services are softening.

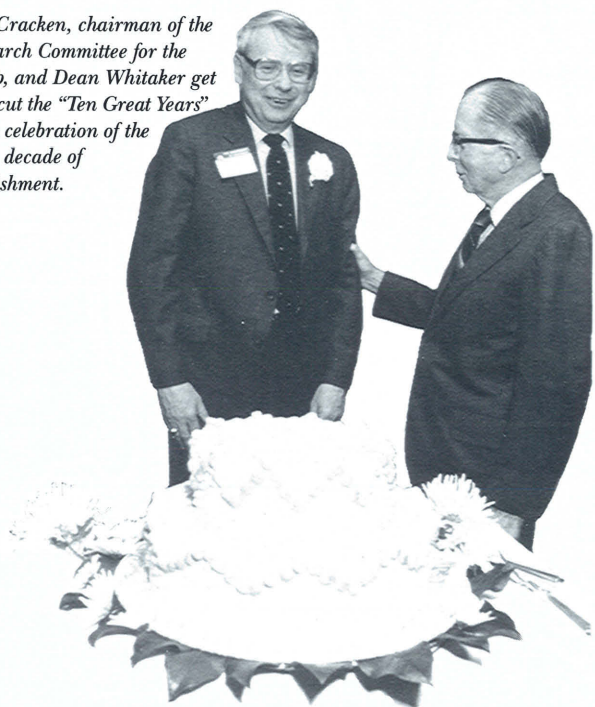
The number of alumni programs increases from 25 in 1984 to 35 in 1988, and the number of alumni participating in these programs increases from 1401 in 1984 to 1616 in 1988.

Despite the Wall Street Crash in Fall, '87, starting salaries for our MBAs are up 6% to \$45,200 and by 9% for BBAs who report an average starting salary of \$26,800. More than 400 companies recruit at the School.

Over 80 refereed articles are published by the Michigan Business School faculty, and 67 additional articles were accepted but not yet published in refereed journals, reflecting the research productivity of our faculty.

Executive Education displaces Harvard as the market share leader for the number of executives attending University-based general and functional management programs, according to survey figures published in Bricker's International Directory of University Executive Programs, 1988.

Paul McCracken, chairman of the 1979 Search Committee for the Deanship, and Dean Whitaker get ready to cut the "Ten Great Years" cake at a celebration of the School's decade of accomplishment.



A new program for journalists specializing in business reporting
is inaugurated by the Business School
and the Michigan Journalism Fellows program.

A Year for “MAINTENANCE OF THE MIND”

By Kathy Hulik

Joan Richardson, the first Knight Fellow in Business and Economics at the U-M, is a woman who likes to be challenged. As deputy business editor at the *Detroit Free Press*, she gets her wish daily, supervising 15 reporters and two assistant editors, and making sure the business pages in the nation's 10th largest newspaper get printed.

Since last September, she has had a different type of challenge. As one of 15 Michigan Journalism Fellows this year, she faces a regimen of what she terms “maintenance of the mind” — reading, studying, thinking, and learning.

The MJF program brings experienced journalists to the U-M campus to study just about anything they want, attend twice-weekly seminars, and absorb all they can from each other. Traditionally, MJF had received applications on an undifferentiated basis for general studies. But now they have opened several positions for specialized journalists, including the one in business, and another in medicine.

To support the new fellowships, the Michigan Journalism Fellows Program has received a five-year Knight grant of \$500,000. The Business School and the Medical School each will help raise an equal amount to endow the two fellowships.

The Business School regards the fellowship as a means of helping bolster a field of coverage that has long remained a journalistic backwater, said Dean Gilbert R. Whitaker, Jr.

“I am very excited about this new joint endeavor,” said Whitaker. “Far too often, covering business is simply another assignment for journalists. A program such as this will provide them with real business background, enabling them to write about business knowledgeably. The world of business has long needed journalists who can report its complex activities with sensitivity and intelligence.”

Richardson was selected as the first business Fellow after being interviewed by a committee of Marshall Loeb, managing editor of *Fortune*; Thomas Kinnear, associate dean of the Business School; Charles Eisendrath, MJF director; and James Bock, a 1987-88 Fellow and Mexico City Bureau Chief of the *Baltimore Sun*. She also submitted a proposal to study the role of American multinationals in the emerging global economy, and the challenges presented to American business due to globalization.

“There is a tendency among regional newspapers to cover business, and even important multinational companies, as if they are Michigan companies selling only to Michigan people,” she said. “During this year, I have

learned irrevocably that we must recognize the globalness in our own backyard even as the companies must.”

“If we can change the way we cover American business, we can speed along change in the American public’s attitude and aid in its understanding that our companies are part of the global economy.”

Business Fellows are expected to concentrate their work in the Business School, and are encouraged to involve themselves in research projects. Richardson, for example, has joined two other researchers at the Office for the Study of Automotive Transportation in the Transportation Research Institute to complete a descriptive study of women in the automotive industry. She said that has been a “wonderful experience,” beginning with a handful of names and ending with 600 identified.

During her stay here as a Fellow, Richardson experienced a change not only in her approach toward business reporting, but also within herself. “Newspaper people are always focused on the daily deadline,” she said. “They shut out anything not relevant to their immediate task.” On the job, she would read the first edition of the *Free Press*, a morning paper, when it came off the press at 10 p.m. and dictate any changes.

Then she would wake up at 5:30 a.m. to read subsequent editions, and also check *The New York Times*, *The Wall Street Journal*, and *U.S.A. Today*, but always looking for Detroit connections.

■

*“The world of business has long needed
journalists who can report its complex
activities with sensitivity and intelligence.”*

“Intellectually, I am more ambitious than that, but I was so focused on my job, I neglected other areas,” she said. “Now, I can indulge my mind. I spend about 15 minutes with the *Free Press*, and do the bulk of my newspaper reading in the *The New York Times* and *The Wall Street Journal*.”

“I’ve learned from that. This is a year about opening yourself up. It will be difficult to go back to the same job, when I’m not the same person.”

While she admits there is little chance she will give up the newspaper world to become a Wall Street stockbroker after her year at the Business School, Richardson said she knows much more about where to go to get information for business news stories. “I know the wizards are here,” she said.

Michigan Journalism Fellows may take classes in any department of the University. They are not required to write papers, take exams, or do the assigned reading. Richardson said she reads 80 percent of what is assigned, but does not participate in class discussions, leaving that to students who pay tuition.

“I have no real gauge of how I’m doing,” she said. “I know what I know that I didn’t know when I came. I’m

pretty smart about knowing what I don’t know.

“Now I can see the way the pieces interrelate that I didn’t see earlier. Ideas that seemed foreign, I am now comfortable with.” For example, Richardson said when she arrived in September, she knew nothing about the European Community becoming one market in 1992 or its umbrella agreements, the General Agreement on Trade and Tariffs.

“Now, I have a much better understanding of the international economic issues involved, and can talk comfortably on both topics,” she said.

Richardson wanted to be a foreign correspondent when she studied journalism and history at Indiana University, and she took courses in Chinese history to be ready for an assignment in Beijing. An internship in Washington led to a deep love of politics, and after working at the *Peoria Journal Star*, she covered the Indiana General Assembly for the *Indianapolis Star*.

She reached the level of state editor at the *Star*, and joined the *Free Press* in 1981. Along the way, she met her husband, Bob Rossbach, who is a television producer for the Detroit Public Broadcasting System TV station. They have three children — a four-year-old daughter and two-year-old twins.

Detroit, she said, is an excellent news town for business reporting. “It has the auto industry, a Japanese presence, food and chemical industries, lots of active retailing, Fortune 500 companies, merger and acquisition activity, and family squabbles. There is a little bit of everything.”

But being a student again has its fascinations. “I was in school in the early ’70s,” she said. “Now there are a lot of men wearing earrings, and a lot of short hair. I’m also very struck by the affluence on the Ann Arbor campus.”

Richardson said she is quite impressed with the students she has met, and has developed some good friendships. Yet, “I don’t see the same sense of political activism that existed when I was in school,” she said.

“I am disturbed by the insularity of the Business School students. They are very aware of the world in a business sense and the implications of changes vis-a-vis business considerations.

“But they are not very worldly in understanding wider ramifications and how everything fits together. Too many are very narrow in what they are doing. I do think the Business School could play a role in changing them.”

Of course, Richardson is seeing the students from a different perspective — that of a professional who has worked for 15 years. She also sees herself and her classes differently.

“The first time I was a university student, I was very respectful of authority,” she said. “Now I consider myself an expert in a professional sense. I have developed good friendships with some professors, because I feel I have something to contribute, and I enjoy them because they are wonderful, fascinating people.

“But I look at what I am getting for my time. Those classes and professors I choose clearly constitute a value statement. We respect each other.”

Richardson finds much to praise at the Michigan Busi-

ness School. "The resources here are excellent — the library and the physical plant are a tribute to Gil Whitaker and Anneke Overseth," she said.

"The faculty has been very receptive to meeting and talking with me. I haven't run into any mediocre people, which is high praise in itself. I am impressed with their energy and vitality. They have been generous with their time and with loaning me books and papers.



"If we can change the way we cover American business, we can speed along changes in the American public's attitude and aid in its understanding that our companies are part of the global economy."

Joan Richardson

"This is a school to be proud of. The state and business community are fortunate to have the brain power and energetic students that are here. I would be proud to have an MBA from Michigan."

And she is just a little sad at seeing the year end. "I will miss this," she said. "I also have a new appreciation of being on the outside, trying to get a story into a newspaper and the obstacles involved. Even with the people at the *Free Press*, I have had to really persuade them to become interested in a particular story I saw going on here.

"When I get back to the real world, I am sure there will be a closer association between the Michigan Business School and the *Detroit Free Press*."

As *Dividend* goes to press, the name of the next year's Knight Fellow in Business and Economics has been announced. She is Sharon Walsh, financial reporter for the *Washington Post*.

D

Eating Well in the Executive Residence

Anne Flora and her staff go to great lengths to make sure the food in the Executive Residence is a feast for the eyes as well as the palate.



