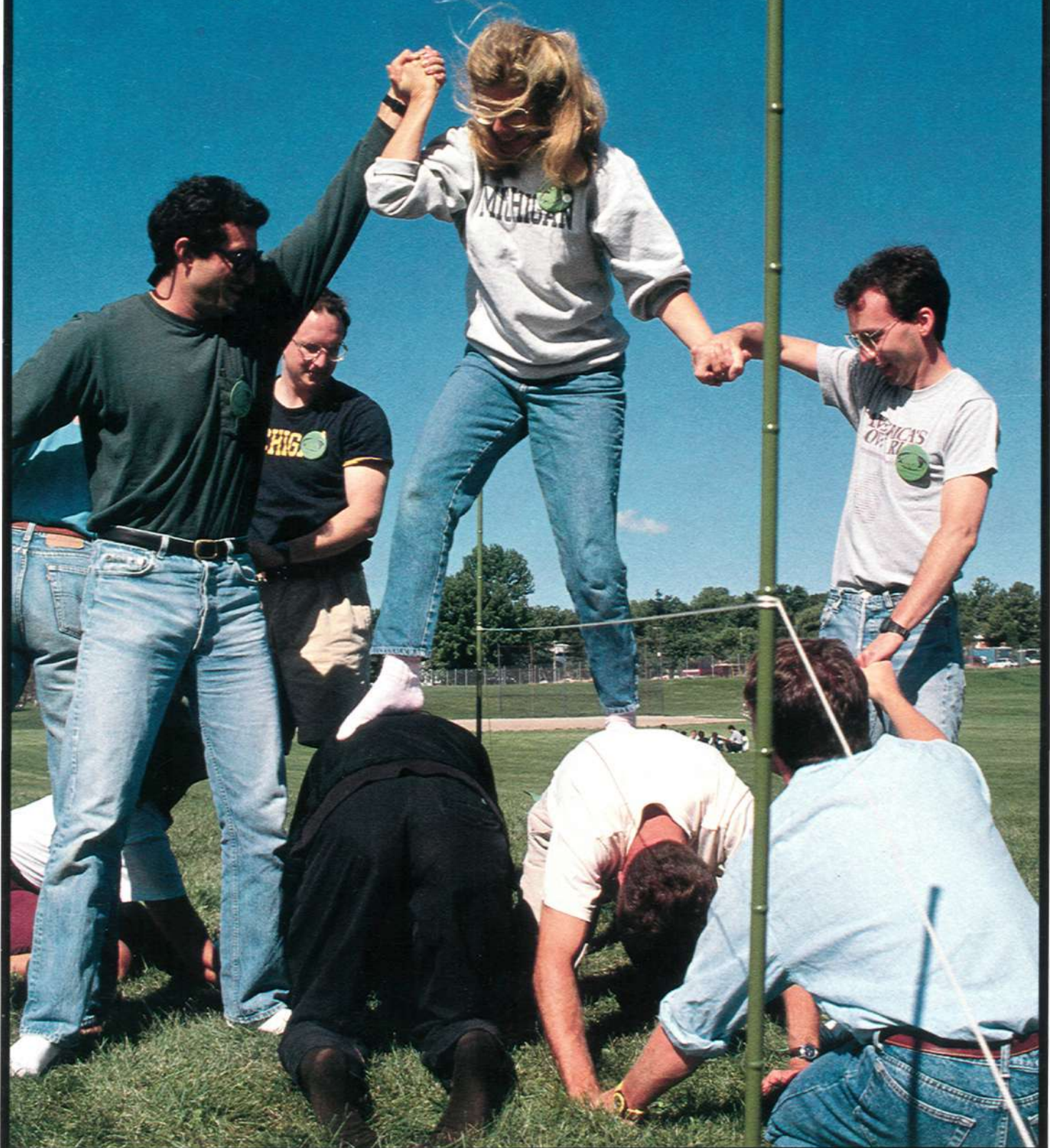


# Dividend

The Magazine of the School of Business Administration • University of Michigan • Fall 1991



I V ^ r Alumni and Friends,

As crisp Michigan fall days start coloring the trees on campus, we are getting ready for the first annual symposium on Global Financial Markets sponsored by our new Mitsui Life Financial Research Center. A distinguished roster of panelists will be here October 3 to talk about the currently topical issue of financial market volatility. The panel will include two Nobel Laureates — Merton Miller of the University of Chicago and James Tobin of Yale University — as well as the Deputy President of the Tokyo Stock Exchange and other notable representatives from the U.S. government and securities industry. Mr. Koshiro Sakata, president of Mitsui Mutual Life Insurance Company will be here from Tokyo and will make opening remarks. The panel will be moderated by E. Han Kim, Director of the Mitsui Center, which was inaugurated last year with a \$3 million gift from Mitsui. On the following day, October 4, some of the latest research on various aspects of financial market volatility will be presented by scholars from the U.S. and Japan.

The school year got off to an exhilarating start with our newly designed two-day global citizenship experience — one part of our new MBA orientation program. Roy Vagelos, chairman of Merck & Company, Inc. got things started by describing to our new students how his company strives, through its products and philanthropy, to be a strong corporate citizen. Then, small groups of about ten people, each of which included MBA students, faculty, and corporate executives, immersed themselves in a morning of intense outdoor team-building exercises, followed by work in the community. My group washed windows at a senior citizens' complex and helped paint a community center in inner city Detroit. These activities were followed by thoughtful panel discussions between the teams and community service groups focusing on the problems seen during the work, the issues behind the problems, current approaches to dealing with the problems, and what business can do to help solve the problems. This turned out to be a very energizing experience for all of us, and students are now making plans to follow up their orientation work with ongoing citizenship projects to take place throughout the year. It certainly got our students off to a fast start, and developed spirit and pride in the Michigan Business School.

We are grateful to The Commonwealth Fund, Exxon Corporation, The Upjohn Company and Whirlpool Corporation for financial help in making this global citizenship effort possible. They and six other major corporations, including AT&T, Detroit Edison, Ford Motor Company, General Electric, General Motors, and Merck & Company Inc., sent their executives to participate in the program along with Business School faculty and students. We also thank Roy Vagelos, David Whitwam, the CEO of Whirlpool, and Tom Moloney of the Commonwealth Fund for their personal participation in the program. Finally we thank the communities of Ann Arbor, Benton Harbor, Detroit, Kalamazoo, and Ypsilanti and their community agencies, already overwhelmed with work, who gave us invaluable help because they believe in what we are trying to accomplish.

By the time you read this I will have met many of you at receptions in San Francisco, Kalamazoo, Grand Rapids and Detroit. As the year goes on, I will be looking forward to meeting more of you, sharing my thoughts and hearing your thoughts and ideas about the School.

Sincerely,

**B. Joseph White**  
Dean

# Dividend



## The Case Method — In Living Color

Members of the MBA class of 1991 organized a trip to the Soviet Union which turned out to be a living case study of a challenging business environment.

**There's Never Enough Money, and Time is Fixed**  
*by Jerome Kruczek, MBA '75*  
Thoughts on making the switch from large companies to owning your own.

11

**The World and die Curriculum: A Workshop**  
A two-week faculty workshop at the Business School addressed teaching and curriculum issues associated with internationalism and multiculturalism.



## Dollars for Scholars

Pictures and captions of the dinner where students who hold scholarships, and the donors who have given the scholarships, get to know each other.

**Room Service**  
*by Jerry Flint*

How Dr. Thomas Prose, who is now in our evening MBA program, brought new meaning to the term "hotel doctor"

14

## The Michigan-Navy Connection

In a highly competitive process, 14 out of the Navy's 4,500 Supply Corps Officers are selected for the flag rank of rear admiral. Of those 14, half are Michigan B-School graduates.



18

**OM 610: Real Problems for Students, Real Solutions for Companies**  
*by Jane Myers*

Students from the class in Operations Management 610 are enthusiastic about the real-world consulting work they get to tackle.

**The Eighth Annual Pryor Award Winners**

**Among Ourselves**

**Class Notes**

Fall, 1991

Vol. 22, No. 3

### About the Cover

Jane Dutton, associate professor of organizational behavior and human resource management, goes over the "electric fence," in one of the team-building exercises used in the new MBA orientation program. The team forms a circle by holding hands and must go over the fence while holding hands. The circle can only be broken at one point. If any member of the team touches the string or if their hands separate, the entire group must start again. This exercise gives one food for thought about action time vs. planning time as well as about team involvement. Sixty teams of about ten each participated in the orientation; all teams included a faculty member or a corporate executive or both, along with first and second year MBA students. For more about the restructured MBA curriculum, see page 2. The photo is by Gregory Fox.

## "Hands On" Characterizes New Curriculum

Action learning is a major part of the new MBA curriculum, which emphasizes getting students out of the classroom and into corporate and community life.



## Sitting at the Intersection Between Two Real Worlds

In this conversation with Dean B. Joseph White, he talks about business education, the Business School, our challenges and our competition.

6

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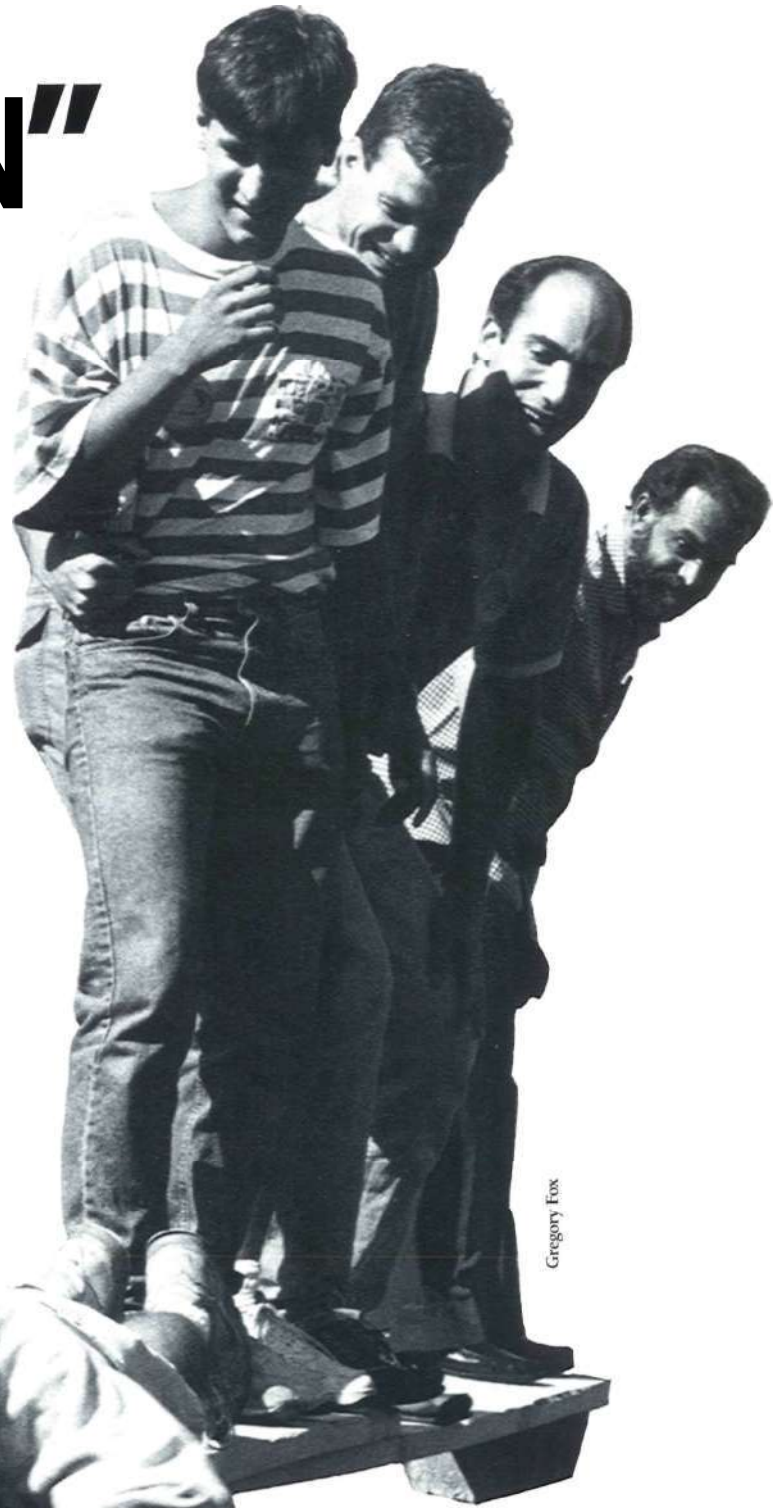
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# "HANDSON"

## Characterizes Our New Curriculum

Partnerships With Industry  
and the Community Are  
Also Emphasized in a  
Newly Designed Orientation  
Program



Gregory Fox

"Acid River" was the name of a team-building exercise used during our new MBA orientation. Using three blocks and two boards, the team must get from point A to point B without any person or board touching the ground. Only the blocks may touch the ground. By the time you have finished this exercise, you have some new insights into teamwork, communication and leadership.

**W**hat we did was raise awareness," says second-year MBA student Barry Asato, "we weren't trying to give answers. We were looking for an emotional impact — not just an intellectual experience."

He is talking about the newly designed one-week orientation period that started off the year for incoming MBA students. Barry, along with 50 other MBA students, was a team leader for the two-day global citizenship module of the new orientation. Experiences during that module could be called "action learning" — action meaning not only painting houses, washing windows, or going to classes with high risk junior high school students, but also participating in panel discussions with area agencies, their clients, and other professionals to provide a "reality check" on the students' impressions.

Action learning is a major part of the new curriculum, which emphasizes getting students out of the classroom and into corporate and community life. As a key element of this comprehensive program, students will spend seven weeks full-time in an on-site field study, integrating classroom learning with the real world by observing and analyzing actual business problems. "This innovative curriculum will give Michigan MBA graduates a competitive edge over their peers," said Dean B. Joseph White.

The new curriculum will also be continuously evaluated and improved according to the needs of the students. "The MBA program will respond to market forces as rapidly and effectively as do the products of successful businesses," said Paul Danos, associate dean, who has primary responsibility for the degree programs. "The era of the 20-year turnaround time in curriculum change is over. We must be continuously improving every aspect of student education. That means constant innovation to meet the challenge of the dynamic business environment."

## The New MBA Orientation Program

The new MBA orientation program aims to connect businesses, the community, and MBA students and faculty in a global citizenship program that grapples with some of the issues facing the community, and challenges them to work toward solutions in cooperation with local service groups. About 600 people were involved in the projects this year, working in 10-member teams of incoming students that each also included an executive from industry, a Business School faculty member, and a second-year MBA student who had participated in a pilot orientation last spring.

The involvement and concern of industry was highlighted for the incoming students by Roy Vagelos, CEO of Merck & Company, Inc., who was the keynote speaker for the beginning of the global citizenship module, and by David Whitwam, CEO of Whirlpool Corporation, who made closing remarks. Both companies were heavily involved in the orientation experience itself, sending their executives to participate in the teams, and organizing projects for 200 of the participants.

During the first day, teams were assigned to mini-projects that included working with senior citizens through the Neighborhood Senior Service agency; spending time in the court system; going to an adult day care center; and pairing up individually with junior high school students considered to be at risk of dropping out. In all these cases, teams were provided a profile of a typical client and given background information about some of the issues surrounding the particular project.

**A**t the end of the day, each team met for two hours to discuss issues and questions that had come up during their project, and then made brief presentations to a panel that included some of the clients themselves along with representatives of the community agencies working with the particular situation. "This panel discus-

sion drives home the point that there are no easy solutions," says Graham Mercer, program manager, who designed this part of the program.

Another entire day was spent by teams working with organizations in Detroit's inner city on projects that primarily involved rehab work on various buildings. Each team received profiles of the communities, along with questions to help them think about problems faced by residents in the communities. At the end of the day the teams discussed their observations and presented their understanding of corporate and individual roles and responsibilities in addressing these complex issues. The discussions helped to illuminate for the students the depth and complexity of the problems.

Following the orientation, teams were asked to adopt a project to work on for the entire year, emphasizing the ongoing nature and complexity of the issues and the necessity for a long-term commitment to solutions.

Another part of the orientation involved outdoor exercises and games designed to stimulate thinking about team building, decision-making, planning-time versus action-time, leadership vs. followership, and ways of handling failure.

The week-long orientation period for new MBA students represents a shift in the way the Michigan Business School prepares its students for future business leadership. With its emphasis upon business-community-university interaction and teamwork, the experience is intended to frame the students' next two years. As part of the new MBA curriculum being implemented on a pilot basis this fall with one-third of the incoming MBA class, the orientation allows students to see major corporations actively involved in improving the quality of community life.

An additional aspect of the new curriculum is a computer-based information system called "M-TRACK" that will centralize the recruiting process, help students network with fellow classmates, and allow them to track their skills development.

A series of optional executive skills workshops will also be offered, based on the Michigan Business School's experience



Gregory Fox

One global citizenship group spent time washing windows and cleaning patios at a senior citizen complex. This was followed by reports from the teams along with an animated discussion between the teams and senior citizen residents of the complex (pictured right) who spoke to the group about their lives and the issues surrounding senior citizen housing.

with its Executive Education program, which trains more managers than any other program in the world.

The new curriculum will also allow traditional semesters to be split into seven-week sessions to give students more flexibility in choosing classes and professors. Also, evaluation tools such as focus groups, student and recruiter surveys, and a customer satisfaction measure developed by the School's marketing faculty, will be applied to the curriculum on a regular basis.

### The MAP Pilot Program

About 140 first-year MBA students will participate in the Multidisciplinary Action Project (MAP) pilot program in early 1992. They will be placed into an actual business setting to observe and analyze processes such as order taking, new pro-

duct development, inventory reduction and sales management. They will describe how interactions among functions such as organizational behavior, operations design, information systems and accounting — impact upon quality, cost and speed in their particular process. Faculty from several different disciplines will oversee student activities, guide their observations, and evaluate their final analysis.

"The era of the 20-year turnaround time in curriculum change is over. We must be continuously improving every aspect of student education. That means constant innovation to meet the challenge of the dynamic business environment."

The methodology the students will employ called process analysis, requires students to observe, question, document and analyze what they see happening. It is currently a major tool used to understand the workings of operational processes. With the recent emphasis on quality, it has been extended to include administrative processes. Through MAP, the students deal with a real business process and learn operations at a basic level. Students will spend time at such companies as Kmart, Cadillac, Comerica, and The Upjohn Company.

"Understanding business functions at this level of complexity means the students will contribute more and perform better the minute they enter the work force," said Dean White. Kay Reilly Director of the Executive Program and one of the architects of MAP, commented, "Instead of viewing business strategy solely from an executive

manager's point of view, students will see that very complex and interesting things are happening at operational levels."

"We are assuming that process analysis methodology will be a substantial part of a business's competitive advantage throughout the world — a way of life," said J. Wayne Brockbank, assistant professor of organizational behavior and human resource management, who is coordinator of MAP "We are preparing our students to be part of the future, to add value to a company right out of the chute."

"MAP is really a breakthrough course," said Associate Dean Danos. "It creates a new way of integrating disciplines around a topic every corporation must come to grips with — that is, to insure that its processes work effectively. The course creates teams, forces students to deal with a real business, and teaches operations at the nitty-gritty level. It complements the high-level strategy our students are exposed to in much of the curriculum."

## The M-TRACK System

M-TRACK is an innovative computer program that will consolidate information for MBA students. The M-TRACK system will be designed to include details for conducting a job search, mechanisms for personal networking with fellow students and means for tracking and expanding executive skills development.

All information about recruiting, including dates of company visits, corporate presentations and placement activities, as well as company addresses, telephone numbers and names of top managers, and facts about companies not recruiting at Michigan will be available on M-TRACK.

Students can browse through the data, manipulate the information in a number of different ways, save the results of their personal search on their own computer disc and use this personal database for multiple mailings.

At the end of each day of the global citizenship module, teams dedicated two hours to discussion and syndesis of the day's experience, sharing concerns and reactions. Each team then prepared a brief summary to present to the entire section (composed of 10 teams). •

Eventually the plan is that using M-TRACK, students will be able to assess the level of their executive talents and identify their individual strengths and weaknesses. M-TRACK will also contain information about companies, recruiting schedules and placement activities to allow students to custom-design their job searches.

The skills component of M-TRACK will allow students to evaluate themselves in terms of talents such as negotiation, creativity, teamwork and communication. Students will be tested to establish a skills baseline, and their scores will be entered into M-TRACK. As they move through the MBA program, they can monitor their progress, identify skill areas that need attention and seek additional training.

If they decide they need additional training, they will be able to attend a series of workshops which will address skills such as self-management, conflict resolution, creativity and innovation, teamwork and negotiation. The workshops will be taught

by outside consultants, and will be similar to the additional training that might be offered executives who work for a large corporation.

"The workshops are optional services provided to students over and above the traditional MBA courses," said Associate Dean Danos. "They will be distinct from the classroom, bringing an executive education approach to the MBA, breaching the wall between the traditional classroom and the best of executive education. Behind our innovations are several major themes," continued Danos. "We are giving students real-world experience in an unprecedented way, and we are providing services to help students become complete business leaders. We are also building in continuous development for the program itself so that we retain our traditional strengths and at the same time continuously invent tomorrow's business education"

Gregory Fox



# SITTING AT THE INTERSECTION BETWEEN TWO REAL WORLDS

## A Conversation with Dean B. Joseph White

B. Joseph White, Michigan's new dean, has a background in both academe and the corporate world. After receiving his MBA at Harvard and his Ph.D. at the University of Michigan, he joined the faculty of the Michigan Business School in 1974. In 1981, he became vice-president, management development, at Cummins Engine Company and in 1984 became vice-president of personnel and public affairs at Cummins. He rejoined the Business School in 1987 as associate dean and professor of business administration, and took office as dean in July, 1991.

**Q** *What comments do you have about the intersection between business education and the "real world"?*

A.. First, I don't accept the idea that the academic world is not a "real" one. A leading business school in a research university sits dead center in the intersection between the academic world and the business world — and they're *both* real worlds. What is the role of the business school at this intersection? Our value lies in bridging

those two worlds — the world of knowledge and world of results. Our job is to bring the knowledge of the university to individual business people and companies to help them achieve the results they are striving for. For individuals that means having the kind of career they want and for companies that means winning their competitive battles. What we bring to the party is knowledge, and in a world that is changing as fast as our world is changing today, knowledge is highly important.

*VE* *What about recent comments in the press saying that business education has become largely irrelevant to business practice?*

*l \*. Reporters love writing about the deficiencies of business schools. But I believe in markets and customers more than reporters as the arbiters of the value we offer here at the business school. Every one of our students, every one of the 500 companies that come to recruit those students, and every one of the 5,000 managers that come to our executive education programs — they all do that freely. Those customers — the students, the corporations, the executive education students — vote on our value with their feet and with their dollars. I pay close attention to our customers and what they say about what we do. I pay attention to reporters because they influence the

*perception* of what we do, but the real arbiters of value for us are our customers.

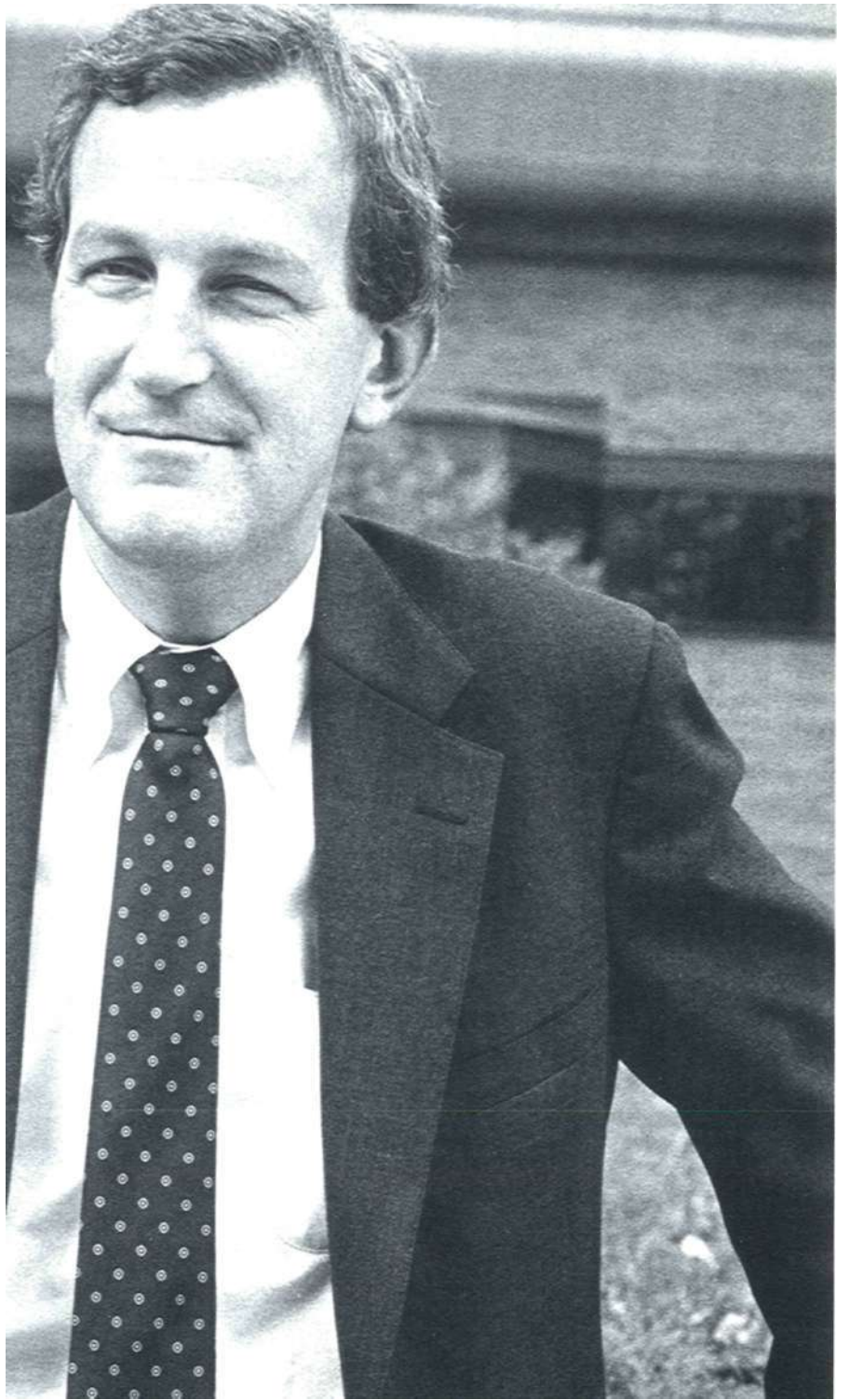
*y J*. *A recent article in Fortune said, "The elusive proficiencies so long derided by deans and dons as 'soft skills' are exactly what companies are coming to want most from managers — and what B-schools, mired in arcane scholarship, seem least suited to instill." What are your thoughts about this?*

*i \*. First, I have never derided soft skills. If you can't translate your intellectual knowledge into action you're not worth much in business, because business is about results.

Second, to say "mired in arcane scholarship" is a ridiculous overstatement. The work of scholars is to observe, understand, explain, and critique, and faculty research has value. If it's published it has survived a strenuous review process to insure its quality and its accuracy.

Without any doubt 20 years ago reporters could have deemed a lot of the work in economics to be "arcane scholarship," and yet the influence of this intellectual work has been very powerful. The work of Milton Friedman and the Chicago School on the relative merits of a free market system has gone from a minority position to one that is dominant. There is a strong connection between the intellectual body of work that was done on the free markets,





and what has happened today with the collapse of Communism and the rise of the free market system. There is nothing as powerful as good scholarship.

Having said all that, what we're facing today is a situation in which our economic system has triumphed despite its vast imperfections, and we have a lot of work to do in perfecting the victor. I think business schools can contribute to making this system more effective. One way we can contribute is by looking beyond the business system to the other human service and support systems vital to an economy — child care, housing, health care, education. If you're concerned with the competitiveness of our economy you can't just focus on the health of the business system. The reason many executives have gotten so active in the education system is that they understand its importance to the health of the economy overall.

This is why we have chosen to involve our students — during their very first week at the school — in community human service organizations — because we want them to understand that for business to be successful, the larger human support systems also have to be effective. That's

what global citizenship is all about. (Editor's note: For more on this, and on the restructuring of the MBA curriculum, see page 2.)

*y J. How would you characterize the mission of a top business school?*

*i \ .* Our first mission is to educate and develop talented and motivated students in order to help them achieve their professional and personal goals. Secondly, our mission is to help businesses win their competitive battles — through the quality of our graduates that they hire; through our management education programs; and through the quality of ideas generated by the faculty. Our third mission is to be a source of education and research leadership for other business schools, institutions and professionals.

*VJ. What do you see as the major challenge facing the school today?*

*r \ .* Our major challenge is to do a superior job for our students and for our corporate customers and to be recognized for having done that.

*y J. Will you talk a little bit about our competition?*

*r V .* We are in direct competition with the very best business schools in the country. We have achieved this level by setting our sights high and with the generous support of our alumni, friends and corporate constituencies. And we have entered this field with fewer financial resources than our competitors, who have substantially greater endowments and larger annual giving totals than we have. We are not as rich as the other schools in the top tier of business schools. As a result, we have to be more creative, more innovative, set higher goals for ourselves AND we have to raise more money. But we can't let money be an excuse for not achieving the highest levels of performance. I don't believe you have to be the richest to be the best. Sometimes, I think it may even be harder to be the richest, because it can make you complacent. So our formula is to reach higher, strive harder, be more creative and more innovative, and at the same time do everything we can to close the resource gap.

*v J. Can you give me an example of how we are being more innovative?*

*r \ .* One of the differences between us and several of our peers is that we have a large and effective executive education program. That has become a great source of strength for the school. For instance, a number of things we are doing in our innovative MBA restructuring have their origins in our executive education programs, including the global citizenship part of orientation and the management skills modules.

*yJ. What about innovations on the research side?*

*r \ .* A good example of bringing very sophisticated research methodologies to bear on practical business problems is the work being done on customer satisfaction by Claes Fornell, the Donald C. Cook Professor of Business Administration and Professor of Marketing. He has developed a sophisticated methodology for measuring and improving customer satisfaction on a nationwide, multi-industry scale. His barometer has already been applied to help Swedish industry, and he has now developed the index for use in the U.S.



“There is nothing as powerful as good scholarship.”

Gregory Fox

"One of the differences between us and several of our peers is that we have a large and effective executive education program. That has become a great source of strength for the school.

For instance, a number of things we are doing in our innovative MBA restructuring have their origins in our executive education programs, including the global citizenship part of orientation and the management skills modules."



Gregory Fox

*\J. What do you think is the proper balance between teaching and research?*

*l\.* We have to operate in such a way that there is no conflict between these two aspects of faculty work. We have an intellectually active faculty that is producing ideas and insights that have value in the academic and professional community. The key to that is research. At the same time, we are educators, and we have to have the ability to bring our knowledge in very effective ways to students and other audiences. Being intellectually active and being an effective teacher go hand in hand. When we look at the school as an institution, we have to be capable of very high quality research AND teaching excellence.

*v J. Do we have any programs in place to improve teaching quality?*

*r V.* Informally, young faculty members are invited in to observe senior colleagues

who are highly effective in the teaching arena. Formally, we encourage faculty to take advantage of courses at the Center for Research on Learning and Teaching. This year, we also designed, through the leadership of Professor Ted Snyder, a new orientation program for all the incoming faculty. The program, which involved some of our best senior faculty, addressed three dimensions: being an effective teacher; developing research capabilities as a young scholar; and what it means to be a faculty member at the Michigan Business School.

*V^.* *In this highly competitive climate, top faculty are key to the success of a business school, and top faculty are very much in demand. How do you plan to maintain our competitiveness in the race for the best faculty?*

*/\.* I want to ensure that we do everything possible to retain our outstanding senior faculty. One important way to do this is to

increase the number of endowed chairs we have available, because that's a powerful way to recognize and honor your top senior faculty.

We obviously also have to provide pay and work loads to be competitive with our peers in order to attract and retain the best faculty. However, pay and work loads are necessary but not sufficient to attract and retain the best faculty. The other dimensions are "soft" — challenge, development, the quality of our faculty community and the atmosphere around the school. And it's in the area of the soft conditions that we have a chance to thrive at Michigan, because when the word gets out that Michigan is the place to be because of the innovation and the atmosphere here, then we will get and keep the best faculty. Talented people always have options as to where they can work. The issue then becomes do they feel challenged, do they find the intellectual environment stimulating.



Gregory Fox

"If you're concerned with the competitiveness of our economy you can't just focus on the health of the business system."