Anne Flora sits in her small, glassed-in office off the kitchen of the Executive Residence. It's obvious as she speaks that she has a zest for just about everything — whether running a bed and breakfast house in Wales; being a printmaker; or refurbishing a house she has just bought. Now she is talking enthusiastically about food.

"I've always had a clear idea of the kind of service I want to give people — how food ought to look and taste. I want the atmosphere to be beautiful but casual," says Anne, who began her professional life as an artist and is now director of food services for the Executive Residence at the Business School. "People ought to be interested and surprised at what they're seeing."

On this particular day, Anne and her staff are preparing an extra special buffet supper. One staff member is working on a tempting cream-puff dessert; several others are putting finishing touches on a bounteous buffet table of salads, cheeses, fruits, and flowers.

Why such a special meal? It's the middle of winter, the staff needs an interesting challenge, it's a good way to keep everybody up to snuff. And the buffet is gorgeous.

Anne's artistic side came into play from the beginning of her work at the Residence. When there wasn't enough in the budget to buy silver serving trays, she found them in second-hand stores. "I don't want us to use plastic platters," she says decisively. "We tried to choose equipment for the Residence with an eye to what's going to be durable and look terrific as well. We do a lot of things with baskets because they are interesting looking, and we use flowers and natural garnishes to make things look beautiful."

She does make things look beautiful, from the Easter baskets on the tables during Easter week, to the antique Christmas decorations she provides for the huge tree in the Executive Residence lobby. And the variety of the food she provides is awesome.

One day Anne and her staff may cater a lunch for one of the School's visiting boards; another day it might be a tail-gate picnic in the Kresge portico for 400 alumni returning for reunion weekend. Then there are the spectacular dinners for special business school events, such as the opening of a research center or a dinner in honor of a distinguished business leader. And let's not forget the Christmas buffet; the continental breakfast before a morning symposium; the two elegant box lunches served in an office to an associate dean and corporate guest when the Executive Dining Room was full to overflowing.

All of these meals are, of course, on top of the regular, day-to-day service of lunch and dinner in the Executive Dining Room; the white cheddar cheese popcorn, strawberries and cream, and other goodies put out in the afternoon for snacks; the fruit and pastries during morning coffee hour.

Anne puts finishing touches on a bounteous buffet table.

"Anne and her staff cook and serve food with the same care whether they are doing it for 20 or for 400," says a fan who works with her on special events. "The food she does for the School's extra-special dinners served in conjunction with important events are as distinctive as you would get at an excellent New York restaurant. You never get the feeling of a mass produced meal."

Anne speaks animatedly about the opening of the Executive Residence Dining Room. "It was scary," she says. "We got the keys to the building in the middle of March, and we had about three weeks until our first meal, which was April 8, 1986. I'll never forget it. During those three weeks we had to move our equipment in, test it, and get the kitchen set up. Also our recipes were all untested."

The untested recipes were particularly unsettling. Anne explains that food reacts differently as recipes are expanded. You can't take a recipe written for 30 people, multiply every ingredient by six, and serve it to 180 people.

"We only had about two weeks before heading into crowds where we needed to cook for 200 at a time," Anne explains. "It was frightening because we weren't sure how the recipes would be. It's a matter of constantly testing and then noting everything — documenting thoroughly as you go. You have a basic idea of the quantities necessary but you need the fine tuning. A recipe is only as good as the cook."

Since time was of the essence, Anne's senior assistant, Judy Mannerter, proposed that she follow Anne around the kitchen and make a note of exactly how much of every ingredient was going into the dishes being tested. You can't put "a little" basil in, or "a pinch" of ginger. You have to say exactly what "a little" is — half a teaspoon? a quarter of a cup?

"Maybe last week you served a soup for 50," says Anne, "but this week you need to do the same soup for 200 and that's very different. Maybe the expanded recipe is tasting thin, so you have to remeasure everything. Then there's the flavoring. You don't want it too salty or too thick. By trial and error you have to adjust for yield, flavoring and consistency, and retest and remeasure everything. I was in with the cooks first thing in the morning. We only had two supervisors — Judy and myself. Judy was wonderful in pulling together methods and procedures and being an invaluable right hand person in helping to get things off the ground."

Anne is constantly looking at magazines and cookbooks for new ideas. "Sometimes we will take special chances," she says. "Once we decided to serve stuffed quail. Not everyone is necessarily going to appreciate that, and you don't always know what your crowd is going to be like. So you try to have a mix. At dinner we usually have four choices, including one fish or seafood dish, one beef or pork, and at least one low cholesterol item."

One question Anne is struggling with is whether the food service should expand. They are now busy almost every month of the year and are also bursting at the seams. So how about catering off-site? It's a difficult decision, says Anne, because anything done off-site takes triple the effort.

The hardest thing about Anne's job is managing consistent quality. This is a fight from the word go, because there are so many variables — from the quality of the raw materials to the experience and expertise of the staff. You can have a shortage of people, or a piece of equipment can malfunction.

Cross training is one way to help control the variables, and everyone on Anne's staff is trained to do several jobs. "The most wonderful part of my job is the people," she says. "I am constantly amazed at how good my staff is. They are the people who make the place what it is."

After receiving her degree in fine arts from the University of Iowa, Anne went to New York City to seek her fortune as a printmaker, and supported herself along the way by doing social work. While running groups in crafts, literature, and creative writing at a day center for senior citizens, she got drafted into running the kitchen as well.

"I sort of fell into cooking," says Anne. "I had a feel for it, and I learned as I went along." She had plenty of opportunity for early learning, since she was one of six children. Later, she helped herself through college by working as a housekeeper for a family of four children, so when the senior center needed someone to run the kitchen, Anne was willing to do it.

"I just did it because there was no one else to do it," she says, "but it was hectic. I was continuing to run the groups, but now I was also running the kitchen, and it was on an entirely different scale than I was used to. We did breakfasts and lunches for 200 people a day."

Anne did the monthly menus and the food budget. She had to demonstrate the methods of cooking and test the recipes. "Everything was hands on," she remembers. "I would try three or four food vendors and see which one I liked the best. I learned about meat and produce that way. It was all trial and error."

Meanwhile, Anne had achieved some success as a printmaker. Her prints had been shown in Australia, Yugoslavia, Chile, and London, but she began to feel that printmaking was not what she wanted to do with the rest of her life. After a trip to a vocational counselor and a careful assessment of everything she had done, she decided to go into hotel and restaurant work, and promptly enrolled in night school.

Now she was working full time at the senior center, going to school four nights a week, working on the renovation of a brownstone house she bought in Brooklyn, and serving on various neighborhood committees. One month she got so busy she didn't pay any bills. "It slipped my mind," she laughs as she remembers. "Then I got a cutoff notice. That reminded me."

While working toward her associate's degree, Anne spent her summer vacation doing an internship at a charming 15-room country inn in North Wales. The internship was so successful that after graduation, Anne quit her job at the senior center and went back to that inn to be the chef.

"That hotel job was the culmination of all the things I have a natural feeling for," says Anne. "I loved the guest

contact and the variety. I tended bar. I did some housekeeping. I could use my people skills. I could use my artistic, visual skills. I couldn't really see the benefits of all my experience until that hotel job. I knew I had to get into that kind of work on a permanent basis."

The next step was to buy her own bed and breakfast house. "I didn't really have the least idea how I was going to do it," she smiles, thinking of it now. "But I went ahead anyway. I sold my house in New York, and bought a three-bedroom house in Wales. Then I came back to Ann Arbor to stay with my parents that winter."

Over the winter Anne shopped for furnishings, and when the season opened the next summer, she was ready. "It was a small venture," she says. "I wanted to start small and see what would happen. Would I like it? Would it work?"

That summer the weather was great, the economy was good, and Anne's house was full the entire season. She loved it.

However, a summer business only provides a living for a few months. What about the rest of the year? Anne closed up the house, came back to Ann Arbor, and applied to the University for an eight-month job. She soon landed one as food service supervisor at a dormitory during the fall and winter semesters.

For two years Anne went back and forth between Wales in the summer and Ann Arbor in the winter. "I didn't need vacations," she says, "because I loved what I was doing so much."

The crunch came when she was asked to apply for the job as food manager at the still-being-built Executive Residence. "I knew if I took that job it was the end of my summers in Wales," she says. "I sold the house in Wales, and I still feel a sense of loss about that, but the opportunity here was so exciting I couldn't turn it down."

Given the excellent quality of the food in the executive dining room, and Anne's obvious zest for the job, you might assume the food she cooks at home must also be fabulous. She laughs heartily at that. "Usually I like Campbell's soup and scrambled eggs," she says. "Most people who do food all the time don't even want to think about it when they're at home."

D

AMONG OURSELVES

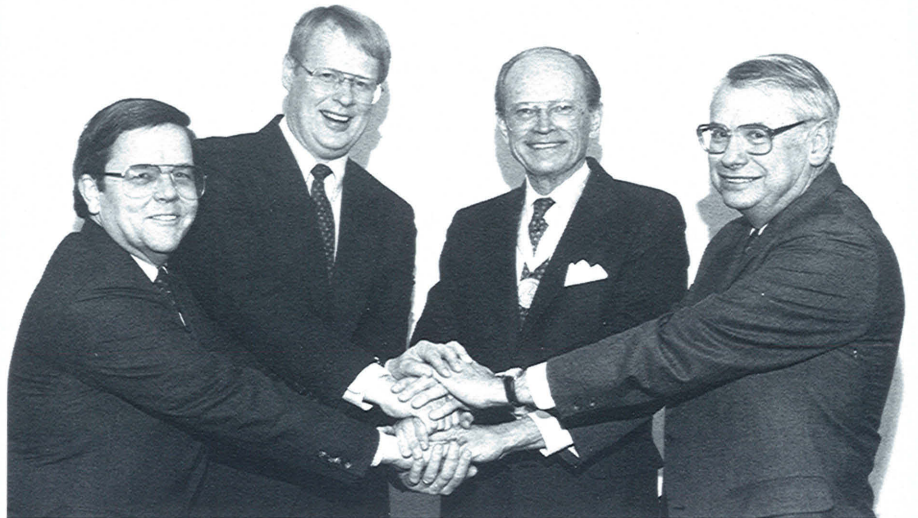
An informal collection of items, including news of the faculty, of alumni, and of the school, and assorted other information, opinion or comment that we think will interest you.