*vJ. What are your plans for faculty development?*

*l\.* For our junior faculty, we need to set expectations about teaching and research, and then we need to provide an environment that supports faculty members meeting the expectations. We also need to provide teaching loads and schedules that allow junior faculty to increase their teaching effectiveness, and we have to provide them time to concentrate on research. It's perfectly achievable to be good at teaching and research, but hard to do both in the same block of time. We have been finding ways to segregate the time of the junior faculty so that they will be able to work on their research in a concentrated way and also have time to concentrate on teaching in some part of the year.

*V^.* What do you see as the appropriate way for business schools to approach the topic of ethics in the curriculum?

*J\.* First, ethics need to be taught by example. That's one reason we developed an honor policy — to make it clear that we won't tolerate cheating. Second, I think it is essential to expect every faculty member to address the ethical dimensions of her or his topic as they arise naturally in her or his course. That's how ethical questions arise in business. They arise in the course of your work. The most important thing as a manager is to *recognize* the ethical dimension when it is before you. I'm not convinced of the value of the mandatory ethics course — because that takes the burden off of faculty members to sensitize their students to the ethical dimension in a natural way. However, I think we ought to have (and we do have) a specialized elective course in ethics, and many of our students choose to take it.

*V£* What proportion of our faculty is tenured?

*r\.* Only about 40% is tenured, whereas in many leading business schools 60% or more is tenured. Furthermore the average age of our faculty is young — in the late 30s. Over the long term this will be a big competitive advantage for us because it means we have a very recently trained, up-to-date faculty and because it means we have the opportunity to shape the faculty of the future.

**Q** Why do we have such a young faculty?

*i\.* It's partly a result of our tremendous growth — our faculty has grown from 65 to 130 over the past 10 years. The result is we need to move now from an emphasis on growth to a much more steady state in which we focus on development of our faculty. That means, first, retaining our very best senior faculty and second, making wise promotion and tenure decisions over the next ten years, because that will determine the makeup of our faculty for the next 30 years. Third, it means helping our younger faculty to develop into the very best business school faculty they can be.

# The Case Method In Living Color

The words 'political risk' mean a lot more to me now that I've seen 100,000 people in Red Square yelling 'Yeltsin—Yeltsin' " said Bruce MacRae, MBA '91, who helped organize a trip to the Soviet Union last spring. Yuval Moed, MBA '91, another of the organizers, says, " 'Currency Exchange Risk' has a different meaning after you get 20 or 30 rubles for your dollar on the black market as opposed to 1.6 in the official exchange."

"We went to the Soviet Union to give students a living case example of doing business in a difficult and different and challenging environment," says Gunter Dufey professor of international business and finance, who team-taught the class with Morris Bornstein, professor of economics and former director of the U-M's Center for Russian and East European Studies.

The trip began when members of the MBA class of 1991 petitioned Dean B. Joseph White to establish the class, persuaded Professors Dufey and Bornstein to teach it, and organized an admissions procedure through a competitive essay contest (56 people applied for 25 places).

The course took place in three distinct phases beginning with a pre-trip study of the Soviet system and Soviet economy, including its external economic and financial linkages and relations. Students worked through a heavy load of reading, lectures by experts, and student presentations at an intensive, accelerated pace during January and February, 1991. During this pre-trip phase, students also arranged visits to the Moscow offices of a number of U.S. organizations and firms.

Just as the students were working on developing the course, a letter arrived from Academician Abel Aganbegyan, member of the Soviet Academy of Sciences and Rector of the Soviet Academy of the National Economy (ANE). Academician Aganbegyan has had a distinguished career as a politically astute reform economist, and is considered one of the intellectual fathers of perestroika. The ANE has traditionally been involved with the training of top managers of Soviet enterprises which included most recently the introduction of Western management techniques to Soviet managers. Aganbegyan's letter was the first step in an attempt to establish the ANE's ties with Michigan and our Executive Education program, and was followed by a visit from

Aganbegyan as well as from a three-person delegation who came here for three days to explore the possibilities for Soviet managers to participate in our Executive Education program.

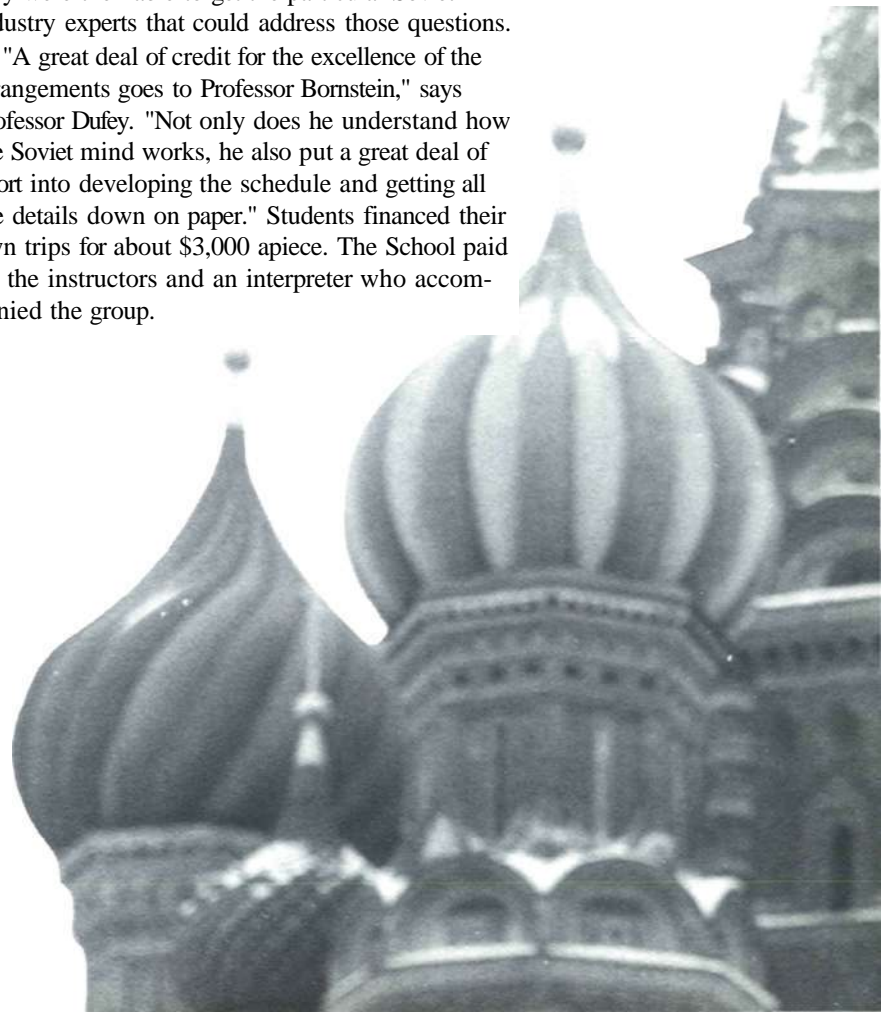
During these visits, negotiations began with the ANE to provide a program for our students which would allow them to have access to Soviet managers and experts they otherwise would be unlikely to meet. The eventual arrangements included board, room, speakers and transportation to be provided by the ANE.

"The difference between a 'tour trip' and a real study trip was a terrific expert in the person of Professor Bornstein," said one student. "His knowledge of the Soviet Union meant that we got the top people in the areas we were interested in, because he knew to ask for them by name." To add to their depth of understanding, students spent time during the pre-trip phase putting together a series of questions to which they hoped to get answers. Professor Dufey then faxed the questions to the ANE, and they were then able to get the particular Soviet industry experts that could address those questions.

"A great deal of credit for the excellence of the arrangements goes to Professor Bornstein," says Professor Dufey. "Not only does he understand how the Soviet mind works, he also put a great deal of effort into developing the schedule and getting all the details down on paper." Students financed their own trips for about \$3,000 apiece. The School paid for the instructors and an interpreter who accompanied the group.

"We went to the Soviet Union to give students a living case example of doing business in a difficult and different and challenging environment."

- Gunter Dufey  
Professor of  
International  
Business and  
Finance



Some of the presentations arranged by the ANE included "Current Issues on Foreign Trade in the USSR" presented by Ivanov Ivan, deputy chief of the State Foreign Trade Committee; "Economic System Reform," presented by Yasin Eugeni, Department Chief of the State Committee on Economic Reform; and "Current Problems of the Soviet Economy" presented by Abel Aganbegyan, Rector of the Academy of the National Economy.

Students also heard a round table discussion on joint entrepreneurship and free economic zones; visited a shoe-producing factory and a collective farms marketplace; attended the Bolshoi Ballet and the Moscow Circus; met with students at the Moscow State Institute of International Relations; and heard a panel discussion on regional decentralization of the economy. These amounted to four very full days of lectures and presentations. "We went all the way from the macroeconomic issues to the factory manager" said one student. "We got to look at the system from both ends."

The students spent two other days meeting at the Moscow offices of a number of U.S. firms doing business in the Soviet Union. These included Pepsi Cola, McDonald's, Control Data, Sprint and Eli Lilly. Topics ranged from how to repatriate hard currency profits to what to do after-hours in Moscow.

There was, of course, a lot of informal learning. "When we went to the co-op foodmarket," said one student, "we found abundance, but we also found prices 20 to 30 times higher than they were at State Stores. Of course, at State Stores it didn't matter how low the prices were for goods, because there weren't any available." An old woman in a babushka screamed at one of the students in the market — "Things were better under Stalin. We could get bread." Another student commented, "The people were very sincere with us about where they needed improvements, because they saw us as an open door to the West. They have a deep hope for change"

"Of all my images of Moscow" wrote Keith Allman in a column for the *Monroe Street Journal*, "the images of the people are the most vivid — the fur hats, the long gray and black coats, the weathered faces, the friendliness, the willingness to talk to strangers. We found two abandoned sleds on one of our nighttime tours around the Kremlin and had a riot sledding down the hills just outside the walls of Red Square. The look on the face of our Soviet interpreter as he soberly watched the crazy American "adults" behave like kids was quite a sight. More interesting, however, was the look on his face after we convinced him to take a run and he caught some serious air and sent the sled flying into the street.

"When we went to the co-op food market we found abundance, but we also found prices 20 to 30 times higher than they were at State Stores. Of course, at State Stores it didn't matter how low the prices were for goods, because there weren't any available"

Finally, a chance to use his new American word: "Awesome!!!"

After returning from the Soviet Union, students entered the third phase of the course, which consisted of research reports by teams focusing on five industry groups: agribusiness, energy, computers and telecommunications, chemicals and pharmaceuticals and retail trade and services. The reports amounted to a 255-page book when they were all compiled. They discussed issues U.S. firms must study when doing business in the USSR and must consider when formulating entry strategies into the Soviet market. They also discussed prospects for each of the five industry groups and methods for taking advantage of those opportunities.

"In some respects this course represented a preview of what business courses will look like in the future," commented Professor Dufey "It included theory, background, and implementation components, and worked very well as a living case study of a challenging, very different, business environment."

Next year, students are hoping to arrange a living case study of Europe 1992.

Course founders Yuval Moed, MBA '91 (left), and Bruce MacRae, MBA '91, in Red Square •



# Dollars *for* Scholars

## Donors and Scholarship Recipients Meet Each Other at a Special Dinner

**G**etting to Know You" was the theme at the third annual Scholarship Dinner, when those who have given scholarships, and the students who have received the scholarships, meet each other and have dinner together.

This year, the group heard brief statements from H. L. Ittner, who talked about what motivated her to set up a scholarship in her brother's memory; and Stephen Odell, one of the friends and associates of Linda Awrey BBA 73, who talked about the fund that has been set up in her memory.

After these statements, second-year MBA student Kyra Hicks spoke about what her consortium scholarship had meant to her, and extended a heartfelt thank you to the sponsors. Following her remarks, the microphone was passed around the audience, and other student recipients of scholarship funds stood up, introduced themselves, and told what scholarship they had received and what their plans were for the future.

Pictured here are some of the scholarship "pairs" who were present at the dinner.



Karla Scherer (left) with Anita Cifor who is receiving support from the Karla Scherer Foundation. Anita is in the first year of the BBA program.



Professor Emeritus and Mrs. C. James Pilcher meet Daniel and Fontaine Seliskar. Daniel is winner of the C. James Pilcher Scholarship, which was established to honor Professor Pilcher, who retired in 1987 after 40 years. The scholarship is funded by many of his former students, and recognizes the fact that he has been teacher, friend, and mentor to thousands of students over his long career. Daniel is a second-year MBA student whose undergraduate degree is in mechanical engineering. Before entering the MBA program, he worked as a project engineer in McLean, Virginia.

Left to right, Rosemary Nagel and Mrs. Ross (Rowena) Wilhelm meet Richard L. Kobyłka, who is the first recipient of the Ross Wilhelm Scholarship, which was established to honor the memory of the late Ross Wilhelm, a member of the U-M faculty since 1949. The Scholarship in his name was established by Perry Drug Stores, in cooperation with the family and friends of Professor Wilhelm. Kobyłka, a second-year MBA student, holds the BA from Beloit College in Beloit, Wisconsin, and worked as a legislative aide in the Wisconsin State Legislature before coming to the Business School. •







▲ Jackie Johnson, representing the Unisys Minority Scholarships, chats with scholarship recipient Diana Diehl who is accompanied by Timothy Choppin. Diana received her MBA with high distinction at spring commencement ceremonies.



< Frank and Barbara Westover meet Kurt Battles and his wife Susan. Kurt is the recipient of the Doris B. and Frank O. Westover Scholarship, which Frank Westover established in memory of his father and mother. Battles, who is a CPA, is a second-year MBA student concentrating in finance and real estate. Before entering the MBA program, he worked full-time as a staff accountant/auditor for Touche Ross & Company.



• Mrs. J. Philip (Eleanor) Wemette and Max Durfee (left) are pictured with Amy Rubin, an MBA student who is the first recipient of the J. Philip Wemette Scholarship. To the right of Amy are Betsy DeCourcyWernette, the daughter of Philip and Eleanor Wemette, and her husband Chris Romney. The scholarship honors the memory of the late J. Philip Wemette, professor emeritus of business administration and editor emeritus of the *Michigan Business Review*. Wemette, who joined the Michigan faculty in 1948, served the Business School and the University of Michigan for many years as an outstanding teacher, friend, and mentor of many, many students.



▲ The Raton Accounting Fellowship was awarded to Ph.D. accounting student Paulette Ratliff, who is pictured in the center. Surrounding her are (from left) Donna Adams, Jack Darville, Pam Bryant and William Adams, donors to the fund.

Photos By: Ellen Climo

# Dollars for Scholars



Gregory Fox

▲  
Left to right, Steven Walsh, Fred and H. L. Ittner, and Richard and Jacqueline Walkowski. Steven and Richard are recipients of the Edward Austin Jones Scholarship, established in memory of Edward Jones, MBA '58, a first vice president at Paine Webber in New York at the time of his death in 1984. The scholarship was funded by his estate as well as by gifts from his family and friends. Mrs. Ittner is the sister of Edward Jones. Steven Walsh worked as a senior cost analyst for Procter & Gamble before coming to the Business School, where he is concentrating in finance. Richard Walkowski worked as a senior accountant and manager at Ernst and Whinney and is concentrating in marketing and corporate strategy at the Business School.



Gregory Fox



Gregory Fox

Marsha Wehrmeister (left) meets Peter and Susan R. Frane. She is the recipient of the Robert E. Frane Memorial Scholarship, established in 1989 by the Frane family in memory of Robert E. Frane, MBA '56, who died in 1984. Wehrmeister worked as a senior consultant for Booz-Allen & Hamilton Inc. before entering Business School, where she is concentrating in marketing.

David and Lynn Engelben, representing the Benard L. Maas Foundation, talk with Robert Kilgore (right), recipient of the Maas Foundation Scholarship. Kilgore is a fourth-year MBA/JD joint degree student. The Maas Foundation scholarship is named for Benard L. Maas, a Detroit industrialist who died in 1984 at the age of 88. The many philanthropic interests he had have been carried on through the work of the Maas Foundation.

▲  
Professor Emeritus Paul McCracken and his wife Ruth meet Gregory Menke, recipient of the Paul W McCracken Scholarship, which was established in his honor with an initial gift from the Sara Lee Corporation, and subsequent contributions from other corporations, as well as from many friends and admirers. Gregory, who is concentrating in finance and general management, was a captain in the U.S. Air Force before entering Business School.