Donald Petersen of Ford Receives Business Leadership Award and Announces a \$2.5 Million Grant for a Combined Business/Engineering/Manufacturing Program

Teamwork for quality was at the top of the agenda January 24 when Donald E. Petersen, chairman of the board and CEO of Ford Motor Company, received the 30th annual Business Leadership Award. The award was presented to him by James DePina and Laura McGregor, president and vice president respectively of the Business School's Student Council.

During Petersen's speech, which was entitled "The Wellspring of Quality," he announced a \$2.5 million grant to support a combined engineering, manufacturing, and business program at the University, involving both faculty and student support. It will include students doing hands-on work in Ford plants as part of their fellowships, and represents a unique team effort between a university and a major corporation.

Part of the grant will fund the William Clay Ford Chair of Product Manufacturing at the College of Engineering. Petersen said as the program develops, Ford expects to create a series of scholarships, fellowships, research programs, and grants also named for William Clay Ford, the vice chairman of Ford's board of directors and a grandson of Henry Ford. The Ford endowment will be given in increments of \$500,000 over the next five years.



Hands-on for teamwork is symbolized in this picture taken when Donald E. Petersen, chairman of the board and CEO of Ford Motor Company, announced a \$2.5 million grant for a combined business/engineering/manufacturing program which represents a unique team effort between a university and a major corporation. Petersen announced the grant at ceremonies during which he received the 30th annual Business Leadership Award presented to him by the Business School. Pictured left to right are Daniel E. Atkins, interim dean of the College of Engineering; U-M President James J. Duderstadt; Mr. Petersen, who is wearing the Business Leadership medallion; and Business School Dean Gilbert R. Whitaker, Jr.

"Ford Motor Company has again placed itself on the leading edge of education support with this gift," said U-M President James J. Duderstadt. "It is a recognition of and an encouragement to the University of Michigan's effort to blend its engineering and business programs in a way that better serves the needs of corporate America."

Commenting on the grant, Dean Gilbert R. Whitaker, Jr. said that the endowment was an additional catalyst to the growing relationship between the Business School and the Engineer-

ing School. "We believe that together we can make significant progress in preparing future leaders for manufacturing careers," he said.

In his talk accepting the Business Leadership Award Petersen said that an emphasis on quality and teamwork transformed Ford from the troubled corporation it was at the start of this decade to the successful business it is today.

"Quality should be raised to the level of an American ethic if the United States is to remain a world leader," he said, adding, "People will

strive for excellence if they are allowed to."

Petersen joined Ford in 1949 after receiving a degree in mechanical engineering from the University of Washington and an MBA from Stanford. He held a succession of positions of increasing responsibility in marketing, product planning, product development, and design before becoming an officer of the Company in 1969 — as vice president of Car Planning and Research in Ford's Product Development Group. He subsequently headed up the Truck and Recreation Products Operations, its Diversified Products Operations, and its International Automotive Operations. He was elected a company director in 1977 and in 1980 was named president and chief operating officer. He assumed the office of chairman of the board in 1985.

A man who loves product, Petersen believes that teamwork and an individual commitment to quality are fundamental to business success. His own commitment to these ideals has enabled him to contribute significantly to one of the greatest turnarounds in U.S. business history and Ford's re-emergence as the world's most exciting, competitive, and profitable automaker.

Harris Center Forum Considers Four Controversial Issues in the Current Takeover Environment

Takeover defense innovator Martin Lipton and Securities and Exchange Commissioner Joseph A. Grundfest joined other experts on corporate takeovers and defense strategies at a Business School forum entitled "Corporate Governance: The Board of Directors' Role in Takeover Bids and Defenses." The forum was held April 7 under the sponsorship of the J. Ira Harris Center for the Study of Corporate Finance.

Lipton opened the forum at 4:30 p.m., April 6, with a talk entitled "Corporate Governance: Major Issues for the 1990s."

On Friday, April 7, from 9:30 a.m. to noon in Hale auditorium, leading corporate governance experts talked about four significant and controversial issues facing corporate boards of directors in the current takeover environment. The four issues are:

Poison pill resolutions, wherein obstacles are put in place to make a hostile takeover unattractive. The defense, developed by Lipton, is widely used and has been "the" takeover defense of the late 1980s. It was discussed by John C. Wilcox, managing director, Georgeson & Company, Inc., and a well-known supporter of the poison pill. Also speaking on the poison pill was Grundfest, who has played a key role in shaping SEC policies on corporate governance and related issues of shareholder rights.

The "Just Say No" defense, which boards of directors invoke to avoid negotiating a sale of target firms. Also initiated by Lipton, this is a recent innovation and has not been tested fully in the courts. Lipton, senior partner, Wachtell, Lipton Rosen & Katz was joined by Lowell E. Sachnoff, senior partner, Sachnoff Weaver Rubenstein, Ltd., and a well-known advocate of shareholder rights.

The role of special committees, which are formed to evaluate takeover proposals that inherently involve conflicts of interest between company shareholders and management. This situation, which occurred when the CEO of RJR Nabisco offered to buy the firm from shareholders, has become increasingly important. Arthur Fleischer, Jr., one of the nation's top takeover attorneys, will be joined by Robert A. G. Monks, a leading advocate of institutional investor interests. Fleischer is a partner in Fried, Frank, Harris, Shriver & Jacobson, and is co-author of *Board Games*. Monks is president of Institutional Shareholder Services, Inc.

Proxy contests and tender bids, which represent different methods of transferring company control. Augustus K. Oliver, who with his firm, Coniston Partners, initiated takeover attempts against Gillette and Allegis Corporation, spoke on this issue. Joining him was David Boies, who was legal counsel to Texaco during its proxy challenge by Carl Icahn. Boies is a partner with Cravath Swaine & Moore.

The goal of the Harris Center is to stimulate productive interaction between financial experts from industry and Wall Street, and the faculty and students of the Michigan Business School. Such interaction ideally entails a substantial exchange of ideas between the academic and financial

communities that ultimately leads to greater overall knowledge about the field of corporate finance.

Harris Center activities include an annual forum in which leading experts discuss an important and timely issue in corporate finance, a lecture series that brings to campus members of the financial community to share their views and working knowledge with Michigan students and faculty, programs of faculty research on significant corporate finance issues, as well as student fellowships and assistantships to support graduate-level study of corporate finance.

Speakers From Lionel Trains Throw Light on Issues of Manufacturing in Transition

"We're putting the romance back in model railroading," said Richard P. Kughn, owner and chairman of the board of Lionel Trains, Inc. when he spoke at the lecture series on Manufacturing in Transition sponsored by the Office and Manufacturing Management Research at the Business School.

In 1953 Lionel Trains was the largest toy manufacturer in the world with \$33 million in sales volume (it does \$150 million in sales today). But by 1968 the company was not prospering, and it was bought by General Mills and located in Mount Clemens, Michigan.

By 1983 the company moved to Mexico to reduce labor costs and be more competitive. One year later it was obvious that the decision to move was not a good one, both because of quality issues, and because of the necessity to move parts back and forth across the border frequently. The company began to relocate to Mount Clemens, a move that was completed three years later, when the company was bought by Kughn.

Now Lionel Trains is prospering by expanding both into the future and into the past. They are re-manufacturing the old-time trains on the one hand, which involves using some of the same tooling machines that were used 40 years ago. At the same time, they are trying out various high tech innovations. One of the most exciting of these is what they call "Railscope" — a tiny and functional TV camera in the locomotive of the

train. When you hook this TV camera up to your TV set, you can see, on your TV, what the landscape looks like from the locomotive as it rolls through the model train countryside — just as if you were indeed in the tiny train as its engineer.

Model trains are complicated, explained Arthur Peisner, president and CEO of Lionel, who also spoke. One locomotive has 315 parts, and there are some 6,000 parts involved in the train and the track. All of this involves complex logistical and inventory control. Lionel Trains is constantly improving its product line and is now moving into the large scale gauge market.

The Manufacturing in Transition Lecture Series aims to capture the changes in manufacturing brought on by competitive challenges, new technology, new philosophies and strategies for success, and an increased dependence on fewer, more highly skilled people in the workforce.

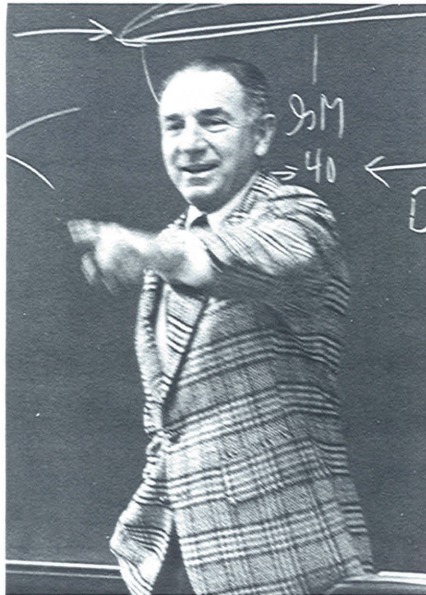
The Lecture Series presents speakers who have had first-hand experience with a significant transition process and who are knowledgeable experts and observers of this changing mosaic.

The Office of Manufacturing Management Research, directed by John E. Ettl, was established to promote and develop research programs on applied issues of manufacturing management. The Management in Transition Series is part of that effort.

McInally Lecture Considers the Question of Europe 1992: Fraternity or Fortress?

Gerrit Jeelof, chairman of North American Philips Corp. spoke on the upcoming European integration, the creation of one large internal market, and its implications for worldwide trade at the 22nd annual William K. McInally Memorial lecture, held March 28 in Hale auditorium.