Gregory Fox



Gregory Fox

Sabine Schmelzer, recipient of a scholarship funded by the *Monroe Street Journal*, the Business School's student news paper, talks with Dean Olsen (center) and Tom Miller representing the *Monroe Street Journal*. Schmelzer is a first-year MBA student who worked as a business analyst for the Corporate Capital Group in Detroit and as a broker for Kemper Financial Services in Chicago before entering business school. She is concentrating in corporate strategy and international business.



Gregory Fox



Gregory Fox

▲ Stephen Odell (left) and Susan Dawson meet with Steven Pulaski, the first recipient of the Linda S. Awrey Scholarship, which was established in memory of Linda Awrey, BBA 73, who was national sales manager for Awrey Bakeries, Inc. at the time of her death. The scholarship was established by her many friends and colleagues as well as by Awrey Bakeries and many other food companies that made contributions in her memory. Stephen Odell and Susan Dawson are both friends of Linda's, and jointly led the effort to establish a scholarship in her memory. Steven, a second-year MBA student, has an MS in chemistry from Cornell University and worked as a chemist for the Upjohn Company before coming to Business School.

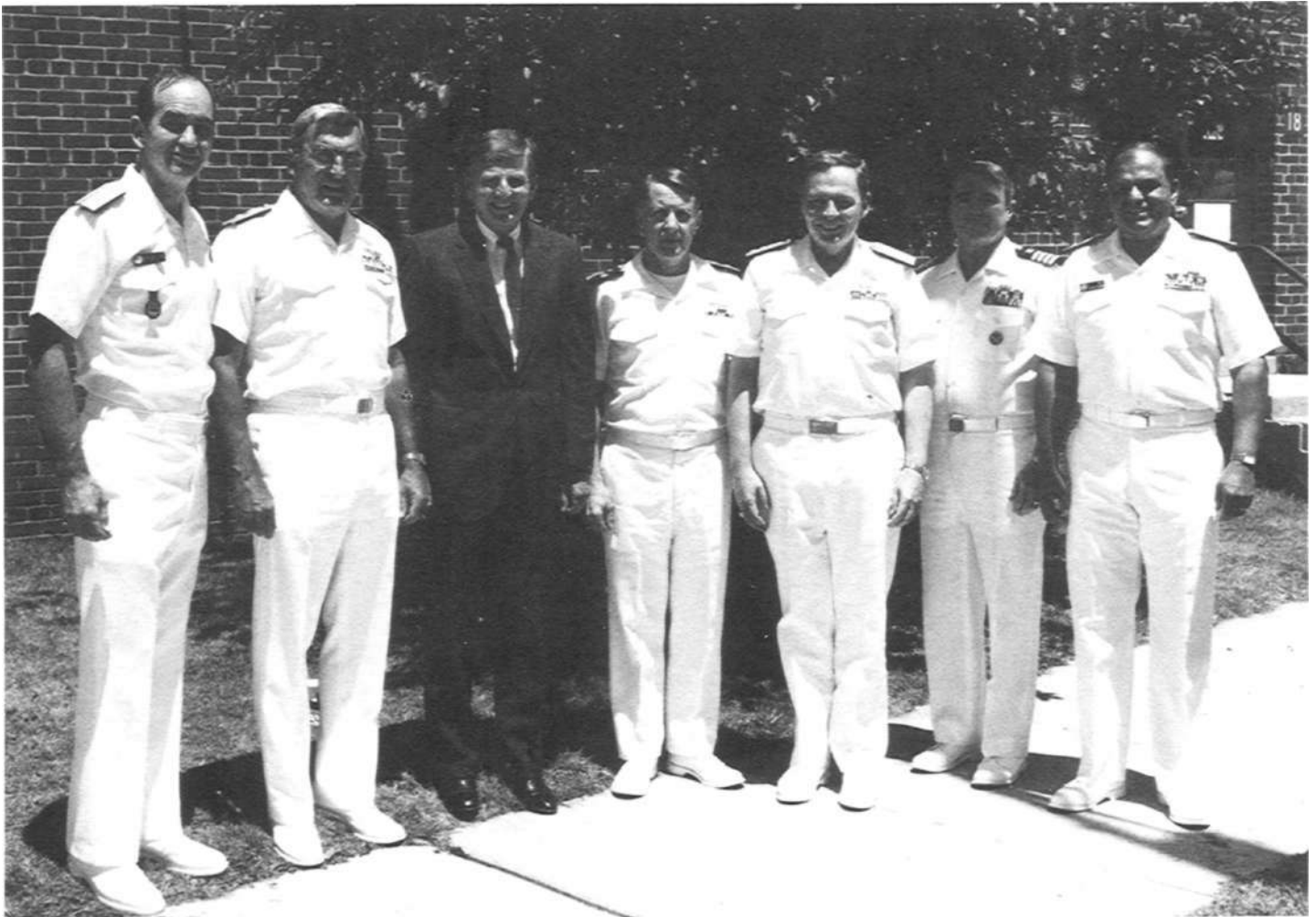


George Brownell and Jeanne Wilt meet Alicia Lapides (right) recipient of the Union Pacific Foundation Scholarship. Alicia, who is a CPA, is a second-year MBA student who is specializing in marketing and finance. Before coming to business school, she worked as a senior consultant for Motenko, Bachtelle & Co. in Newport Beach, Calif.

Paul and Connie Dimond (left) and Ronald and Eileen Weiser (center) meet Charles and Kathy McDowell. Charles is the recipient of the Stanley E. Dimond Term Graduate Scholarship, established in honor of Stanley E. Dimond, distinguished Emeritus Professor of Education and alumnus of the University of Michigan. The scholarship runs for a term of four years and is funded through a combination of memorial gifts, and contributions from Ronald N. Weiser and McKinley Associates. Charles McDowell is a cum laude graduate of Louisiana State University, where he majored in finance.

# THE MICHIGAN-NAVY CONNECTION

Business School Alumni Who Serve as the Navy's Business Managers Are Responsible for Billions of Dollars in Contracts and Logistics



Business School alumni who are Rear Admirals in the U.S. Navy Supply Corps are pictured here Left to right, they are: James P. Davidson, MBA '72; James A. Morgart, MBA '68; Peter Demayo, MBA '65 (Ret); William H. Hauenstein, MBA '68; Daniel W. McKinnon, Jr., MBA '66; John T. Kavanaugh, MBA '72; and Ray R. Sareeram, MBA '73.

In a highly competitive process, 14 out of the Navy's 4,500 Supply Corps Officers are selected for the flag rank of rear admiral. Of those 14, nearly half are Michigan MBA graduates.

Supply Corps Flag Officers have awesome responsibilities, making key decisions involving billions of dollars in government contracts and logistics. These rear admirals earned postgraduate degrees from Harvard, George Washington University, Michigan State University, the University of Kansas, the University of Washington, the Naval Postgraduate School of Monterey, Calif, and the University of Michigan. Their degrees include MBAs in contracting accounting and management and a master of science in petroleum management.

Supply Corps Officers are the Navy's business managers. They handle the logistics to support the surface ships, submarines, aircraft and base facilities of the U.S. Navy all over the world. They perform executive-level duties in purchasing, inventory control, storage, financial management, auditing, merchandising, transportation, computer systems, contract negotiations, and other related areas.

Michigan Business School alumni who have the rank of rear admiral are:

- Rear Adm. Daniel W McKinnon, Jr., MBA '66, is responsible for an annual budget exceeding \$22 billion in his present assignment as Commander of the Naval Supply Systems Command and the 36th Chief of the Supply Corps. He oversees all Supply Corps operations including supply, transportation, contracting, retail sales, printing, fuel management, food service and security assistance programs with friendly nations. He is directly accountable to the Chief of Naval Operations for matters concerning Supply Corps officer career development, strength planning, and formulation of budget submissions for supply activities.
- Rear Adm. James P Davidson, MBA 72, is the Executive Director of Supply Operations at the Defense Logistics Agency (DLA). He is responsible for supply policy, and oversight for the six Defense Supply Centers, and six Defense Supply Depots providing direct support to the U.S. military worldwide. DLA is responsible for procurement and distribution of three million items of fuel, food, clothing, medicine and repair parts with annual sales of over \$120 billion and over 50,000 employees.

- Rear Adm. William H. Hauenstein, MBA '68, is presently serving as the Acquisition Policy Deputy to the Assistant Secretary of the Navy (Research, Development and Acquisition). He also serves as Competition Advocate General of the Navy. He is the principal advisor to the Assistant Secretary of the Navy on the acquisition process, procurement and contracting policy, product integrity and accountability issues. He is also the Navy's chief spokesman and representative to industry on competition matters.

- Rear Adm. (Sel) John T Kavanaugh, MBA 72, is the Deputy Comptroller of the Navy. As such, he is responsible for the Navy department budget planning and execution process.

- Rear Adm. James A. Morgan, MBA '68, is Fleet Supply Officer on the staff of the Commander-in-Chief, U.S. Atlantic Fleet. He has responsibility for all supply matters pertaining to ammunition, fuel, and material for the Atlantic Fleet. He also has responsibility for the postal service in the Atlantic Fleet, as well as transportation, hazardous material management, logistics plans and customs.

- Rear Adm. Ray R Sareeram, MBA 73, is the Assistant Chief of Staff for Fleet Supply and the U.S. Pacific Fleet Supply Officer. He is directly accountable to the Commander-in-Chief, U.S. Pacific Fleet for monitoring, advising and acting on all supply matters concerning material, ammunition and fuel for the U.S. Pacific Fleet as well as oversight of Navy exchanges, commissary stores and ships' stores, and staff cognizance over aviation supply support matters in the Navy and Marine Corps.

- Rear Adm. Peter Demayo, MBA '65, recently retired from the Navy and Supply Corps after completing a tour of duty at the Naval Air Systems Command where he served as the Assistant Commander for Contracts and as Assistant Commander for aircraft modernization and repair. Essentially, Demayo served as Corporate Vice President for Business Strategy and Contract Management.

- In addition, Rear Adm. Jim Whittaker, MBA '65, who retired from the Navy in October 1988, received his Ph.D. from Michigan in 1975. He is currently Chief Operating Officer of Softridge, Ltd., Cambridge, MA.

*(Dividend's thanks go to J. Q. Wagner, Commander, SC, USN, Executive Assistant to the Commander of the Naval Supply Systems Command in Washington, DC, who compiled the information for this article.)*

Supply Corps Flag Officers have awesome responsibilities, making key decisions involving billions of dollars in government contracts and logistics. Only 14 people have this rank. Seven of them are Michigan B-School Graduates.

# OMD: Real Problems For Students, Real Solutions For Companies

*By Jane Myers*

**A**t Allied Film and Video, a Detroit-based video duplication firm, the 100-plus employees handle about 250,000 cassettes and other pieces every month. And each one, estimates Division Manager Jim Naito, gets handled 20 times.

"If we could cut down the handling by 15%, reduce the number of times a piece gets touched to, say, 17.5 or 18, that would be a great savings," says Naito. "That'll be my challenge to the students this year."

Naito is only one of a number of business people located within a short drive of Ann Arbor who are looking ahead with enthusiasm to the arrival, once again, of a team of students from Prof. Paul Sweeney's fall class, OM 610, Consulting in Operations.

Students from the class, now in its fourth year, are equally enthusiastic about the real-world consulting work they get to tackle. Enrollment has grown every year, from 31 to 48 to 58 to this year's maximum of 60. (There are now 22 others on a waiting list.)

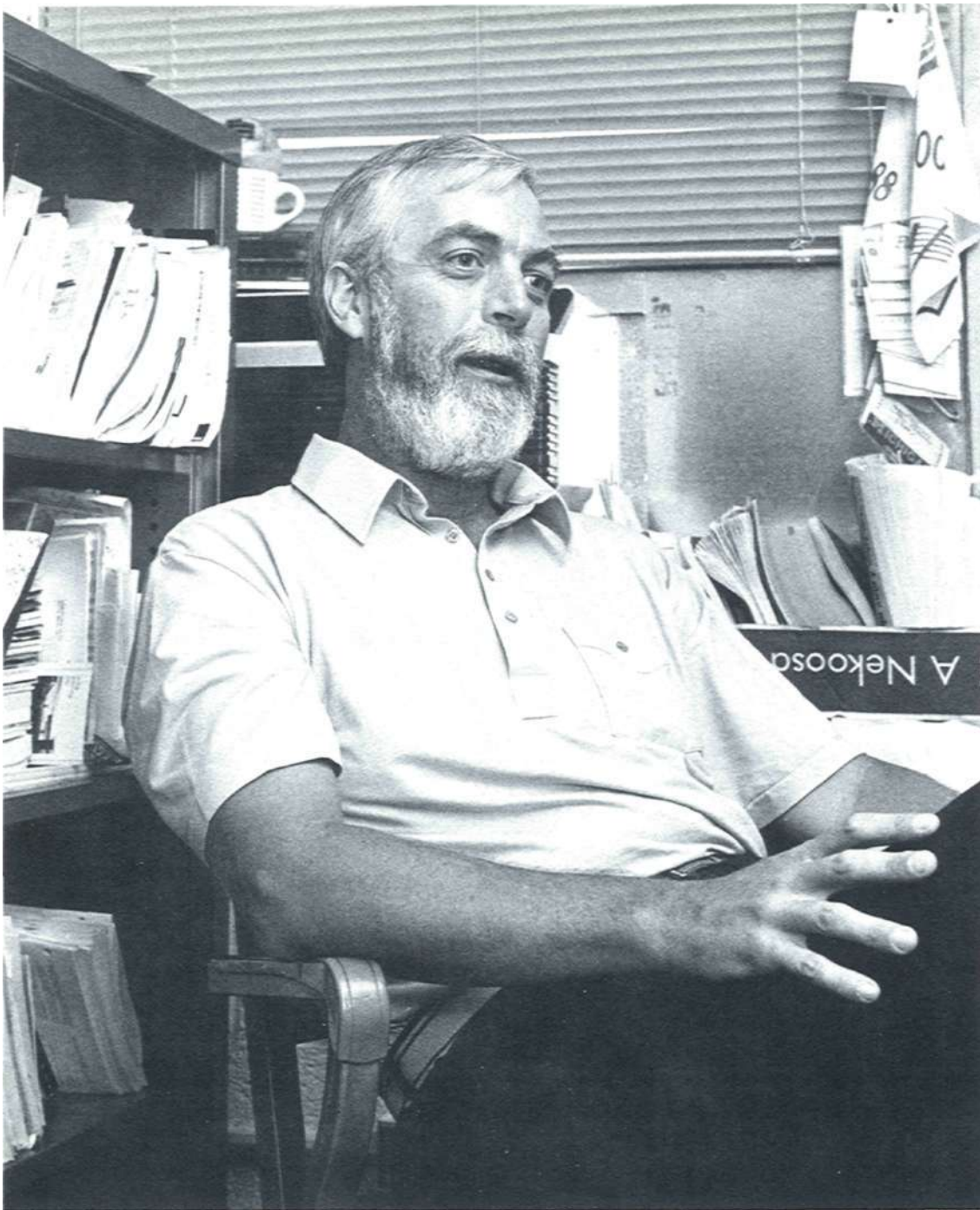
Last year the five students assigned to Allied took a careful look at Allied's duplicating process to see how it could be made more efficient and then analyzed the company's cost structure to see if their prices accurately reflected the expenses involved in different sizes and types of orders.

"Quite often when you're on the inside of a company you adopt a somewhat narrow point of

view!" Naito says. "The students come with fresh, creative ideas and they represent a variety of interests. The chemistry we had together was very good. They did a great job. They spent three weekends working with our employees. When I was in college I wasn't as dedicated as they are"

Sweeney looks for companies with challenges that can be tackled with visible results in an 11-week period. To date they've ranged from helping University Microfilms (UMI), the nation's largest publisher of doctoral dissertations, speed up the time it takes to process a thesis to helping the Detroit branch of the Federal Reserve Bank of Chicago discover new efficiencies in moving the tremendous volume of paper they deal with — some 6 million pieces every 24 hours.

University Microfilms, which had grown steadily in the '80s as the number of Ph.D.s %-/ increased, had developed an annual backlog of several thousand theses and a lot of unhappy customers. "Our procedures were probably unchanged for 45 or 50 years," says Dave Billick, who heads UMI's dissertation-publishing operations. Before Sweeney's troops arrived, the company had already adopted new technology and done a detailed analysis to discover why it took them so long to process a thesis. But Billick says the students' questions, insights and observations were valuable. "They



Gregory Fox

Paul Sweeney, assistant professor of operations management, is pictured in his office.

were able to confirm our own suspicions. They gave us the impetus to move ahead," he says. "Their range of backgrounds — we had an engineer and an accountant in the group — was very helpful.

"I was surprised and impressed by their level of confidence and professionalism," Billick continues. "Their analytical skills were much farther advanced than we imagined; they were able to do an excellent job with little time."

Roby Sloan, senior vice president and manager of the Detroit branch of the Federal Reserve Bank of Chicago, echoes Billick's praise. "They tend to be very bright individuals with good ideas," says Sloan about the students. "Often they've had prior exper-

ience at another corporation or business; they've worked before going to business school."

Often when an organization seeks a bid from a Big 6 consulting firm, Sloan says, they'll send in a "capable, experienced salesperson to do a \$300,000 deal," but the staff that actually shows up to do the work is "five newly minted MBAs." Sloan feels the still-unminted MBAs from the operations management class, who come for free, do an equally good job. "They broaden our own staffs thinking in terms of looking at situations in a new light," Sloan says. "We can't implement all their ideas, but it causes people to begin to think a little about how we could change. I think it's a good partnership."

David Hegeman, a consultant with the mergers and acquisition group at Ernst and Young in Cleveland, Ohio, graduated from Michigan with his MBA in 1990. Although his current work rarely involves operations management, Hegeman is a great fan of the course. "It helps you build confidence as far as being able to walk into an unfamiliar situation, a kind of maze, and then make some sense of it, finally be able to put your arms around it," he says. Hegeman, who worked on the UMI project, says that what he most enjoyed was "seeing how business changed while we were there. It wasn't static."

Prof. Sweeney, who says he views the course somewhat as a "Trojan Horse — a way to lure more students into an operations management elective," sees it accomplishing several other goals as well: providing opportunities for learning that can't be had in the classroom and increasing the school's ties to the business community.

His original list of six clients came from participants in the executive education programs at Michigan, but now the networking process among satisfied clients has given him a core of about 25 companies to draw upon.

Sweeney selects projects with the goal of providing students with as broad an assortment of manufacturing and service environments as possible and looks for situations with enough complexity to keep five students busy for a semester but not so much that they can't accomplish something. "It's up to the students to define the project in doable terms," he says, "very much like the real world of consulting."

**R**eal-world consultants are invited to enliven the classroom portion of the course. Roger Kallock, MBA '61, co-founder in 1974 and chairman of Cleveland Consulting Associates, a division of Computer Sciences Corp., is a great booster of Michigan's business school and Paul Sweeney's course. Kallock describes a field-oriented course he took at Michigan, which involved work at University Hospital under the direction of Prof. Clyde Johnson, as "one of the most meaningful experiences I had as a student."

Kallock's work involves helping companies improve their logistics management through computer technology — from the making to the moving to the selling to the delivery of a product. He likes Sweeney's course because, he says, he shows students that thinking great thoughts isn't enough. "It's not the bright idea alone that wins," he says. "It has to be molded, shaped to fit an organization if the imple-

mentation probabilities are going to be increased. You need technical, functional and people skills — this course seems to provide that awareness, shows them that being a "know-it-all" isn't the whole answer'

Kenneth Myers, who's president of Consulting Resource Associates in Bloomfield Hills, a firm which helps big organizations utilize information technology to improve performance, loves participating in the classes as a guest lecturer. "They help me think further than my feeble brain would normally extend itself" he laughs. "It's extremely stimulating. I get so charged up I don't do anything else on that day' Myers says he loves their questions (They want to probe the interaction of all the variables — people, organizational design, attitudes, financial structure, the underpinnings...) and that he himself has learned a great deal by being in the class.

**"It's not the bright idea alone that wins. It has to be molded, shaped to fit an organization if the implementation probabilities are going to be increased. You need technical, functional and people skills — this course seems to provide that awareness."**

Pan of Myers' work involves rescuing companies in difficulty and participating in the turnaround ("I get to see human frailty at the higher levels") and he finds "sharing the realities of life with a group of high-powered, mature young people with a thirst for hands-on experience" an activity he looks forward to repeating each year. While not a Michigan alumnus (his undergraduate degree is from Rutgers and his MBA from New York University), he says he "spends a lot of time at the U" and is both a contributor and a "Go Blue" fan who loves the fact that Paul Sweeney, when he isn't devising challenging new learning experiences for his business school students, is out keeping track of a set of numbers unrelated to either business or classroom performance: he's court-side at Crisler Arena helping keep stats at the U-M basketball games.





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The Kruczek family wanted to combine a job with something they enjoyed. A travel agency was the logical consequence

# There's Never Enough Money & Time is Fixed

*By Jerome Kruczek, MBA 75  
President, Park Avenue Travel*

## Thoughts on Making the Switch from Large Companies to Owning Your Own

**A**fter 15 years in the womb of large- and medium-sized companies, I left a corporate officer's position with a Florida computer service bureau to run my own travel agency in Orlando. Three reasons caused me to make the move. First, my wife, two children and I have always enjoyed travel. We've been to a number of foreign countries and seen quite a bit of the U.S. Our children have been on the road with us

almost since birth (our daughter took a cruise when she was three months old). We also thought we'd like to combine a job with something we enjoyed and a travel agency was the logical consequence.

I was enthusiastic about the opportunity presented by the travel industry. There is no dominant player among travel agencies. Capital requirements to enter the business are reasonable. Computerization is beginning to play a strategic role in improving the productivity of agency staff, so with our backgrounds (my wife has a Ph.D. in computer science) we thought we could use computers for a competitive advantage. Finally, successful, attractive agencies were available for sale. It was not necessary to begin with a start-up.

The third reason for leaving I blame on the University of Michigan. After 15 years in the computer business, I was anxious to use all facets of my MBA. The thought of applying marketing, finance, accounting and organizational behavior was an exciting idea. In February, 1990, while I was still working at the computer service bureau, we bought Park Avenue Travel in

Winter Park, Florida. It had a strong reputation in the Orlando area. We saw the opportunity to improve its focus on small- to medium-sized businesses as well as local offices of large companies.

In September of last year, we decided to join the Carlson Travel Network, an association of 2,000 travel agencies around the world. We saw the need to affiliate ourselves with a larger organization in order to get the economies of scale that could differentiate us from the dozens of other agencies serving this growing central Florida area. To maximize the benefit of the Carlson association, I needed to work full-time at the agency. So, I made the jump — I left the service bureau and the comfort of a large company for a full-time position as entrepreneur.

## The Major Differences

While our agency, which has eight employees, is above average in size for our market, it still qualifies as a small business. Some differences between it and the large

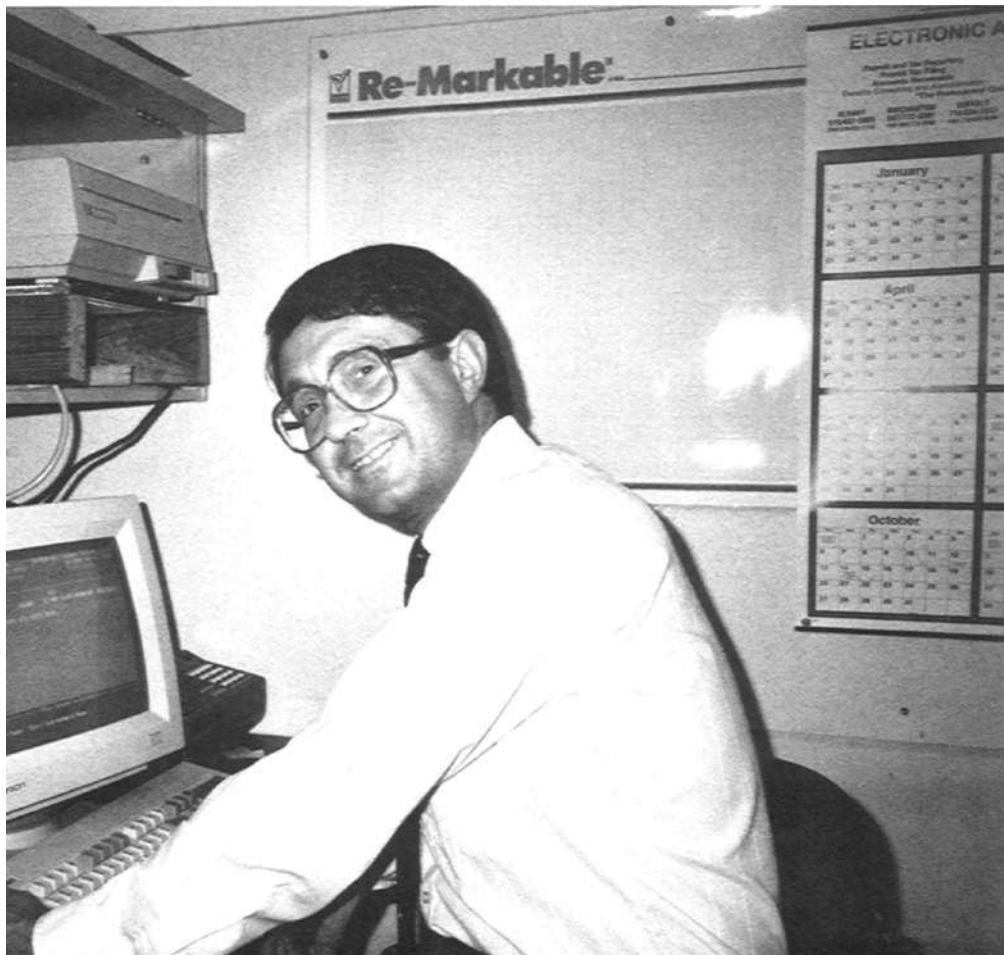
companies I worked for are obvious; others were a surprise. The most noticeable change in leaving a large firm is the sudden absence of a support staff. Whether it was accounting, secretaries or even janitorial assistance, help was only a phone call away. With the agency, we need to do everything from typing our letters to emptying the wastebaskets. Of course, we could hire people to perform all of these functions, but as I'll mention later, these costs are paid not from an anonymous general ledger account but from our own funds. It's amazing how much more conservative we become when we're spending our own money.

A large company tends to have a well-structured set of policies and procedures. While our agency has a policy manual, its contents are often based on expediency — not long-term consistency. Large companies also have the advantages of scale. From group insurance to employee newsletters, the per-employee costs are usually lower for larger firms.

The biggest plus with a small firm is freedom. With the lack of hierarchies and long, sometimes unwieldy communications channels, decisions can be made quickly. Actions that are needed can be taken without worrying about getting the necessary initials. The whole tone of the business is responsiveness and flexibility.

In a small company there is a sense of being in touch with everything. Customers are more than just an account number. Sales are something you see coming in. The biggest surprise has been the fun of immediate wins. In a small business you don't need to wait for the next monthly profit and loss statement. Satisfaction and successes are a daily possibility.

Computerization is beginning to play a strategic role in improving the productivity of agency staff, says Jerome Kruczek, MBA '75, pictured here



Most important, it is much easier to develop a vision for a small business. Just as with a small sailboat, you can set a course and move in that direction quickly. The targets are easier to define and the strategies to reach them simpler. It's like having your own personal case study.

## Time and Money (or Time vs. Money)

When someone buys a small business, there are only two "raw materials" he brings to the business — time and money. I've already alluded to the interchangeability of the two, and at different points, both can be in short supply. I wasn't surprised by the need to manage cash. Two years at Michigan firmly established the theory that cash management is the key to any business. But I was surprised by the importance of time management.

Several years ago, I had a discussion with a friend who owns a small law firm in Denver. He was interested in upgrading his office computer system. When I suggested a full-fledged local area network, complete with laser printer and file server my friend pointed out that to do this, he would be spending his own money, not the money of some impersonal company. The computer system was competing for funds with a new living room set. When you own your own business, any money you spend comes directly from your pocket.

You never have enough money. You always see opportunities to expand your market, add a salesperson or improve productivity but most of them take money. Determining how to use your funds is key. Unfortunately a small business often lacks the staff to do the proper financial analysis. Decisions on what to buy are usually made on instinct, past experience and suggestions from other small businessmen as much as on formal financial analysis.

The whole Kruczek family works at Park Avenue Travel. Pictured here, Jerome and his wife, Hanna, who has a Ph.D. in computer science, use the computer for competitive advantage. She's responsible for accounting and finance at the agency along with any legal issues.

**"It is much easier to develop a vision for a small business. Just as with a small sailboat, you can set a course and move in that direction quickly. The targets are easier to define and the strategies to reach them simpler. It's like having your own personal case study!"**

**W**hile you never have enough money, there are some sources of funds you can tap. Time, however, is fixed. We're limited to 24 hours a day, 8,760 hours per year. My local banker cannot "lend" me a few minutes. Earlier I mentioned how a small businessperson can stay in touch with everything. Unfortunately, this sometimes leads to a need (or desire) to do everything. The small businesspersons I know have all claimed that time management is the biggest challenge they face, especially in the early years of entrepreneurship. I agree!

How much time to spend on sales and marketing versus the operational side of the business? How much is an owner's time worth when you look at doing something new? Do you measure an owner's time by opportunity costs, salaries or its impact on the checkbook? How much time should an owner devote to improving the current situation versus planning for the long term?

Probably the most difficult aspect of time management is leaving the business at work. This is made even more difficult



when your desktop publishing system is in your office at home. Late hours and weekends are commonplace for small business owners. The key to sanity is being in a business you enjoy.

## Personal Challenges

Owning your own small business certainly creates its own set of personal challenges. Probably the most obvious is the psychological challenge created by the absence of a steady paycheck. Commissioned salesmen are used to the thrill and may actually thrive on it; but for someone who had an automatic deposit every two weeks for 15 years, the change is a bit nerve-racking.

I see little change in the types of persons making demands on you — there are bosses, peers and employees. In the large company, the bosses have titles like president and vice-president, department managers are your peers and employees

may number from one to 100. A small business person still has bosses but they're investors and major suppliers. Your peers are other small business owners, and your employees, while fewer in number, still have the same desires. Of course, whether you're General Motors or Park Avenue Travel, the customer is still the customer.

One of the most exciting aspects of small business ownership is the ability to make all of the decisions. But it's also a curse. Delegation is a must and it's even harder when you need to trust someone else with your company.

Finally, coming from the computer business, I needed to learn the travel industry. Frankly, this has been more time-consuming than I originally imagined. The escalating competition for the travel dollar has increased the complexity of the travel business beyond what I expected from an outside vantage point. The deals available, the multiple ways to make the same reser-

vation, the products offered may be analyzed and understood. And the key to making a profit is selecting the right product to sell. The sheer volume of reading necessary to keep up in the travel business is incredible. The average customer expects everyone at the agency to know the latest information on special rates, new hotels, and the latest tours. And whenever anyone enters a new business there are new contacts to make, new ways of doing business, acronyms and buzz words that are only meaningful to industry professionals.

Then, there are the professionals themselves. Any good travel agent considers him- or herself a professional. The strong agents I know are not in the business solely for travel benefits. They look upon their position as a career, not just a job. Getting the respect of these people is not just a challenge but a necessity.

**S**tress must be dealt with in any position and small business ownership merely changes the causes. There is a desire to do everything now, to look at every marketing opportunity, to seize every chance to get a new client, to try to reduce every cost at once. Once again, the stress comes from the lack of time and money.

But in some respects, stress may actually be less for small business owners. One of the major causes of stress is the lack of knowledge, imperfect information or a feeling of non-control. These sources are certainly reduced for a small business owner since he can or does know more than anyone else about his company. I've been pleasantly surprised by the number of people who said I look more rested since buying the agency.

Fortunately, there are substantial diversions available to a travel agency owner. There are trips (it's certainly a pleasure to know I'm required to take a trip to Key West) as well as entertaining evening functions sponsored by airlines, resorts and tour wholesalers. And speaking from experience, it's more fun talking about a trip to Cancun than the frequency shift caused by sunspots on a satellite data communications channel.



12-year-old Steven Kruczek helps with the filing and pitches in with the cleaning and maintenance of the office



Five-year-old Kate Kruczek helps around the agency by labeling brochures. Both children know the agency belongs to the family and are better able to understand the long hours and evening work that their parents sometimes have to put in.

## The Family

Owning a small business has perhaps its greatest impact on family life. My wife Hanna and I have been married for 15 years and the two of us, along with our 12-year-old son Steven and 5-year-old daughter Kate have always enjoyed the thrill of travel.

Buying the agency was a joint decision between my wife and me. She's responsible for accounting and finance at the agency along with any legal issues. Because of the detail involved, all of these activities are very time-consuming and lead to the same time pressures that are on me.

Our son can be very helpful at the agency. He files brochures, mails letters, copies articles and helps assemble collateral material. Of course he also pitches in with the cleaning and maintenance. Because of his interest and knowledge of geography, he's also helped with some

"Probably the most difficult aspect of time management is leaving the business at work.