As chairman of the North American Philips Corp., Jeelof heads a \$6 billion operation. He has held positions with Philips in Spain, Venezuela, Colombia, El Salvador, the Netherlands, and the United Kingdom. For his contributions to industry and commerce, he was made a commander of the British Empire. The Netherlands



DOLLARS FOR SCHOLARS

A new scholarship in honor of Douglas Hayes, professor emeritus of finance, (pictured above in the classroom), has been established by Security Bancorp with a gift of \$75,000 on the occasion of Professor Hayes' retirement from their board of directors. The scholarship will go to a second year MBA student interested in pursuing banking as a career. Individuals wanting to contribute to this scholarship should get in touch with Frank Wilhelme, director of development at the Business School.

and Italy also have decorated Jeelof with their highest civilian honors.

In his talk, Jeelof discussed the complexity of the task of creating a united, barrier-free Europe. He also warned against nationalistic reactions to European integration.

Jeelof said there is a misconception about which countries are investing most heavily in the United States. From 1982 to 1987, Britain was the top spender, investing \$75 billion in this country. The Netherlands, home country to Philips and several other multi-national countries, was second with \$47 billion, followed by Japan (\$33.4 billion), Canada (\$21.7 billion), West Germany (\$19.6 billion), and Latin American countries (\$15.3 billion).

Jeelof also discussed the behavior of global international companies, drawing a distinction between companies that become an integrated part of the environment where they want to be active and that commit resources to that environment and its develop-

ment, and companies that concentrate everything in their own home market and export from there to the rest of the world. He emphasized the importance of reciprocity and a "level playing field" between international companies, rather than a "Fortress Europe" or "Fortress U.S.A.," or "Fortress Japan" mentality.

The McInally lectures began in 1966 to honor the memory of U-M Regent William K. McInally. They are supported by an endowment fund established by his friends to perpetuate his name.

Public Forum Held on Europe 1992: Impact on Corporate America

When all trade barriers come down among the 12 members of the European Community in 1992, creating a single market of 320 million people, how will it affect corporate America?

Three senior faculty members at the Business School discussed that question and its implications in a public forum held in Hale auditorium Feb. 7.

W. Allen Spivey, Clare E. Griffin Professor of Business Administration and professor of statistics presented an overview of the upcoming changes. He was followed by C. K. Prahalad, professor of corporate strategy and international business, who spoke on "Exploiting 1992: Implications for Corporate Strategy." Gunter Dufey, professor of international business and finance, discussed "Europe as a Common Financial Market."

Professor Spivey noted that the unification will create a European free market with a GNP of \$5 trillion (roughly equal to that of the U.S.) and a population of approximately 300 million. The flow of people, commodities, and services across borders will be greatly improved, and taxes, import duties, and export procedures will be eased. Professor Spivey said it currently takes over two pounds of bureaucratic paper to move a truckload of goods across Europe. After 1992, it will take only a one page document.

C. K. Prahalad talked about the strategic opportunities that the 1992 transformation will create for multinational corporations. He said that

companies like Ford, with manufacturing and distribution centers all over Europe, are more pan-European than most continental companies. For example, he pointed out that Fiat, which controls 15% of the European auto market, manufactures over 60% of its product in Italy.

Prahalad said that 85% of European GNP is produced in an economic corridor of high labor and social costs running from Manchester to Milan through industrialized Western Europe. He sees industry shifting to southern Europe (Spain and Portugal) where the cost of doing business is 40 to 50% less, and predicts that Japanese firms will start to gain competitive advantage by establishing manufacturing there, while U.S. corporations remain tied to the expensive economic corridor.

Professor Dufey discussed the concept of Europe as a common financial market. He said European financial services and markets will experience "only cosmetic changes" as a result of 1992. (Actually, the date scheduled for liberalization of European capital markets is 1990.)

Several factors block major change in the financial area, explained Dufey. First, Europe does not have an integrated financial market. For instance, in banking, each country regulates its own banks, and foreign banks count for only three percent of the industry. In addition, European banks have an unwritten agreement not to penetrate each others' markets and this makes it hard, for example, for Italian banks to do business in Holland. In fact, the only true pan-European financial services are U.S. banks, such as Citicorp, Chase, and Manhattan, and even these are only niche players.

The panel concluded that change will not be completed in 1992 but will be an ongoing process for years to come. They also discussed the possibility that a united Europe will create the potential for a "Fortress Europe" mentality that could restrict the ability of outsiders (such as the U.S. and Japan) to penetrate European markets.

(The above story is based on an article by first year MBA student Nicholas W. Philip which appeared in the *Monroe Street Journal* Feb. 13. Dividend is grateful for permission to reprint substantial excerpts from the article.)

Black Business Students Association Holds 2nd Annual Business Colloquium

About 50 Black business students and alumni gathered in Hale auditorium March 31 to hear a discussion of challenges facing managers in the 1990s at the 2nd annual Business Colloquium sponsored by the Black Business Students Association at the Business School.

Two speakers discussed challenges for managers, and Black managers in particular, from the middle manager and senior manager level. Their talks were followed by a question and answer period.

Speaking on senior management challenges was Stephen C. Lewis, now Advanced Luxury Car Planning Manager at Ford Motor Company. In the course of his career with Ford, Lewis developed the first Ford North American joint venture program with Mazda, during which time he lived in Japan for a year. He then went to Venezuela as Ford Venezuela Product/Business Strategy Planning Manager, where he developed all new car and truck programs for the Venezuelan marketplace. He discussed the role of

DOLLARS FOR SCHOLARS



This year's recipient of the Procter & Gamble undergraduate minority scholarship of \$1,000 per year for two years is Tracey Knox, right, first year BBA student, who is pictured here with Norb Mayrhofer, P & G District Sales Manager, and Judith Goodman, director of admissions and student services at the Business School. The Procter & Gamble scholarship was newly established last year.

senior level management, and what areas of development can support achievement for those aspiring to senior management jobs. Lewis is national vice president of the Black MBA association, and was chosen MBA of the year by that organization in 1985. He is a mechanical engineering graduate of Northwestern University and received his MBA from Marquette University.

Charlene Watler, now manager of training and development for the employee relations department of Dow Jones & Company in New York, spoke on the changing role of the middle manager. She said the middle manager of the future is going to be more involved with the tasks themselves rather than just managing others who do the task. She added that the mid manager of the future will be managing highly skilled, technically competent people, and will be very bottom-line oriented. Watler began her career in 1973 as a sales representative for IBM. Two years later she joined Allstate Insurance, and held positions as senior personnel assistant and eastern personnel audit representative, before being promoted to division personnel manager - New England Region. She joined Dow Jones in 1982 as a regional personnel manager and was named manager of training and development in 1988. She is a graduate of Newton (Mass.) College of Sacred Heart.

Members of the Black Business Students Association who organized the Colloquium were MBA students Tamla Roberts, Belinda Blair, Ron Scott, and Kelly Cooper.

Nobel Laureate Herbert Simon Discusses "Do We Think in Words or Pictures?" at CSMIL Spring Colloquia

People were sitting on the floor and standing at the back of a packed Hale auditorium March 20 for the Spring Colloquia presented by the Cognitive Science and Machine Intelligence Laboratory (CSMIL).

Featured speaker was Herbert A. Simon, one of the founders of artificial intelligence, who received the Nobel Prize in Economic Sciences in 1978.

Simon, whose topic was "Do We Think in Words or Pictures?" has re-

ceived numerous honors for his research on human decision-making and problem-solving and its implications for social institutions. He has published over 600 papers and 20 books.

Dr. Simon, Richard King Mellon University Professor of Computer Science and Psychology at Carnegie-Mellon University, received the National Medal of Science in 1986. He has been chairman of the board of directors of the Social Science Research Council, and of the Behavioral Science Division of the National Research Council, and was a member of the President's Science Advisory Committee. He has been a member of the National Academy of Sciences since 1967.

CSMIL is an interdisciplinary organization, spanning the fields of artificial intelligence, cognitive science, human-computer interactions, 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, where it has its headquarters; the College of Engineering; and the College of Literature, Science, and the Arts (LSA).

How Much Does It Cost to Raise Capital in the U.S. and Japan?

The cost of raising money to fund business ventures in the U.S. and Japan was examined at the Business School's Hale auditorium during a January forum entitled "Japanese Financial Markets and the Corporate Cost of Capital."

Tak Wakasugi, professor of finance at the University of Tokyo and a Visiting Scholar at the Business School this year, talked on "Corporate Finance in Japan."

The second speaker was Stanford University Professor James E. Hodder, discussing "Capital Structure and the Cost of Capital in the U.S. and Japan." Commenting on the presentations were two Business School professors — Gunter Dufey, professor of international business and finance and E. Han Kim, Fred M. Taylor Professor of Business Administration and professor of finance.

Researchers Study Ways Human Resource Practices Can Give Companies Competitive Advantages

"Human Resource Competencies in the 1990s" was the topic of a one-day symposium held at the Business School in March. At the symposium, a Business School research team reported the implications of data they collected from 10,300 individuals in 91 companies. Representatives of these 91 companies were among those attending the symposium.

The research team, led by David O. Ulrich, assistant professor of organizational behavior and industrial relations, developed a questionnaire to measure 88 human resource activities. The sample included such diverse firms as AT & T, Chase Manhattan Bank, Xerox, Liz Claiborne, General Motors Corp., IBM, and Prudential Insurance.

Human resource practices are processes used to manage people. One of the most important skills in this area is the ability to manage the change process successfully. "This has implications not only for the human resource professional," said Ulrich. "Anyone who wants to be a leader in any staff position — be it engineering, marketing, or advertising — must be able to manage change, point-blank."

Ulrich added that managing change involves creating meaning out of chaos; building long-term relationships based upon trust; and being creative, innovative, and visionary in approaches to problem solving.

Four criteria for judging how well a company manages its people were listed at the symposium. They include: whether human resource practices help implement the business strategy; whether they add value to customers outside the business; whether they help create and preserve a shared culture inside and outside the business; and whether they help the business respond in the face of change, technological challenges, and competitiveness.

"We think the challenge of the 1980s was opening doors to give people the opportunity for change," said Ulrich. "The challenge of the '90s, our data shows, is to overcome the problem of closed minds.