This is made even more difficult when your desktop publishing system is in your office at home.

Late hours and weekends are commonplace for small business owners.

The key to sanity is being in a business you enjoy!"

initial research on prices and destinations. Our 5-year-old is not quite as productive, but she also helps by labeling brochures and cleaning the office. But regardless of their usefulness, both of them feel the agency belongs to the family and are better able to understand the long hours and evening work.

Having family members as employees does produce some results different from those associated with regular employees. I find I tend to be less patient with family members, expecting them to do more than the rest of the staff. They sometimes don't get the same considerations I'd give to regular employees. Finally, they can't leave the business at 5:30. When work comes home, it meets them as well as me.

**O**n the other hand, most small business people find that their employees become more like family. I try to stay more informed about their personal lives and with the small number of employees, their personal lives more profoundly affect the business. This difference must be considered in the hiring process. You need to have a greater degree of trust in your employees since they're really in your "second home".

The change from a large company to owning a small business has been exhilarating and enjoyable. However, I couldn't stand the challenges if I didn't enjoy the industry. I've learned more about business in the short time I've owned the agency than I learned in my 15 years with large firms. There have been long and strange hours and more than a few challenges. But the fun, potential and real rewards and the excitement are more than I ever imagined.

# THE WORLD AND THE CURRICULUM

*a workshop*

What are the barriers to internationalizing a business school curriculum? Is it necessary to have a core course in international business? How do we teach people to manage effectively in a multicultural setting, whether in the U.S. or in a foreign country? Should there be a separate course in international marketing, or should that be a separate module in a traditional marketing class?

These were just a few of the questions raised at a two-week faculty workshop addressing teaching and curriculum issues associated with internationalism and multiculturalism. The workshop took place at the

Photos By: Gregory Fox

Vereda Johnson King, assistant professor of economics at North Carolina A&T State University.



Students from the Minority Summer Institute listen to the faculty panel.

Michigan Business School in June under the auspices of the Center for International Business Education (CIBE).

The CIBE's mission is to enhance, develop and coordinate the University's vast international expertise and information that relates to business, and to provide a more holistic approach to international business education.

The workshop brought together ten faculty members from four historically black universities — Clark Atlanta, Grambling, North Carolina A&T and Tuskegee — for two intensive weeks of discussion and debate with members of the University of Michigan faculty. Participants were selected by their institutions because they had particular teaching or research interests in the international or multicultural aspects of business and because they would be agents for curriculum change on their campuses. Michael E Ryan, visiting assistant professor of international business at U-M, designed the workshop and directed all activities with the help of the CIBE staff.

The workshop was intended to increase understanding of the scope and dimensions of the internationalization and multiculturalization effort. Hence, participants emerged not as research specialists on a particular narrow issue within international business scholarship, but as generalists on international business curriculum design. Sessions were held in a small conference room and were deliberately informal in manner, and faculty also spent much time together over lunch and dinner.



Osman Suliman, associate professor in die department of economics at Grambling State University.

**T**he workshop surveyed important topics in the international business curriculum, ranging across finance and political economy, strategy, human resource management and organizational behavior, marketing, and management, as well as regional focuses on developing countries, the European Community, and Japan. Participants received a thick notebook with contributions from each daily discussion leader. The notebook contained teaching materials such as syllabi, reading lists, teaching notes, and seminal research articles.



Linda D. Quander, chairperson of die department of communication and associate professor of communications at Clark Atlanta University.



Nelson Modeste, chairperson of the department of economics at Tuskegee University.

Each session, led by a Michigan faculty member, addressed the important international and/or multicultural teaching and research issues associated with each functional area. Topics discussed included model course syllabi, effective teaching techniques, and the selection and ordering of course content. Speakers placed special emphasis on the reasons behind these course design

decisions, i.e., the philosophy of and goals of the course.

For example, on the first day the participants discussed the core international business course. What should be the objectives of such a course? What content areas should it cover? Leader of the dialogue was Michael Ryan, visiting assistant professor of international business at the Michigan Business School.

Is it necessary to have a core course in international business? How do we teach people to manage effectively in a multicultural setting, whether in the U.S. or in a foreign country? Should there be a separate course in international marketing, or should that be a separate module in a traditional marketing class?

Assistant Professor Kasim Alii of Clark Atlanta University, whose primary interest is in corporate finance and investments.



Benjamin Newhouse, Dean of the School of Business at Tuskegee University.

Day 2 was devoted to the international finance curriculum and was led by Gunter Dufey, professor of international business and finance and chairman of the International Business Group at the Michigan Business School. Day 3, led by Professor Ryan, considered international political economy. Professor Ryan initiated a discussion about the key concepts of the field, including power and global interdependence, and key units of analysis of the field, including the nation state, the international governmental organization, and the multinational corporation.

Corporate strategy and global competition was the topic for Day 4, which was led by Aneel Karnani, U-M associate professor of corporate strategy and international business. Day 5 focused on human resource management and organizational behavior and was led by Taylor Cox, U-M assistant professor of organizational behavior and human resource management, who made available a number of sample questionnaires that



Michael P. Ryan, visiting assistant professor of international business at the University of Michigan, was director of the workshop.



Faculty member Linda Quander of Clark Atlanta University responds to a question from the students.



are used in cultural training courses. Participants discussed the logistics of administering the questionnaires. Professor Cox also made available to participants a series of country-by-country reports called "Culturegram 90s," available from the Center for International Studies at Brigham Young University in Provo, Utah.

The sixth day was turned over to a joint meeting between workshop participants and students attending the Minority Summer Institute, a national program sponsored by the AACSB to encourage promising minority students to consider college teaching careers. The Minority Summer Institute happened to be running concurrently with the workshop, and thus provided a serendipitous opportunity for students considering careers in college teaching to meet minority faculty members.

**D**uring this joint meeting, minority faculty spoke in a round table discussion about minority



Teginder S. Sara, associate dean of the School of Business at Tuskegee University.



Danny Hughs Pogue, associate professor of business administration and assistant dean of the School of Business and Economics at North Carolina A&T State University.

college teaching careers. They offered insights into effective teaching and counseling and explained the tasks, challenges, and rewards of business school teaching. All the workshop participants joined with summer institute participants in small group discussions about teaching issues.

The second week of the workshop focused on mar-

keting (Day 7); management (Day 8); developing countries (Day 9); and the European Community and Japan (Day 10).

The final day of the workshop consisted of a capstone session that considered how each participant felt about the workshop and the benefits they had gained, how they could use the new knowledge at their

home institution to internationalize their course or curriculum, and what ought to be done as follow-up to the workshop. Participants presented to the group their own curriculum change goals and their own analysis of the "barriers and enablers" to making the proposed changes happen.

Photos By: Gregory Fox



Denise-Margaret Thompson, assistant professor in the schools of engineering and business at Tuskegee University. She has a particular interest in the problems of entrepreneurship in developing countries.



Students in the Minority Summer Institute listen to workshop faculty discuss minority college teaching careers.

# R O O M S

by Jerry Flint

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How Dr. Thomas Prose, who is now in our evening MBA program, brought new meaning to the term "hotel doctor" and could make a nice little fortune for himself.

**T**RUE STORY. In January I flew to Detroit to cover the auto show. My wife, Kate, was fighting a cold but came along. Our second night in Detroit Kate was seriously worse. Near midnight I called the Radisson Hotel-Pontchartrain operator for a doctor. At 12:45 a.m. there was a knock on the door. White doctor's jacket, black bag, tall, incredibly neat, pleasant, polite, confident.

Meet Thomas Prose, hotel doctor.

Probably bronchial pneumonia, he said — giving her a shot and pills — but your wife will be fine. His bill for \$230 was tacked on to our hotel bill.

Dr. Prose, I came to learn when I looked him up on my next trip to Detroit, is more than just a hotel doctor. He's the founder of a year-old company that supplies medical services to some 113 Detroit hotels, including the Ritz-Carlton and the River Place Inn.

His little (\$2 million revenues) company, not surprisingly, is called Hotel Doctor. The 15 doctors on the staff make about 100 calls a week, treating travelers with everything from flu to bladder infection.

Just 34, Prose is a 1982 graduate of the University of Michigan Medical School. He has the bedside manner of an old-fashioned country doctor, with a lot of business savvy thrown in. The son of a Grand Rapids dime store owner, he felt unchallenged by the idea of settling into a comfortable private practice.

So on completion of his internship at Detroit's St. John's Hospital in 1983, he and two partners opened up an urgent care center — a so-called doc-in-a-box — in a Detroit suburb. Over the next year the group opened two more centers. Then Prose noticed that hospitals were moving into the business.

"The supply side of the equation went up tremendously, while demand stayed fairly stable," he says. Figuring that the market was ready to collapse, he sold out to his partners in 1984.

Next he started General Medicine, PC. (professional corporation), which leases the services of 65 M.D.s to staff and manage hospital departments, including the intensive care facilities. "Physicians



Dr. Thomas Prose in his home office. Besides being head of a flourishing business, he is also studying for his MBA in the evening program.

today are looking more for what you might call a job," says Prose, explaining how he was able to recruit staff. "They are overwhelmed by the business of medicine — covering office staff, obtaining leases, practice insurance, setting up a corporation. And they're turned off most by the maze of medical insurance programs."

**T**hen came Hotel Doctor, a part of General Medicine. A friend who had gotten sick while traveling told Prose how he called for the hotel doctor, who showed up with liquor on his breath. Prose smelled another business opportunity.

# E R V I C E



Gregory Fox

So the enterprising M.D. decided to do a little hands-on research. He went to the airport and asked passersby questions like: "How long are you staying in the area? Are you having any health problem today? A cold? Flu? Are you missing a prescription?"

Prose found the incidence of ailment was around 1%. Then he looked at the lodging industry in the Detroit area — number of rooms, occupancy, turnover rate. Potential demand, he says, "came out to be around one call per 100 units a week." With over 25,000 area hotel rooms, it looked like a business that might work.

Next came the challenge of signing up customers. "I got on the road, coming in unannounced. As a

physician, I stood a good chance of getting in the door on a cold call. And the reception level was very high."

One early call was to the Ritz-Carlton. From discussions with the hotel's managers, he came up with a sort of corporate philosophy. "We recognized that in Hotel Doctor, 90% of what we were doing was presentation," he says.

"So the perception on the part of the guest must be that we provide service as well as or better than the maitre d', the concierge, the doorman." Hence, the quick call back to the ailing guest who's called for a doctor, as well as the "uniform" — white hospital jacket, dress shirt and tie, a photo identification badge and black bag.

Within a month, he had signed up over 100 hotels, offering the services of the doctors who worked for General Medicine. Prose says Hotel Doctor averages 100 hotel calls a week at \$120 to \$250 each. The doctors take 60% to 65% of that. Hotel Doctor takes the rest.

Tom Prose is now working on his MBA at the University of Michigan. Whether a born entrepreneur like him needs business school is an open question, but Prose figures he has a good deal to learn about the principles of doing business.

"My goal is not to be a millionaire," Prose says. "Hotel Doctor is what I love doing. You earn a fair living, as well as or better than someone in practice. But you have a lot more fun."

Still, Thomas Prose is not the kind of person who can stand still for long. The business, he says, has lots of opportunity for growth — through franchising or licensing, perhaps, or by expanding into other areas, such as executive apartments that want a doctor on call. These apartments are used by businessmen on short-term assignment. Half of Hotel Doctor's revenues come from them already.

Is his goal to build the company to critical mass, then sell out? "It would be like selling your 1-year-old," he replies. "When she's 18 and goes off and gets married, it doesn't bother you as much."

By then you can bet Tom Prose will have additional "daughters." Remember, he's still only 34.

# Subscription One Wins Eighth Annual Pryor Award

By Charles O'Neill

A plan to provide business executives with a weekly summary of topical news items in a concise, timely format won the 1991 Eighth Annual Pryor Award for the Michigan Individual Entrepreneur Project.

The winning business plan recognized that today's business manager is exposed to an ever-increasing "information glut," and, therefore, proposed to offer executives focused, accurate and timely information gathered from newspapers, magazines, journals, news wires and other relevant publications. Subscription ONE, as the company would be called, would not be an original information source, but rather a scanning and summary service.

"The company strongly believes that managers will pay to have the world's top business publications . . . topically organized, documented and well summarized," the winning plan predicted. In support of that prediction the business plan included results of a 1987 survey of British managers in the electronics industry: 80 percent reported reading only 10 to 30 minutes per day; 71 percent felt they were missing some information they really needed; and 47 percent felt time spent reading would be more productive if it came from a single source.

The business plan, one of seven submissions this year, was developed by second-year MBA students Peter B. Ramsden and Thomas R. McLean who were recognized at a special award luncheon on June 12. The gathering was attended by U-M professors, award committee members and judges, as well as Mr. and Mrs. Millard H.



Thomas McLean, MBA '91, pictured here and his partner Peter Ramsden, MBA '91, developed their winning plan in Professor LaRue T. Hosmer's course "Entrepreneurial Strategy"

Pryor, benefactors of the award.

Pryor established the award in 1984 with a \$50,000 grant to the School as a challenge "to commit the entrepreneurial dreams of students to paper"

The Pryor award competition is open to all undergraduate or graduate students who are registered during the academic year. Proposed business ventures may center on consumer or industrial products and services or real estate products. The plans are reviewed by a panel of judges composed of local business executives and two Michigan doctoral students. This year the judges included: Herbert Amster, CEO and Chairman of the Board for Irwin Magnetics Systems, Inc.; Ian Bund, Managing Director of MBW Management, Inc.; Mary Campbell, Partner, Enterprise

Development Fund; Michael Gallagher, President of Ann Arbor Medical Clinic.

This year's winner, Thomas McLean, said that the plan was developed primarily in Professor LaRue X Hosmer's course "Entrepreneurial Strategy" while additional structure was provided from studies in Professor David T Brophy's course in venture capital. McLean's partner, Peter Ramsden, was unable to attend the luncheon, as he had already moved to Boston to accept a job with Loomis, Sayles & Company, Inc., a financial management company.

McLean, who has accepted a position in the commercial lending department of NBD Bank, N.A., in Detroit, said his own aspirations include someday setting out on his own as an entrepreneur. He looks to his new position with NBD as "a stepping stone" where he will be exposed to industries in a variety of areas, he remarked.

Both winners list a variety of finance-related work experiences on their resumes. McLean worked as an investment and financial analyst with Shand, Morahan & Co., Inc., in Evanston, IL, for three years prior to coming to U-M. Last summer he interned with NBD Bank. He is a graduate of Kalamazoo College where he earned a BA in economics. Ramsden worked as a research associate with Cambridge Associates, Inc., an investment and financial consulting firm in Boston, for two years. He has also worked as an intern with Teledyne Ryan Aeronautical in California, and Merrill Lynch Capital Markets in New York. He is a graduate of Dartmouth College where he earned a BA in economics.

# FROM ROBOTS TO CHILD CARE PROGRAMS PAST PRYOR AWARD WINNERS

*Since its establishment in 1984, the Pryor Award for the Michigan Individual Entrepreneur Project has honored a variety of business plans. From robot programming to child care programs, the list of past Pryor Award winners offers up an intriguing menu of student-generated entrepreneurial ideas.*

## **YEAR PROJECT**

- 1984** "PLAN-IT" — a data base system designed to supply all types of planning literature "on-line" for a broad client base. For example, it incorporated available information in such areas as land use, transportation, and environmental planning and planning theory.
- 1985** "ATOM", Inc. — involved the sale of two products — a software system and a mapping service — to the overall surveying industry. It was a computer software system which automatically calculated high accuracy, digital elevation data for a section of land given a pair of photographs.
- 1986** "Robot Programming Services, Inc" — provided top quality robot programming at an affordable price and was planned to diversify later into other robot services such as training and consulting.
- 1987** Intergenerational Academy — combined child care with senior citizen programs. The preschool academy would help answer the increasing demand for child care expected to continue throughout the 1990s. The "senior" part of the academy was to be a non-health-oriented program that would include a permanent facility specifically designed for older adults.
- 1988** 1st Place: "Resicom" — used aftermarket telecommunications equipment to provide residential complexes with internally free communications and itemized external billing.  
2nd Place: "Liberty Tax" — a tax preparation company that stressed convenience and modernity by taking advantage of state-of-the-art computer software.
- 1989** "Engine Control Systems" — designed and developed control systems for customers in the non-automotive markets of marine and forklift engines. It offered engineering services in the form of software, harness design and sensor and actuator specifications that uniquely control a specific engine application.
- 1990** A plan for multimedia software developed around an existing product that provided easy-to-use software for capturing, storing, and processing high-resolution images and sounds on the NeXT computer system.
- 1991** "Subscription ONE" — was to be a set of summary publications targeted at professional managers and executives of all industries who want to stay current in a broad range of fields but are constrained by time limitations and ever-growing information exposure.

# OURSELVES

## Changes in the School's Leadership Announced



Gregory Fox



Gregory Fox

Thomas C. Kinnear, new senior associate dean of the School.

Paul Danos, new associate dean for the MBA, BBA, and MAcc programs.

This fall, several changes in the School's leadership have gone into effect, including the appointment of a new senior associate dean and a new associate dean.

Thomas C. Kinnear, associate dean and professor of marketing, has been appointed senior associate dean. He will continue to head Executive Education and the operations of the Business and Industrial Assistance Division (BIAD).

In addition, he will also be responsible for Information Resources.

Raul Danos, Arthur Andersen Professor of Accounting, has been appointed associate dean of the school. In this capacity, he will be responsible for the School's professional degree programs (MBA, BBA and MAcc). He will also be responsible for the range of school functions associated with admissions and placement of

students.

Associate Dean Edwin L. Miller will continue to head research and doctoral programs, and is devoting an increasing amount of his time to the School's vital internationalization efforts.

Victor Bernard, Price Waterhouse Professor of Accounting, will become Director of the Paton Accounting Center succeeding Paul Danos.

Frank Wilhelme, as assistant

to the dean and director of development, will focus most of his attention on the vitally important task of working with the dean and key individual donors. Ellen Byerlein has been appointed director of development and alumni relations. She will assume the management duties associated with the campaign and the effective operations of the development and alumni relations office.

# BIAD Does Research on the Causes of Competitive Decline

Small manufacturing firms in America that are losing their traditional markets to foreign competitors are doing so because of a shortage of qualified personnel and inadequate cost-accountings systems, according to a study conducted through the Business and Industrial Assistance Division (BIAD) of the Business School. The study identified 24 specific operation weaknesses that contribute to the competitive decline of small domestic manufacturing firms.

Filling out the top five weaknesses were narrow market coverage, untrained personnel, and inadequate market research and planning.

"The 24 weaknesses identified by our study are warning signs that can help managers of small manufacturing firms avoid or correct strategic mistakes that cause declining competitiveness and subsequent loss of markets," said Jack Y. Edelstein, research associate at BIAD and author of the study.

Edelstein conducted an in-depth analysis of 44 small manufacturing firms in Michigan, Ohio and Indiana that lost a portion of their traditional domestic markets to foreign imports.

"New product development is one distinguishing feature that differentiates a more competitive small firm," he said. "Also, firms with fewer customers that are more attuned to those customers' product needs are more successful in combating foreign challenges to their traditional markets."

In addition to analyzing the dynamics of small manufacturing firms, the study, entitled "Strategic Misfit Among Small Manufacturers," applies its findings to American manufacturing in general.

"The key impediment to American manufacturing competitiveness is a shortage of multiskilled workers, especially in the realm of product design and development," Edelstein said.

Firms surveyed in the study are clients of BIAD's Trade Adjustment Assistance Center. The Center helps small firms facing stiff foreign competition formulate and implement strategies that will strengthen their global competitiveness. While small firms are not especially vulnerable to losing market share to foreign imports, they have fewer resources upon which to draw to combat foreign competition, Edelstein said.

His research is one of a few national studies that focus on small, closely-held manufacturing firms, because data on such firms is hard to obtain.

For more information on the study, contact Edelstein at BIAD, 506 East Liberty Street, Ann Arbor, Mich. 48104-2210, or at (313) 998-6226.

## *Executive Education Launches Program for United Way Executives*

A program especially designed for chief professional offices of United Way agencies was launched by Executive Education in 1990, and has proved highly successful. It was repeated this year.

The program was designed jointly by Executive Education; John Tropman, adjunct professor of organizational behavior and professor of social work; and Bill Phillips, vice president of the National Academy of Voluntarism. It combines research-based modeling of effective leadership styles, behaviors, and strategies with direct applications to social policy issues facing United Ways locally and nationally.

Participants are chief professional officers of United Way Agencies who seek to understand their own leadership styles and who identify one of their primary roles as stimulating collaborative linkages and partnerships to address problems of community-wide significance. The program is taught primarily by interdisciplinary faculty from the U of M's Schools of Business and Social Work, and includes guest appearances by nationally recognized experts.

## *School Announces Faculty Promotions*

Promotions of eleven faculty members have been approved by the Regents as follows: Janet Weiss, associate professor of organizational behavior and public policy, to professor with tenure; Robert Quinn, associate professor of organizational behavior and human resource management, to professor with tenure; Jane Dutton, associate professor of organizational behavior and human resource management, to associate professor with tenure; Lloyd Sandelands, assistant professor of organizational behavior and human resource management, to associate professor with tenure.

Edward Snyder, associate professor of business economics and public policy, to associate professor with tenure; Michael Gordon, associate professor of computer and information systems, to associate professor with tenure; Elazar Berkovitch, assistant professor of finance, to associate professor; Gautam Kaul, assistant professor of finance, to associate professor; Nejat Seyhun, assistant professor of finance, to associate professor with tenure.

Rajeev Batra, associate professor of marketing, to associate professor with tenure; Ray Reilly associate professor of business administration and Director of the Executive Program; to professor of business administration and Director of the Executive Program.

## Project for Risk Management Chair Nears \$1 Million

A project to establish an endowed chair in insurance/risk management at the Business School is well underway. Under the leadership of William T. Dobson, BA '42, MBA'48, of the Dobson-McOmber Insurance Agency in Ann Arbor, nearly \$900,000 has been raised toward a goal of \$1,200,000

"Today, insurance/risk management is perhaps one of the most important and yet least understood of the business disciplines," said Dobson. "With 1988 life and casualty sales in excess of \$300 billion, assets of over \$1.47 trillion, and a national employees' roster of more than two million men and women, insurance — and by extension risk management — accounts for a large and rapidly growing portion of the gross national product. The impact of insurance/risk management on the economy is significant. It continues to be a major source of investment funds. Its practitioners are called upon to be more sophisticated and better trained than ever before. Its career opportunities have never been so diverse."

An endowed chair in insurance/risk management at the Business School would help to assure that more managers

in every field understand the ramifications and complexities of insurance and its impact on their decisions. Insurance/risk management permeates all economic activity, and, as such, is critical knowledge for all managers.

Members of the steering committee include Thomas S. Bloom, BBA '63, CPCU of McAlear Associates, Inc.; William T. Dobson, BA '42, MBA '48, of Dobson-McOmber Insurance Agency; Kurt Ewend, BBA '57, MBA '59, CPCU, Saginaw Bay Underwriters, Inc.; Paul G. Goebel, Jr., BA '54, Paul Goebel Group; John G. Goodell, BA '40, CPCU (retired); William H. Henry, BBA '48, Crosby & Henry, Inc.; James W. Huttenlocher, BBA '55, Huttenlocher, Kerns & Norvell Inc.; Douglas L. Kapnick, BBA '65, CPCU, Kapnick & Company, Inc.; Donald G. Karcher, BBA '52, CPCU, president, Karcher Agency, Inc.; W. Peter Kramer, BA '57, Johnston Lewis Associates Inc.; William E. Roberts, ST., BA '48, president, Seed Roberts Agency Inc.; Merton J. Segal, BA '50, CPCU, chairman, Meadowbrook Insurance Group; and John W. Weisenburger, BS '48, General Agency Company.



## Kendrick Award Goes to David Wooten

Milton Kendrick (left) congratulates David Wooten, winner of the Milton and Josephine Kendrick Award for theory development in marketing. The Kendricks established the Award to recognize the importance of theoretical scholarly work among doctoral students in marketing. Mr. Kendrick, who graduated from the University of Michigan in 1929, had a distinguished career with Michigan Consolidated Gas Company before he retired in 1970. He received the U-M's Distinguished Alumni Service Award in 1961.

David Wooten's research focuses on factors affecting the use of marketing research information. His dissertation examines information content characteristics that may suppress the use of information. Wooten, who teaches an introductory marketing principles and management course to undergraduate students, says he enjoys teaching and feels a personal obligation to do so. "As an African-American student," he says, "I have often been singled out as an exception and encouraged to pursue ambitious goals. I hope to become a role model for other high achieving minority students who have the ability but lack the direction to pursue loftier goals." He says he welcomes the opportunity to be in a position to identify and influence enough of these exceptions' so that we may eventually discard the rule. Wooten has been nominated by the marketing department to be the representative to the Annual Doctoral Consortium.



# 5th Annual Real Estate Forum Considers the '90s

cCred -



"The Real Estate Industry in the Nineties & Beyond" is the title of a panel discussion to take place between a panel of presidents of real estate development firms at the 5th annual Real Estate Forum to be held at the Business School Nov. 8-9.

Following this panel, which will be held on Friday, Nov. 8, break-out sessions will be available on major areas of crisis and opportunity in real estate, including creative financing, value enhancements, workouts, and emerging markets. Participants can choose three of five sessions.

On Saturday morning, the real estate forecasting model developed by Dennis R Capozza,

professor of real estate, will be presented. Following this, a distinguished panel will highlight major new directions in real estate. Speakers will include Ronald Weiser, BBA '66, chairman and CEO of "McKinley Associates which he founded in 1969. McKinley is a diversified private real estate and investment banking company which has formed and manages over 150 investment partnerships comprising over one billion dollars of property.

The program will be followed by a barbecue-tailgate party in the courtyard of the Business School preceding the U-M-Northwestern football game.

## Dr. Alfred Edwards Receives Distinguished Professor Award

The Detroit Chapter of the National Black MBA Association has presented its first annual Distinguished Professor Award to Dr. Alfred L. Edwards, professor emeritus of business administration at the Business School. The award recognizes outstanding achievements in academic, business, and community activities.

Dr. Edwards received his BA from Livingstone College, his master's from the University of Michigan, and his Ph.D. from State University of Iowa.

Dr. Edwards has served as economics advisor to the University of Nigeria, as Deputy Assistant Secretary for the U.S. Department of Agriculture, as lecturer in economics at Howard University and as Special Assistant to the Commissioner for the U.S. Product Safety Commission. He joined our faculty in 1974 as professor of business administration.

## Student Pledge Campaign Reaches Heights in 1991

Full-sized cut-out silhouettes of figures with arms raised to the sky appeared in the Student Lounge this spring along with a brightly painted banner announcing the Student Pledge campaign and its theme, "Reaching New Heights in '91." This year, students raised a total of \$113,457 in pledges to the Annual Fund to be paid over a three-year period.

The Annual Fund, which consists of private and corporate matching donations only, has special importance to the Business School as it is the only discretionary money available in the budget. Money raised for the Annual Fund is used for scholarships and financial aid, faculty recruitment, upgrades and maintenance of computing facilities, purchases of classroom audio-visual equipment, and to support special events and forums hosted by the B-School.

"The Annual Fund has had a significant impact on the B-School's quality and reputation in endless ways," said Matthew Benson, second-year MBA student who was a volunteer for the campaign.

"My own involvement in the pledge drive is motivated by a genuine appreciation for the Michigan MBA program. I've learned a lot since September, 1989. Both inside the classroom and out, the education here has been truly profound."

Each year about 20 MBAs and 15 BBAs serve on the Student Development Advisory Board which is responsible for planning and organizing the Student Pledge Campaign. This group interacts with the External Relations staff as well as the Dean and administrators in Placement and Admissions, listening as well as providing suggestions and counsel from a student perspective on a variety of issues. During the course of the year, Board members also have the opportunity to meet with alumni serving on the School's Development Advisory Board and on the Alumni Society Board of Governors.

The campaign kickoff offered volunteer training, humorous role plays of pledge solicitations, and remarks from Dean B. Joseph White, National Annual Fund Chairman Gary Walther, MBA '63, and Development Advisory Board President Barnett Helzberg, BBA '56, about the importance of private funds and alumni support.

## Aneel Karnani Wins Teaching Award

Aneel G. Karnani, associate professor of corporate strategy and international business, received the tenth annual Student Award for Teaching Excellence at Business School Recognition ceremonies in May. Selection of the winner was based on student nominations, students' comments, and course evaluation scores. Previous winners have been George B. Cameron III, professor of business law; C. K. Prahalad, professor of corporate strategy; W. A. Spivey Clare E. Griffin Distinguished Professor of Business Administration;



Gregory Fox

E Brian Talbot, professor of operations management; David W. Wright, assistant professor of accounting; Eugene B. Imhoff, Ernst & Young professor of accounting; and Dennis G. Severance, Arthur Andersen professor of computer and information

systems. In accepting the award Karnani said, "I accept this award with humility, for it belongs also to each and every student. Learning is an interactive process involving the students and the faculty. You, the students, help create an effective learning process.

Given your intelligence, experience, hard work, and above all, enthusiasm and motivation, you provide significant contribution and valuable insights to the classroom discussion. You learn from each other and you teach each other. Not only do you learn from each other, I learn from you. I do not say this very often, because I am afraid the Dean will require me to pay tuition! But I am honored and privileged to be acknowledged by all of you."

## *Executive Education Offers New Course In the ABC System*

Activity-based costing (ABC), an accounting information system that provides more accurate product cost data, is the focus of a new five-day program offered by the Executive Education Center.

"The overall goal of activity-based costing is to improve the identification and control of overhead costs associated with the diversity and complexity found in manufacturing operations," said faculty director James S. Reece, a Certified Management Accountant and professor of corporate strategy and operations management at the Business School. 'ABC uses multiple 'cost drivers' to assign overhead costs to a

product based on how that product actually consumes resources.

"By contrast, a traditional cost accounting system homogenizes the costs of diverse overhead resources and then assigns them to products using a single rate, usually based on a product's direct labor content. The result is that products that don't actually consume as many resources can become overcosted and products requiring

more resources are often undercosted. The cost homogenization that takes place in a traditional system can make it more difficult to reduce costs because we tend to lose sight of what the activities are that are actually causing those costs to be incurred."

Half of the seminar deals with implementation, so that participants leave with a clear idea of the steps required to conduct the successful imple-

## *Sunrunner Retires: Now for Solar Car II*

The U-M's Solar Car, *Sunrunner*, winner of the 1990 GM Sunrayce USA and the third place winner of the 1,900-mile trans-Australian World Solar Challenge, has retired to a new home in Dearborn's Henry Ford Museum.

The *Sunrunner* was the result of a team effort between students at the engineering school and the business school, as well as graduate and undergraduate students from law, LS&A, journalism and natural resources. About 120 students were involved. The administrative branch of the Solar Team included 20 Business School students and was responsible for fundraising, public relations, logistics and treasury functions for the project. That committee also coordinated all the daily activities such as meals, accommodations, and PR events in the cities along the route.

"*Sunrunners* place in history will be well represented here," said Solar Car Team Manager

mentation of ABC. Lectures, case studies, and team exercises are used to convey the key system design concepts. Then, an actual ABC implementation case study is given to participants, who work in teams to design an ABC system and to implement this design.

Susan Fancy during the official donation ceremony in the museum's central plaza. Since the solar car has no keys, she then presented a set of dingy stuffed "lucky die" to Steve Hamp, the museum's collections chair. Fancy explained that the die hung behind the driver's seat during every race. Both the die and the car will remain on permanent display at the museum, Hamp said.

Meanwhile, a new group of students was eagerly learning as much as possible from the *Sunrunner* squad before they left for jobs after graduation. These students have as their goal to engineer and construct a second generation solar-powered race vehicle to compete as the defending national champion in the June 1993 running of Sunrayce USA as well as the November 1993 World Solar Challenge in Australia.

After having learned as much as possible from the *Sunrunner* team, members of the new team say they have set themselves a goal of building a solar-powered vehicle that is lighter, smaller, and — most important — *faster*.

## *Executive MBI Program Sends Dutch Executives Here for Six Weeks*

Fourteen Dutch managers and executives were in Ann Arbor for six weeks this summer as participants in the Executive Master of Business Informatics (MBI) Program. The program was developed as a joint venture between the Michigan Business School and Erasmus University of Rotterdam, The Netherlands.

The program trains experienced managers to solve interdisciplinary and complex practical management problems in which information systems and technology play an important role. The students were enrolled in a two-year course, meeting one day per week in Rotterdam and six weeks in the summer at the Business School attending classes and seminars. Nine Business School faculty were involved in working with the class. Dr. Elaine Didier, Director of Information Resources at the Michigan Business School, served as director of our part of the program.