"We think managing people re-

quires new ways of thinking of people as critical tools for competitive advantage. That in turn should lead to more corporate success and individual accomplishment."

Ulrich said the study showed that in a rapidly changing industry, such as electronics, companies where executives spend more time on human resource practices have a higher performance in the marketplace.

Similarly, in industries which depend on complex technology, emphasis on human resource practices can give a competitive advantage. In a complex technology business, employees must have a more complete understanding of key success factors in the business. HR practices create and maintain a shared mind-set among the employees, so that they are all pulling in the same direction.

Firms with a strong company culture are also more successful if they emphasize HR practices. "To some extent it doesn't matter what the culture is," said Ulrich. "As long as you're strong in the unity of your culture, that makes the difference."

The research team included J. Wayne Brockbank, assistant professor of organizational behavior and human resource management (OBHRM); Noel M. Tichy, professor of OBHRM; Ulrich; Joseph White, associate dean and professor of business administration; and researchers Dale Lake and Arthur Yeung.

What About the Changing Direction of the Luxury Car Market? A Symposium

Fundamental changes in how people feel about buying a truly expensive car have hurt the Europeans, helped the Americans, and opened up this segment of the market to the Japanese.

Representatives from five luxury car makers, both foreign and domestic, spoke on the changing direction of the market at a Business School forum sponsored by the Automotive Industry Club.

Speakers at the forum included John C. Middlebrook, vice president of the marketing and product planning staff of General Motors Corporation, representing the Cadillac Motorcar Division; Richard L. Mugg,

vice president and chief executive officer of Audi of America at Volkswagen of America, Inc.; David Illingsworth, senior vice president, Luxus Division of Toyota Motor Sales U.S.A.; Ross H. Roberts, vice president and general manager of Lincoln-Mercury Division of Ford Motor Company; and Hans Jordan, senior vice president, marketing, of Mercedes-Benz of North America.

Introducing the forum, Bernie Moreno, president of the Automotive Industry Club, noted that in the next few months, the two largest Japanese manufacturers will release their versions of what a luxury car should be. These cars will assault the very heart of the luxury car market, the \$25,000 to \$40,000 arena. At the same time, Europe's finest makers are ascending to new heights in terms of both price and performance, while America's two favorite luxury makers are enjoying unprecedented sales in the more traditional segments of the market.

The mission of the Automotive Industry Club 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.

Quality Management is Discussed at Manufacturing Forum Conference in April

Senior manufacturing managers and experienced researchers met for an intensive day of exchange of ideas, issues, problems, and solutions to the challenging agenda of quality management April 26 and 27 in the Executive Education Building.

Guest speakers at the conference included Carlton Braun, vice president, director of Manufacturing Institute at Motorola Inc.; Edward D. Rothman, professor and chairman of the department of statistics at The University of Michigan, and Henry Milewski, Jr., project director of American Supplier Institute. The talks were followed by a round table discussion.

This management briefing was held for members of the Manufacturing Forum and their invited guests. The Manufacturing Forum is a group of progressive companies representing the best practice in each industry of the manufacturing sector of the economy. They have joined together to establish a long-term relationship with the Business School to foster quality applied research in manufacturing management.

The Manufacturing Forum is sponsored by the Office of Manufacturing Management Research, headquartered at the Business School and directed by John E. Ettlle.

U-M's Index of Consumer Expectations Becomes a Leading Economic Indicator

The U-M's Index of Consumer Expectations has been chosen by the U.S. Department of Commerce to be part of its Index of Leading Economic Indicators. It appeared for the first time in the January Index.

According to George Green, chief of the business outlook division of the Department of Commerce Bureau of Economic Analysis, "The Index of Consumer Expectations is a useful

new component in the government's composite index. It measures a significant force in the economy, and it has consistently predicted economic peaks and troughs for many years. We examined numerous candidate series, but only a few held up as consistent leaders of business cycles."

Like a barometer, the Index of Consumer Expectations has repeatedly declined or risen just prior to periods of recession or growth. For instance, it declined during 1978 and fell to a low of 44.2 in July 1979 preceding the 1980 recession. It began rising in 1982, heralding the start of the current expansion, and reached a peak of 97.7 in March 1984. (The February 1966 Consumer Expectations Index = 100.) As the expansion has lengthened, the index has remained at relatively high levels.

The U-M Index of Consumer Expectations, a component of the widely known Index of Consumer Sentiment, tracks rising or falling consumer optimism. The index is compiled monthly by Richard T. Curtin, director of the U-M Survey of Consumers.

"The U-M Survey assesses the human factor in economic affairs," Curtin explains. "There has been tremendous growth in discretionary income over the last several decades,

DOLLARS FOR SCHOLARS



Kathy Petroni (left) and Sandra Burke (center) are the recipients of this year's doctoral fellowships given to the Business School by the Unisys Corporation. They are pictured here with Lee Level, vice president and treasurer of Unisys (right) and Dean Gilbert R. Whitaker, Jr. The Unisys Corporation has given five one year scholarships to MBA students this year, and two doctoral fellowships. The fellowships are part of a \$250,000 grant from Unisys for master's and doctoral students in the Business School and the College of Engineering. This is the fourth consecutive year Unisys has made scholarship donations to the U-M as part of its corporate educational relations program.

so mass consumer spending and saving decisions have become dominant forces in pulling the economy into a recession or propelling it toward prosperity.

"When they make these decisions, consumers are considering expected changes in future income, employment, prices, and interest rates," he adds. "And since shifts in consumer attitudes precede economic actions, measures of consumer attitudes can act as leading indicators of economic activity."

KPMG Peat Marwick Gives Final Installation on Accounting Professorship

A check for \$6,500, representing the final installment of funding for the Peat Marwick Professorship established in 1984, has been presented to the Business School.

Detroit office partner Robert W. Scharff, BBA '69, made the presentation, and accounting professors Paul Danos and Robert Libby accepted the donation on behalf of the University. Libby is the Peat, Marwick, Mitchell & Co. professor of accounting at the Business School.

KPMG Peat Marwick also sponsors Research Opportunities in Accounting Grants that enable accounting academicians to perform empirical and statistical research on timely accounting topics.

International Automotive Conference Focuses on Organizing for the 1990s

Organizing for the restructured automobile business of the 1990s was the focus of the ninth International Automotive Industry Conference, held at the U-M April 4-5.

The conference was sponsored by the Business School; the Center for Japanese Studies; the Office for the Study of Automotive Transportation; the Transportation Research Institute; the Industrial Development Division; and the College of Engineering.

The drastic restructuring of the American car business in the 1980s has resulted in "glowing financial results and renewed confidence," according to Clyde D. Stoltenberg,

conference director and director of the U-M's East Asia Business Program. "But the global competitive environment continues to evolve, and restructuring must not stop."

In recent years auto manufacturers have realigned component and vehicle divisions and redefined the relationships between manufacturers, suppliers, and customers, Stoltenberg says. "Meanwhile, the parts industry has been challenged both by transplants and by new strategies among traditional firms, and labor unions are experimenting with new forms of cooperation."

These developments present new challenges to management, according to Stoltenberg. "More than ever, the key is organization and reorganization — constant efforts to break down the barriers that still inhibit productive cooperation," he adds.

The conference included a general forum scheduled April 4 in Rackham auditorium and workshops on specialized topics April 5 in the Michigan League.

Kim B. Clark, professor of business administration at the Harvard University Business School, delivered the keynote address on "Product Development in the World Auto Industry" at 1 p.m. April 4.

Also addressing the April 4 forum were Donald F. Ephlin, vice president and director of the General Motors Department, United Auto Workers; William E. Høglund, executive vice president, automotive components group and power products and defense operations group, General Motors Corp.; George H. Hohendorf, senior manufacturing adviser and executive vice president, Diamond-Star Motors Corp.; Ulrich Seiffert, member of the board, research and development, Volkswagen AG; and Paul W. Van Orden, executive vice president, General Electric Co.

The forum was moderated by Paul W. McCracken, the Edmund Ezra Distinguished University Professor Emeritus of Business Administration and Public Policy at the U-M School of Business Administration.

After dinner April 4, Noel M. Tichy, U-M professor of organizational behavior and industrial relations, discussed "Global Transformational Leadership: Keys to Winning the Race in the 1990s."

A symposium analyzing the challenges for top management in the auto industry was held April 4. The panel was led by C. K. Prahalad, professor of corporate strategy at the U-M School of Business Administration, and included presentations by N. L. Badore, executive director of the Ford Motor Co. Executive Development Center; and E. T. Smith, group vice president, automotive products group, Aeroquip Corp.

Thirteen workshops were held between 9 a.m. and 5 p.m. April 5 in the Michigan League. The three-hour sessions focused on specialized topics including the Bush administration's trade policy; European, Southeast Asian and Chinese auto industries; transplant manufacturing; and the long-term impact of downsizing GM.

CLASS NOTES

'47

George A. Gustafson, MBA '47, writes that he is professor emeritus of accounting at California State University at Los Angeles, where he is still active as program director of accounting programs. This is his 16th year as program director of continuing professional education programs in accounting, which he initiated in 1973. In his long career, he worked as senior auditor for Haskins and Sells in Detroit, audit manager for the U.S. General Accounting Office in San Francisco and Washington, D.C., and senior auditor with the Army Audit Agency in Detroit. He also taught for many years, and has published articles in leading accounting and financial professional journals.

'49

Patricia H. Breen, BBA '49, has been appointed a Deputy Director General of the International Biographical Center in Cambridge, England. In that role, she will help and advise in the planning and running of

the annual International Congresses of the IBC, held in major world cities. She is now a senior financial consultant for Merrill Lynch in Southfield, Mich.

'54

Lewis S. Elieff, BBA '53, MBA '54, is a general partner with Roney & Co. Investment Brokers in Flint, and has been listed in "Who's Who in Finance and Industry" every year from 1981 to the present.

'56

Stuart Franklin Platt, MBA '56, has joined the Foundation Health Corporation in Gold River, Calif. as president of the Government Division.

Lawrence H. Brown, BBA '56, will officially retire from the Northern Trust Company, Chicago, Illinois, on August 1, 1989, after a 31-year career. He is now senior vice president and head of the Capital Markets Department of the Northern Trust Company. He writes that he has four grand-

children, with another one due shortly, and plans "to enjoy life and become a full-time grandpa."

Thomas Turner, BBA '55, MBA '56, has retired after 32 years with the Ford Motor Company, to pursue his long-time goal of teaching at the university level. At the time of his retirement he was general manager of Ford's International Export Sales Division, a position he held since his return from South America, where he was president of Ford of Venezuela and director-vice president of Ford of Brazil from 1979-84. In September, he was appointed executive in residence at the University of South Carolina's Coastal Carolina College in Conway, South Carolina. He says he hopes to provide his students with a practical perspective of the business world in general with specific emphasis on international business. He and his wife are living in the coastal Carolina area.

'57

Carl R. Pingel, BBA '57, is the leading principal in the newly-founded Pingel, Maltby and Associates, which provides administrative and consulting services to the reinsurance and insurance business from offices in Dearborn, Michigan. Previously, Carl spent 22 years with National Casualty Company, followed by eight years as president of Summit Fidelity and Surety Company, a subsidiary of Dana Corporation.

J. D. Mooney, BBA '54, MBA '57, is president of the Mission Inn Motel in Mission, Kansas. He writes that he is on the board of directors and the executive committee of the American Hotel and Motel Association (AH & MA) and also of the Economy Lodging Council. He is also on the board of directors and the executive committee of the Small Properties Advisory Council and is currently serving as chairman of that Council.

William Seidman, MBA '49, and Chairman of the FDIC, is Right in the Middle of the Savings and Loan Crisis

As chairman of the Federal Deposit Insurance Corporation (FDIC) William Seidman, MBA '49, is right in the middle of the nation's savings and loan crisis, and is frequently quoted in the nation's press. As the first step in President Bush's thrift crisis plan, the FDIC has been given the added duty of nursing the nation's sick thrifts.

Bank profits set a record in 1988, but for the FDIC, which insures bank deposits, "it was the worst year ever," said Seidman. "We expect fewer failures in 1989," he added. The "problem list" now includes 1,350 banks, down 10 percent from a year ago and 20 percent from the peak in 1987.

Seidman warned there could be "a huge effect on real estate markets" as the FDIC begins selling assets it is acquiring from closed savings and loan associations. He estimated that the agency would end up owning about \$100 billion worth of land and developed real estate from the closing of 550 insolvent savings institutions and an additional 200 to 300 that by some definitions are also insolvent.

Ralph Bahna, BBA '64, Named Cruise Industry Leader of the Decade

Dewey E. Johnson, MBA '61, professor of management at California State University at Fresno, has been elected president of the National Small Business Institute Director's Association (SBIDA) for 1989-90. The Small Business Institute Program, founded in 1972, was founded to increase the effectiveness and impact of small business teaching, consultation and research in colleges and universities, and to educate students in small business. It provides management assistance in association with the Small Business Administration to 10,000 businesses annually using more than 1,000 faculty and 20,000 undergraduate and graduate students.

James R. Anderson, BSE '60, MBA '61, has joined Jay Alix & Associates in Southfield, Mich. as a senior associate after a 26-year career in finance, manufacturing and operations, marketing and product development, data processing systems and personnel. He served as COO of Helmac Products Corp., president of MFG Systems Co., and held key staff and operations positions with Sperry Univac, Shedd's Food Products, MSAC Valves Inc., J. L. Hudson Co., and Touche Ross & Co.

Peter Rothenberg, BBA '62, writes that he became vice president and general counsel of the New York advertising firm of Chiat/Day in April.

Jeffrey Jarrett, BBA '62, has just finished his second textbook, entitled "Statistical Analysis for Decision Making," co-authored with Arthur Kraft and published by Allyn & Bacon. Jeffrey has the Ph.D. from New York University and is now chairperson of the Dept. of Management Science and Information Systems at the University of Rhode Island in Kingston, Rhode Island. The book applies statistics to decision making situations. Each chapter finishes with a short case that allows the student to apply the techniques just learned to a real world situation — and, says

Ralph M. Bahna, BBA '64, former president and CEO of Cunard, has been named "Cruise Industry Leader of the Decade," in recognition of his leadership and marketing vision. The award was presented by Travel Trade Publications on behalf of the U.S. cruise travel industry.

Bahna is regarded as one of the most innovative marketers in the travel industry. According to a recent *New York Times* article, "Mr. Bahna is known for his marketing genius, salesmanship, and determination." Under Bahna, Cunard has been a pioneer in attracting the consumer through packaging and promotion; attacking the issue of boredom at sea by introducing spas, lecture programs, and top name concessionaires; broadening the cruise product with air/sea and sail 'n stays and expanding the use of ships for high profile events. Additionally, Bahna's idea to run a regular schedule of QE2/Concorde combination significantly contributed to the eventual financial success of British Airways supersonic aircraft.

At age 30, Bahna was named President, USA, for Cunard, in 1973. During his term with Cunard, the 150-year-old company survived extinction by making the transition from transportation to cruising at a time when many of Cunard's competitors went out of business. Following his appointment as chief executive in 1981, the business of Cunard grew rapidly and the company achieved worldwide acclaim. In recent years, it has solidified a position as the leader at the top end of the cruise market, garnering most of the industry's awards for standards of performance. Within the last several years, Cunard has also entered the luxury hotel business and already owns or manages seven well-known luxury properties.

Jeffrey, "just like the real world, the solution is not always neat and clean." This is his second textbook. In 1987, "Business Forecasting Methods," was published by Basil Blackwell of Oxford, England.

R. L. Sandelman, BBA '66, MBA '67, writes that he established Sandelman & Associates, a marketing research and consulting firm, in 1988. His firm conducts and analyzes proprietary and syndicated market research studies. Currently, the firm is producing the "Fast-Food Consumer Monitor," an ongoing syndicated qualitative and quantitative research study in the fast-food category in the Los Angeles market. Plans are to expand this study to additional markets this year. Before establishing Sandelman & Associates, Robert held marketing/advertising management positions on both the client and agency sides of the deck. He has worked for Procter and Gamble, General Foods, Hunt-Wesson Foods, and Ogilvy & Mather.

Gregory L. Curtner, BBA '67, JD '70, has been elected to a two-year term as a managing partner of the statewide law firm of Miller, Canfield, Paddock and Stone. He will join other managing partners in administrating the law firm's ten offices. He specializes in complex commercial litigation, including antitrust, securities, and merger and acquisition disputes. He is admitted to practice in the United States Supreme Court, and is a past chair of the Council of the Antitrust Law Section of the State Bar of Michigan, and a member of the Litigation and Antitrust Law Sections of the American Bar Association.

Thomas Schumm, MBA '71, is presently a district sales manager with Combined Insurance Co., a Division of Aon Corp. In 1988, he achieved the highest rate of premium growth in the state of Michigan. His district includes five counties in south-east Michigan, including Detroit and Wayne County. He and his wife and three children live in Howell, Mich.,

where they have recently bought a new home.

William P. Miller, MBA '71, joined Excel Corporation, a wholly-owned subsidiary of Cargill, as vice president, administration, and controller in June 1988. He was formerly with General Foods Corporation in various planning and controllership capacities.

Don Vlcek, BBA '71, is president of Domino's Pizza Distribution Corp. Tom Monaghan, Domino's Pizza founder, has called the efficient distribution system built by Vlcek the "secret weapon" in the com-

pany's success. Before joining Domino's, Don worked as a manager-in-training at Popp's, Inc., and became manager of a Great Lakes Steak Co. plant which was owned by Popp's. In 1978, he joined Domino's Pizza Distribution Corp. as president.

Rodney R. Filcek, BBA '75, was recently appointed vice president and chief financial officer of Dana Credit Corporation, a wholly-owned financial services subsidiary of Dana Corporation, which provides a variety

of leasing and financing services throughout the U.S., Canada, and the United Kingdom. It currently ranks among the top 20 leasing companies in the U.S. As CFO, he has complete responsibility for managing the financial affairs of all domestic and international operations. He is also involved in developing business strategy, establishing operating policies, and product development. He writes that he and his wife and three children recently moved from Ann Arbor to Sylvania, Ohio.

Robert D. McTaggart, BBA '75, received his JD in 1979 from Vanderbilt law school and is now with Geary, Stahl & Spencer, a full-service law firm in Dallas, Texas. His area of concentration is commercial real estate law. He was recently elected to the board of directors of the U-M club of Dallas.

Dinesh C. Tandon, MBA '75, and his wife **Marianne Tandon, MBA '76**, have lived in Arcadia, Calif. since 1979. Dinesh is president and CEO, and Marianne is EFO, of EMDIN International Corp., a supplier of products to jewelry and castings manufacturers and dental labs. The company ships products to clients in the U.S., Venezuela, Hong Kong, and the Philippines. The Tandon family has an eleven-year-old daughter and three-year-old son.

Gregory McDuffee, BBA '73, Wants to Combine Entrepreneurial Skills with Social Responsibility in Real Estate Development

Gregory McDuffee, BBA '73, is president and founder of two Detroit companies; Historic Realty Co., which is in the business of selling homes, mostly in historic Detroit districts; and Historic Realty Development Service Co., which buys, renovates, and manages abandoned apartment complexes in the city.

Historic Realty, housed in a historic building near downtown Detroit, does no business in the suburbs. "We perceive our mission as providing affordable housing for everyone" in the inner city, McDuffee says. He was written up in an article in *Crain's Detroit Business*, which appeared in December, 1988.

According to that article, McDuffee's most recent project was the renovation of Gramont Manor, an abandoned, 50-unit apartment complex on Seward Street in the New Center area that reopened in November.

Since 1985, Historic Realty Development Service Co. has refurbished three other apartment buildings in or near the New Center district: the Wayne, a 10-unit building across Lothrop Street from the north entrance of the Fisher Building; the Broadmoor, a 61-unit building on Delaware Street; and the Midtown, a 103-unit building on Seward Street.

McDuffee said he plans to purchase three more buildings in the area next year. Doing business exclusively in the city "is the way we want it" he said, adding that refurbishing buildings in the city is a very risky business.

Acquisition and renovation costs ranged from \$6,000 a unit at the Midtown to \$50,000 a unit at Gramont Manor, which was gutted.

Rents range from about \$250 to \$600 a month at the buildings, which provide most of the modern amenities of newer buildings. All but Gramont, which just opened, are over 90 percent occupied.

Local banks are starting to take a second look at financing housing projects in the city, McDuffee said. Before 1987, he said, all of his projects were done with public money and private equity.

"There was no conventional lending support for Detroit in the early '80s," he said. "The bank simply said, 'We don't make those kinds of loans.'"

McDuffee said his most recent project, the Midtown, which he bought for \$800,000 in 1987, was the first to get conventional financing. The partners in the venture put up \$500,000 and financed the remaining \$300,000 on a land contract.

Michigan National Bank provided the construction loan and the long-term financing for the Midtown. The rest of the buildings were financed with public money and private equity.

Sharon Meadows, MBA '76, is a Managing Director of First Boston

Sharon Meadows, MBA '76, has been named a managing director of the First Boston Corporation, an international investment banking firm with headquarters in New York City. She is a senior officer in the firm's reorganization group. She joined First Boston as a vice president in 1983, and was named a director in 1987 and a managing director in 1988. Her previous job was as a vice president in Citibank N.A.'s North American Banking Division.



77
Cynthia L. (Fox) Kangas, BBA '77, is controller of Central Pacific Mortgage Company, a wholly-owned subsidiary of Fireman's Fund Mortgage Corporation, located in Sacramento, Calif. She started working for CPM the month the merger was effective and was responsible for the accounting procedures and general ledger system conversion. She earned her MBA in finance in 1982 at the University of California, Berkeley. She and her husband, Ron, live in Davis, Calif. He is CFO of Setzer Forest Products in Sacramento and also has an MBA in finance, which, she says, leads to some interesting discussions of work-related problems and the stock market.

Stephen R. Timmons, MBA '77, recently formed the Corporate Consulting Group after spending almost ten years with the consulting division of Arthur Andersen & Company and one year as a chief financial officer. The company provides management and computer systems consulting services to companies in various industries, with a primary focus on the development of complex information systems. Steve and his wife Therese (Ph.D. '82, MS '77) live in Houston, Texas with their two-year-old son, Evan Christian.

G. Peter Vander Heide, MBA '77, B Arch. '71, is a registered architect and vice president of Curtis Cox Kennerly, a Philadelphia-based professional service firm with disciplines in architecture, land planning, landscape architecture, civil engineering, pro-

gramming, and interior design. He was elected president of the Professional Services Management Association at its annual convention in Atlanta, Georgia. Professional Services Management Association is a national organization whose focus is the management, finance, operations, human resources, and marketing of professional service firms. Mr. Vander Heide was instrumental in the start-up of the Philadelphia Metro Group of PSMA, and has served as vice-president of professional development and president-elect of the organization.

78
Robert Welo, MBA '78, recently completed his doctorate in industrial engineering at Texas A & M University. He has remained with the Army since 1969 and is currently serving as a military research associate in the field of large scale simulation development.

Wade S. Lnenicka, MBA '78, writes that in January 1988 he began serving a 4-year term on the City Council of Smyrna, Georgia, representing Ward 2. As chairman of the Public Works Department Committee, he is responsible for 25% of the city's employees and 40% of the city's budget. In October 1988 he was promoted from purchasing supervisor to purchasing manager at Printpack, Inc., in Smyrna, Georgia. He continues to serve as a referee for college LaCrosse games in the southeast, and was the reunion chairman for his 1973 class at Georgia Tech.

Gregory Mellema, MBA '78, has published a book, *Individuals, Groups, and Shared Moral Responsibility* (Peter Lang, Inc.). The book deals with issues relevant to business ethics. Greg is a professor of philosophy at Calvin College in Grand Rapids, Mich., where he frequently teaches courses in business ethics.

Steven E. Eder, MBA '78, has been appointed group vice president of financial services, and controller of the Taubman Company, Inc., one of the nation's leading owners, developers, and managers of retail and commercial real estate. Steven joined the company in 1980 from the accounting firm of Coopers & Lybrand. Founded in 1950, the Taubman Company has developed and constructed properties totaling more than 75 million square feet, and is involved in the development of urban and suburban retail and mixed use projects from coast to coast and manages 20 regional retail developments in major metropolitan areas. The company is headquartered in Bloomfield Hills, Michigan, with offices in San Francisco and New York. Steve lives in Southfield, Michigan.

Sheila S. H. Kan, MBA '78, has recently moved from Hong Kong to Toronto, Canada, where she is employed by Imperial Oil Limited, Exxon's subsidiary in Canada. She is currently on an assignment with Imperial Oil as a senior planner in the Commercial Planning Division. The assignment is expected to last for three years.

79
Arthur J. Belfer, BBA '79, writes that after graduating, he has continually moved west until he has now reached the "Far East." He began his career in Chicago with Ernst & Whinney, and there met his wife, Linda. Arthur is now the regional actuarial director (Asia) of John Hancock Mutual Life Insurance Company, a position which enables him to travel to countries all over South East Asia. Along the way, he has collected professional designations of certified public accountant, Fellow in the Society of Actuaries, member of

the American Academy of Actuaries, and Fellow in the Life Management Institute. They have two children.

Fred S. Grunewald, MBA '79, and his wife, Jerri, and children, Madelyn, age 3, and Adam, 20 months, recently moved to the Baltimore area where Fred has assumed the position of vice president of International Marketing with Black and Decker. He had been with General Electric's lighting business since graduating from Michigan in 1979. His last assignment with GE was general manager of market development. In his new position at Black and Decker, Fred will be responsible for product and market development for power tools, accessories, and household products for the Far East, Latin American, and Australian markets. He will be directing activities of a recently announced venture in Japan and will also direct business development efforts in China. He says his graduate studies at the U-M Center for Chinese Studies should come in handy!

Brian P. L. J. Smeenck, MBA '79, is a partner in the law firm of Winkler, Filion & Wakely in Toronto, Ontario, Canada, where he represents employers in all aspects of labor relations and employment law. He received his LL.B. at the University of Ottawa.

Marcia Jablonski, MBA '81, and her husband Gregory are now co-owners and principal stockholders of the Livingston Radio Company, and have moved from Ann Arbor to Brighton to be closer to their new radio station, WHMI AM & FM in Howell, Mich. Marcia is general manager of the station, and Greg is chief engineer. Marcia was previously employed by Domino's Pizza, where she established a corporate video department and was responsible for producing training programs for 200,000 employees nationwide.

Robert G. and Dorea Ferris John, both MBAs '81, proudly announce the birth of their son, Samuel Griffin John, on Tuesday, April 4, in Summit, New Jersey. The family lives in Westfield, New Jersey.

82

Karen M. Doren (Malina), BBA '82, is professional practices director for the audit department of Barnett Banks, Inc., in Jacksonville, Florida. Her primary responsibilities are developing training programs and recruiting for Barnett's auditors (located in Florida and Georgia). Karen and her husband Greg live in Gainesville, Florida.

83

Raymond L. Johnson, Jr., BBA '83, has been promoted to manager of Deloitte Haskins & Sells in Detroit. Ray lives in Ann Arbor.

Victor Ney, MBA '83, writes that he and his wife Karen moved last summer to a picturesque neighborhood near the Brooklyn Bridge and within view of the Statue of Liberty. He has just become vice president, administration for Penguin Supermarkets, Inc., which owns eight supermarkets in New York City and

on Long Island. He will be responsible for profitability analyses, insurance, and real estate management. He says the supermarket industry is very competitive but that his company is one of the most profitable in the region. (It is part of the Key Food Stores Cooperative.)

Jeffrey Nagel, MBA '83, vice president of GolfGroup in New York City, writes that he has recently finished a book entitled "The Blind Date Survival Guide," which was published in March by Blockbuster Publications, Inc. at P.O. Box 415-501 in Greenvale, New York (\$5.95 plus \$2.00 handling). Jeffrey says the book is sold only by direct mail from the publisher, and is a funny guide to meeting the person of your dreams through blind dating. He adds that he has been on over 137 blind dates over the years, and will be teaching a class on blind dating in New York to promote the book.

Susan Link, MBA '82, is CEO of the Heller Breene Ad Agency

Susan Link, MBA '82, a former NASA physicist, is the CEO of the Heller Breene Advertising Agency, which has been called "New England's Hottest Agency" by the trade journal *Adweek*.

Susan, who says she got out of physics and came to Michigan for her MBA because she felt she was becoming too specialized, worked as a consultant for McKinsey & Co. before going to the British firm WCRS as director of North American strategic development in 1986. When WCRS bought Heller Breene, she became CEO.

Susan says she wants to put the agency into long-term product positioning, or planning an item's image for years and decades in advance. "There are lots of new products for high-end clients," she says. Finding the most remunerative market segment to sell to, and the proper brand image to offer, are matters that require consideration from a product's birth.

The agency's founder, Cheryl Heller, feels visual salesmanship — design, primarily in print media — offers certain advantages over more traditional forms of selling. "To describe quality, you can't say 'quality,'" she explains. "You do it visually. Designers are much better trained than most advertising people to communicate visually because most advertising people are verbal. Our special skill is making those intangible things real. You can no longer sell products based on facts. It's much more important to take into account how people feel." In other words: provide a product with a design image that avoids reliance on verbiage and bypasses the consumer's analytic processes.

Clients of Heller Breene include Reebok International Ltds., Aluminum Company of America, the Bank of Boston Corp., and the *Harvard Business Review*.

84

Emily Wu, MBA '84, has left her job in account management at LSI Logic to start her own business, The Basket Case, which creates specialty gift baskets. She says, "I love being my own boss, and am finally using the skills I learned at B School. I keep my own records, make my own sales calls, plan my marketing strategy. It is challenging, fun and creative. My business offers me the flexibility to travel with my fiance, Drew, who is vice president and general manager at Unisys/Convergent Technologies." They just returned from the Lake District of Italy and are planning a trip to Australia and New Zealand. She says that anyone visiting Northern California is welcome to look her up. She lives in Los Altos Hills, where she and Drew are remodeling their house. They plan a fall wedding.

Beth Walker, MBA '84, is the new systems project coordinator in Computing Services at the U-M Business School. She is responsible for the "user services" area of that department. She has worked for the University since 1982, most recently as a senior systems analyst for the director of purchasing and stores.

Sandra Gill Penn, MBA '84, is currently teaching at Wayne State University, and is also in partnership with her husband in a photographic retail store, City Camera, in Dearborn. She and her husband live in Oak Park, Michigan.

Duane K. Kvizema, BBA '84, recently graduated from the Military Intelligence Officer Advanced Course at Fort Huachuca, Arizona. He has the rank of captain and is currently the assistant intelligence staff officer for the 1st Brigade, 504 Parachute Infantry Regiment of the 82nd Airborne Division at Fort Bragg, North Carolina.

Larry Deutsch, MBA '84, was recently promoted to account supervisor for Rogers Merchandising, a subsidiary of Young & Rubicam. He presently manages package good clients such as Kraft, Quaker, Jacobs Suchard (Brach's), and Tropicana. As-

signments for those clients have included new product introduction programs, local/regional marketing, sports marketing, youth marketing, and in-store video technology. Before joining Rogers, Larry was a brand

manager for General Foods, and new product development manager for the William Wrigley, Jr. company. He and his wife live in Elk Grove Village outside Chicago, and have one son, Joseph Michael.

Please Tell Us About Yourself

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

Name: _____

Degree(s) and Class Years: _____

Business Position: _____

Business Address: _____

Home Address: _____

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

'85

Paul Canchester, MBA '85, has taken a new position as management consultant at the Blue Cross and Blue Shield Association. He consults with plans systemwide on strategic and tactical business problems and issues, and identifies business, environmental, legislative, and competitive trends facing Blue Cross and Blue Shield plans. Before coming to Blue Cross and Blue Shield he was director of finance at the Illinois Hospital Association for three years. He is living in Chicago, Illinois.

'86

Eric Gould and James Roberts, both BBA '86, are in law school — Eric at Wayne State University and James at Georgetown Law in Washington, D.C.

Michael Hartmann, BBA '86, is a marketing research analyst at Manufacturers Bank of Detroit, and is married to Jacqueline Doot, BBA '85.

Helen Chuen-Yi Kwan, is a money market dealer for Standard Chartered Bank in Hong Kong.

Michael J. Perullo, BBA '86, has been promoted to senior accountant at Coopers & Lybrand in Boston. He is a member of the Massachusetts Society of CPA's Professional Ethics Committee, and is a volunteer downhill ski instructor with Youth Enrichment Services (a program for inner city teenagers). He is currently considering going back to school for his MBA in 1990.

Adrienne Collins, BBA '86, is currently accounting manager at Unisys Corp., and writes that she will begin studying for an MBA at the Harvard Business School in September. She says she feels confident that her Michigan BBA background will help her do well at Harvard, and she is expecting to do management consulting after graduation in 1991.

Judith Grady, MBA '85, Elected to the Board of Directors of the Institute of Electrical and Electronics Engineers

Judith R. Grady, MBA '85, manager of support services at Bechtel Power Corporation's office in Ann Arbor, has been elected for a two-year term to the Board of Directors of the Institute of Electrical and Electronics Engineers, Inc. (IEEE). She will represent the 28,388 members of Region 4, which covers all or part of ten states in the north-central U.S.

The IEEE, with headquarters in New York City, is the world's largest technical professional organization with over 300,000 members in more than 130 countries.

After receiving her BS in electrical engineering from Vanderbilt University in 1968, Judith began her career with Nashville Electric Service, and joined Bechtel in 1975. There she has held positions in engineering, technical services, construction and project operations. During her years at Bechtel, she has been active in presenting nuclear power and women's career opportunities in engineering to community, university, professional, and media groups.

In 1983, she was awarded a one-year Science and Engineering Congressional Fellowship by the Engineering Society of Detroit; she served as a legislative aide to Senator Carl Levin in Washington, D.C. She was a member of Bechtel's Directors Advisory Group from 1985-87, and is a member of Michigan Women in the Sciences, and a senior member of the Society of Women Engineers.

A member of the IEEE since 1966, Judith is active in the Southeastern Michigan Section, having held the positions of section chairman, vice chairman, treasurer, and secretary. She belongs to the IEEE Power Engineering Society, and has held numerous offices in her local chapter, including chairing it in 1980. Within her section, in 1981/82 she served as director of Division VII, which concerns itself with energy and power engineering.

'87

Nancy King Lentini, MBA '87, was promoted to senior product planner within Chevrolet Product planning, and says her promotion included a company car! She also writes that she and her husband are expecting their first child in August.

Steven R. Brant, MBA '87, was named product manager of bathing products in the marketing and planning department for plumbing and specialty products at Kohler Company. Brant, a registered architect, previously worked for Unitec Corporation, a building and developing firm in Ann Arbor, where he was senior architect. He also worked for architects in Denver and Boulder, Colorado. Steven and his wife, Rebecca, live in Kohler, Wisconsin.

Bruce Alter, MBA '88, writes that he and his wife had a baby girl, Elizabeth Lindsay, born Novem-

ber 29th. He is a product manager for NCR Corp. in Dayton, Ohio.

Lynne Boehringer, BBA '87, MAcc '87, was employed as a tax specialist with Coopers & Lybrand in Detroit after graduation, entered the University of Wisconsin Law School in Fall, '88, and this summer will be a summer associate at Baker & McKenzie in Chicago.

Ph.D. Notes

Arvind K. Jain, Ph.D. '79, is associate professor at the School of Business at Indiana University in Bloomington, Ind.

Cynthia Frey, MBA '77, Ph.D. '80, has left her position as associate professor and chairman of the marketing department at Boston College to join the advance product planning group at Chrysler Corporation.

Deaths



Carl H. Fischer, professor emeritus of insurance and actuarial math at the Business School, died December 21, in Ann Arbor. He had taught at the U-M from 1941 until he retired in 1974.

Professor Fischer was a Fellow of the Society of Actuaries and of the Conference of Actuaries in Public Practice, and a member of the American Academy of Actuaries. He served as a Governor of the Society and as a Director and Vice President of the Conference. He was a member of an Advisory Council on Social Security and chairman of the Study of the Military Retired Pay System for the Senate Committee on Armed Services, and of several other federal and state study commissions.

He established a consulting actuarial service which continues as Ann Arbor Actuaries. Through international aid programs he was a consultant on social security to the Philippines in 1956 and 1962, and to Liberia in 1977-78. In 1965, he organized a program for a cohort of actuarial students at the Hebrew University in Jerusalem, and he returned to teach in the program in 1967.

He served on the Ann Arbor Board of Education, and was a trustee for 25 years of the Ann Arbor City Employees Retirement System.

Professor Fischer was graduated from Washington University in St.

Louis with a B.S. degree in Chemical Engineering in 1923. He received M.S. and Ph.D. degrees in Mathematics from the University of Iowa in 1930 and 1932.

Survivors include his wife, Kathleen, two sons, Patrick Carl Fischer of Nashville, Tennessee, and Michael John Fischer of Hamden, Connecticut, and five grandchildren.

Memorial contributions can be made to the Carl Hahn Fischer Actuarial Fund. Checks should be made payable to The University of Michigan and mailed to the U-M Department of Mathematics, Ann Arbor, Mich. 48109-1003, with allocation directed to the Carl Hahn Fischer Actuarial Fund.

Manfred Kochen,

adjunct professor of computer information systems at the Business School, died suddenly while returning from a meeting in Kona, Hawaii.

Dr. Kochen was professor of information science in the Department of Psychiatry and research mathematician at the Mental Health Research Institute.

Kochen was an internationally recognized expert on information systems and the author of over 200 articles and several books on the subject. He held the Award of Merit from the American Society of Information Science and was recently honored by that organization as a Pioneer in Information Science. He was recognized by many professional organizations, and had traveled extensively as an invited lecturer in the United States, Europe, Asia, and Australia.

Born in Vienna, Austria, in 1928, he received his undergraduate degree from M.I.T. and his M.A. and Ph.D. in applied mathematics from Columbia University. Prior to coming to The University of Michigan in 1965, he was a staff member of the IBM Research Center. At The University, he carried out research on knowledge and information systems, problem solving, cognitive learning, social planning, artificial intelligence, and decision support systems. He was recipient of a number of grants from the National Science Foundation on these and related subjects.

He is survived by his wife, Paula, and sons David and Mark, of Ann Arbor.

David W. Cleverdon, MBA '40, a former administrative manager of Westvaco's timberlands division, died September 9, in Peterboro, New Hampshire. Mr. Cleverdon, who held a bachelor of forestry degree from the U-M in addition to his MBA, joined Westvaco in 1945 in the treasurer's department. Subsequently, he used his forestry and business experience to establish financial management procedures for the company's expanding woodlands organization. When the timberlands division was organized in 1955, he was promoted to administration manager. He retired in 1977.

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Entrepreneuring for a Cause

The assignment in the class in entrepreneurship was to think up a project to make money, so BBA student Mark Chekal, MBA student Dan Gehring, and LSA student Nick Siambis decided to make money for a cause. They organized an auction to benefit the St. Mary's Church Hunger Coalition to help the homeless in Ann Arbor.

Pictured here is Mark Chekal along with Willie the Wolverine who also attended the auction. The students contacted local businesses for items to auction, which included a cordless telephone, a football signed by members of the Detroit Lions, and a dinner for two at a local Ann Arbor restaurant. Professional auctioneers Braun and Heller donated their time to help run the auction.

Business School students also organized a spring charity ball at the Ann Arbor Inn, proceeds to benefit the Ann Arbor Shelter Association for the Homeless, and sponsored a canned food drive in the Student Lounge.