In the program, aspects of informatics and technological problems are presented against a broader background of organizational change, innovation, project management, and an international legal framework. The program is closely linked to business practice, and involves the use of real-life cases with an international character for study material.

The international orientation of the program is also realized in the way some of the subjects are treated. For example, the management of message handling systems and services is treated in the context of European standardization. Information systems management in a multinational corporation, and logistics systems for transportation networks in Europe are other examples of this international approach.

Erasmus University of Rotterdam is a medium-sized university with approximately 16,000 students and about 2,000 faculty. The Rotterdam School of Management, part of Erasmus University, with which the University of Michigan Business School has had a cooperative arrangement for more than 20 years, was ranked in first place by the *Financial Times* of London when they recently published a list of the "Top Ten" European business schools.

The Michigan Business School also has a student exchange program with the Rotterdam School of Management at the MBA level. Six of our students spend one term there, and six of their students spend a term here.

# ClassNOTES

'36

*K T Lion, MBA '36,* writes that he is now living in Surabaya, Indonesia with his wife, and has four grown children, all married. He and his wife are overseas Chinese, now Indonesian citizens. How that happened, he says, is "too long to explain," but he adds that he went to Jakarta, Indonesia after graduating from Business School in 1936.

'47

*George A. Gustafson, MBA '47,* is now retired from California State University, Los Angeles, where he is professor emeritus of accounting. He earned his doctorate in business administration from the University of Southern California in 1971, and was a senior Fulbright Scholar in Finland, where he taught accounting and auditing at the Swedish School of Economics for six months. California State University in Los Angeles has established the George and Olive Gustafson-Arthur Andersen Alumni Professorship in its accounting department. In 1990, Cal State-LA. awarded Gustafson a plaque in appreciation of 20 years of "outstanding service to the department of accounting, School of Business and Economics."

'48

*August C. Bolino, BBA '48, MBA '49,* has just retired as professor of economics at the Catholic University of America in Washington, DC, where he is now professor emeritus.



Members of the MBA Class of '41 returned to the Business School in June for their 50th Reunion. Pictured here, they are (back row, left to right): Herm Nowack, Ralph Anthony, Robert Andiony; center row, Henry Ohrt, Harry Morris, Robert Addison; front row, Robert Harrington, Lynn Townsend, and Mary Clark, widow of George Clark, who was a member of the class of '41.

**•52**

*Dave Freeman, BBA '52,* is a lawyer, arbitrator and mediator offering his services from offices in Sacramento and Irvine, California, as a neutral third party for employment relationship dispute resolution. Under the name of "Pacific Conflict Solutions," he intervenes as a third-party settlement facilitator of international trade disagreements. Over the past ten years, he has worked as a third party neutral in extra-judicial resolution proceedings for commercial transaction controversies, labor and employment relations claims, and international trade disagreements. He is also dealing in private adjudication-solution seeking for trade agreement disagreement and claims arising from transnational commercial affairs among Pacific Rim nations. He is also publishing a short series of topical papers for restricted distribution to lawyers and other professionals. The series is entitled "Tactical Arbitration — How to Win" and the most recent paper in the series is entitled "The Invisible Co-Counsel."

**'64**

*Jane Marquard Horberg BBA '64,* has recently been elected to a two-year term on the board of directors of the Illinois CPA society. She is the corporate controller of Bessin Corporation, manufacturer and distributor of Best Kosher and Sinai Kosher meat products.

**'67**

*Gail Levin Richmond, MBA '67,* has been appointed chair of the audit committee of the Law School Admission Council for 1991-93. She also serves on the audit committee for the Association of American Law Schools. She is associate dean, academic affairs, and professor at the Nova University Shepard Broad Law Center in Ft. Lauderdale, Florida.

**\*68**

*Jack McCarthy MBA '68,* has been named president of the Massachusetts Society of Certified Public Accountants (MSCPA). He is a partner in the Boston office of Coopers & Lybrand, the international accounting and consulting firm, where he specializes in providing services to clients in the higher education and utilities industries. The MSCPA represents 8,000 members statewide and provides a wide variety of professional activities as well as an extensive continuing education program for its members.

*Robert D. Hughes, BBA '69, MBA '71,* recently joined Barton, Inc. in Chicago as assistant controller. Barton is a large, privately-held producer and importer of distilled spirits and beer.

*R. Bryce Seidl, MBA '71,* specialty group manager for Simpson Paper Company, writes: "After 3Vi years back in Michigan we're on the road again with a new assignment in San Francisco. In my new job I am responsible for the operations of five paper mills and two converting plants, all producing fine paper grades and technical grades."

**"72**

*Robert A. Center, MBA '72,* has been named Vice Chairman/Midwest Region Managing Partner of Emst & Young. He will head the firm's operations in a ten-state area, and will continue to be based in Chicago. Since 1986, Center has directed Emst & Young's Entrepreneurial Services group offices in Chicago and suburban Schaumburg and Naperville. He has been active in serving the venture capital community in the Midwest, including assistance to companies in raising capital and going public. He serves on the firm's Advisory Council and the National Entrepreneurial Services Advisory Committee.

**•77**

*Douglas E. Joslin, BBA '75, MBA '77,* comptroller of Professional Engineering Associates in Troy, Mich., has become a certified management accountant. He has successfully completed a comprehensive examination on accounting and related subjects and satisfied the required two years of management accounting experience.

**>8Q**

*Paul A and Leslie Barnes Karas, MBAs '80,* are living in New York, where he has just been named senior vice president and director of the public works division of Morse Diesel International, one of the largest construction management and consulting companies in the world. Before his appointment to Morse Diesel, Paul directed the John E Kennedy International Redevelopment Program for the Port Authority of New York and New Jersey, a post he held since 1988. There he was responsible for the planning, design, and

construction of the multi-billion dollar improvement program at JFK airport in New York City. From 1985 to 1988, Paul was Commissioner of the Department of Public Works for the city of Chicago. There, his responsibilities included the design and construction of public projects, including local streets, arterial highways, water ports, airports, transit systems, bridges, water and sewer trunk lines, and municipal buildings. During his tenure he supervised miles of street reconstruction, the implementation of the \$1.7 billion O'Hare Airport Redevelopment Program, and started construction of the Midway Airport heavy rail transit line. He holds a degree in civil engineering from the University of Notre Dame. His wife Leslie is now director of the Small Business Services Division of the American Express Corporation in New York City.

**Tom Hagopian, BBA '80,**

has been promoted to vice president, consumer marketing, of ESPN. He has been working in the network's Denver office, but will now be based in New York, where he will be responsible for all off-air advertising, licensing and marketing efforts for ESPN and its affiliates. He joined ESPN as manager, special markets in June, 1987 from Capital Cities/ABC, Inc.

**Andrew Mandell, MBA '80,**

has been promoted to senior vice president, finance and administration, of Walt Disney Imagineering which is the creative, design, planning, engineering, production, and project management subsidiary of the Walt Disney Company, responsible for the creation of the Disney theme parks. In his new role, he will continue to guide business analysis, contract administration and purchasing, information services and project/division finance, both domestic and international. In addition, he will assume responsibility for business planning and facilities services. "Andy has made finance a highly respected and widely used resource, accessible to project, operational and division teams," said Mickey Steinberg, executive vice president, in announcing the promotion. "This organization is on much firmer financial

ground because of his leadership." Mandell joined Imagineering in 1989 as vice president, finance, after a nine-year stint at PepsiCo Inc. where he became chief financial officer for the Pepsi Cola Company's operations in Baltimore, Md.

»S1

**Robert Kleiman, MBA '81,**

was recently promoted to associate professor of finance and real estate with early tenure at Oakland University in Rochester, Mich. Bob received his Ph.D. from Michigan State in 1986. He is the author of over two dozen articles in scholarly and practitioner journals as well as four books. He is frequently quoted on finance topics in the business press. In addition to his teaching and research activities, Bob has consulted for several major companies, including Lotus, Ford, and Michigan Bell.

**Ron Yu, MBA '81,**

is now managing director of Image Alpha Consultants in Hong Kong. Image Alpha is a firm started by Ron and a partner that performs marketing services for high tech firms; helps American high tech firms expand into Asia by finding them distributors, providing a de facto office presence and representing them in Asia; and helping Asian firms expand elsewhere in Asia. His firm has done marketing and advertising work for Sun Microsystems, Wang, ICL as well as the top laptop PC dealer in Hong Kong.

**Philip M. Comerford Jr., BBA '81,**

writes that so far he has survived the various waves of "rightsizing" at Citibank, including the closing of his department, Mergers and Acquisitions. He has recently been promoted to vice president, and is now charged with the responsibility of providing merger and acquisition advice to Citibank's corporate capital client base. He says his activities will now be more domestically focused, whereas before he was involved in many international transactions which involved extensive travel to Greece, Norway, France, Italy, Jamaica, and Panama.

**Ellen Ernst Kossek, MBA '81,**

has edited a book entitled *Child Care Challenges for Employers*, a collection of presentations from Michigan's First Governor's Conference on Employer Sponsored Child Care. The book provides an in-depth look at the kinds of questions that arise when employers and government leaders consider the effects of child care on the workplace. Ellen, who holds a Ph.D. from Yale, has published widely on the issue of employer-sponsored child care. She has consulted with several work organizations on analyzing the productivity impact of child care programs and has served as an advisory consultant to the Governor's Task Force on Employer-Sponsored Child Care for the state of Michigan. She is currently an assistant professor of human resources management and organizational behavior at Michigan State University. The book is published by LRP Publications in Horsham, Pa.

**Mark C. Goebel, MBA '81,**

has been named a partner in Andersen Consulting's Michigan practice. He joined the firm in 1981 and has served clients primarily in the financial services and automotive industries. He will continue to specialize in the financial services industry.

**Karl Schultz, BBA '81,**

is the director of Genesis Personal Development Center in Glenshaw, Pennsylvania. He has presented professional development programs to individuals in corporate, hospital, hospice, convention, institutional, and continuing education environments. In addition to discussing his human values approach on radio and television programs, he has been published in regional and national business, health-care, and pastoral care periodicals. His first book will be available from Alba house in February 1992.

## Gary Baughman, MBA 73, Becomes Toy Company President

Gary Scott Baughman, MBA 73, became president of The Little Tikes Company in January, 1990. Little Tikes, a division of Rubbermaid, Incorporated, is the second largest and fastest growing preschool toy company in America. Well known for its large, durable toys. Little Tikes is one of the few American toy companies that continues to manufacture its entire product line in the US.

Before joining Little Tikes, Gary was president of Evenflo Juvenile Products Company in Dayton, Ohio, and before that, president of the Siffel Lamp Company in Chicago. He started his career in retailing, spending a short time as a buyer for Bloomingdale's in New York City.

Little Tikes still makes and assembles in the US. 99% of the toys it sells here (its competitors make and assemble 75% of their products overseas). According to

an article in *Industry Week* April 16, 1990, Little Tikes subsidizes an on-site child-care center; gives all workers from the president down to the lowest paid employee, a year-end profit sharing bonus; and has a tuition-reimbursement plan that repays employees 100% for an A, 80% for a B, and 60% for a C. Little Tikes has nine hearing-impaired workers in assembly and a course in sign language to help managers communicate with those workers.

The firm's approach to the toy business is unique. It doesn't license its name or make licensed products. It doesn't advertise on TV, and never aims its print ads at children. It spends only one-third of what competitors do on promotion, yet it continues to grow at a compound annual rate of 40%.

In manufacturing, one of Little Tikes' strengths is that it pioneered the use of

rotational molding for plastic toys, and emphasizes teamwork and training.

"We've enjoyed efficiencies of operation that many of our competitors don't have," asserts Gary. All operators and assemblers get a week of training before they're on their own. Workers in the blending and grinding operation are cross-trained to learn all jobs. When he took office Gary said, "When you are committed to manufacturing in the US. — and we are — you have to look to every avenue to increase efficiencies." Little Tikes is investigating simplicity of design and experimenting with power hand tools for trimming to improve efficiency. Workers work closely with designers. Constant attention to detail is one of the reasons Little Tikes can manufacture in the U.S. and remain competitive.



# ClassNOTBS

'S2

*Maurice Pogoda, MBA '82,* formed his own company, the Pogoda Group, in 1987. The company specializes in the brokerage and management of mini storage facilities and mobile home parks. The company has experienced rapid growth and now employs over 20 people conducting business in Michigan and Ohio. Michael and his wife Lori, who has a BA and MS in speech from the U of M, live in West Bloomfield with their two children, Adam and Daniel.

*Stephen S. Sebastian, MBA '82,* was recently promoted to Managing Director of Rohm and Haas New Zealand Ltd. He spent the previous two years as a regional marketing manager covering Asia, Australia, and New Zealand. He lives in Auckland with his wife Nancy and their two sons, Robert and Thomas.

'84

*J. Peter Bardwick, MBA '84,* writes that he is temporarily "retired." In May, he decided to leave the working world to pursue a long held dream. He and his wife Cathy moved aboard their sailboat and have begun a circumnavigation, which they expect will take 3-5 years. After summering on the East coast they are heading to the Caribbean for the winter, and from there plan to go through the Panama Canal and into the Pacific Ocean. Before embarking on his journey Peter worked for Citicorp Investment Bank (1984-87); then to Salomon Brothers as a vice president in corporate finance (1987-89); and finally to Westwood One as vice president, finance (1989-91). Westwood One is a Los Angeles-based radio network company, supplying news and entertainment programming to radio stations around the world.

'85

*Brooke Bothe, BBA '85,* is the corporate administrator and personnel director for H. W Kaufman Financial Group, Inc. (AmEX) whose main subsidiary, Bums & Wilcox Ltd. is a wholesale insurance broker with 23 offices nationwide. Her duties include shareholder relations, legal and financial supervision and employee benefits, including administration of the 401(K). She is assistant corporate secretary for the Kaufman Group as such, handles the annual report, shareholder meetings and press releases. She also writes that last year she started her own construction company which is skillfully run by her new husband. They live in Hartland, Michigan.

*Tim Bennett, MBA '85,* has been named group manager-product strategy development at Adam Opel AG, General Motors' manufacturing and sales subsidiary in Europe. In his new position, he is responsible for marketing and product strategies for all new Opel vehicles in Europe. Tim has been with GM since graduation, having worked on several foreign assignments including projects in Korea and Turkey. Before moving to Ruesselsheim, Germany, where he is now headquartered, he had been on the marketing staff at GMC Truck Division in Pontiac.

*iBT7*

*Howard I. Bleiwas, BBA '87,* has completed his CPA requirements and established his own practice in Farmington Hills, Mich., where he specializes in tax and business consulting for both corporations and individuals. He writes that he is also putting together the First Annual Detroit Red Wing Fantasy Camp along with Dave Lewis, who is the assistant coach of

the Detroit Red Wings and former 15-year veteran of the National Hockey League. The fantasy camp is for those over 30 years old, who want an opportunity to play hockey with current and past pros.

>88

*Denis Loraine Carroll, BBA '88,* has successfully completed a comprehensive examination on accounting and related subjects and satisfied the required two years of management accounting experience to become a certified management accountant. She is now a senior consultant at Peterson Consulting Limited Partnership in Detroit.

'89

*Dave Padgitt, MBA '89,* was recently promoted to international system planning manager for Motorola's Altair Product Operations Group in Arlington Heights, Illinois. In this job, he will be responsible for managing system and market development in key foreign markets. Before this promotion he was an international systems planner involved with international business development activities. In addition to typical market analysis, product planning and promotion activities, he met with numerous government officials, potential customers, and industry experts in Hong Kong, Singapore, Thailand, Japan, Australia, and Germany. (He says he racked up a large number of frequent flyer miles!) He also writes that he was recently invited to be guest speaker at DePaul University's International Business Forum. His talk was entitled "Global Business Basics."



*Mark Chekcd, BBA '89,*  
has just been appointed to the San Francisco AIDS Foundation Youth Advisory Committee. He is currently working as the fiscal officer of Community United Against Violence, an agency that does education about and counseling for survivors of anti-lesbian/gay hate crimes.

*Loren V. Heckelman, MBA '89,*  
is currently director of Strike/Fighter Procurement at the Navy Aviation Supply Office in Philadelphia. His division buys spare parts for Navy and Marine Corps attack and fighter aircraft. He and his wife have just had a second son, Thomas Andrew, bom July 24. Their first son, Jeffrey Scott, was bom while Loren was in the MBA program here.

*James Robert Powell, MBA '89,*  
writes that he is moving from planning future trucks for North America to planning cars for Europe. He will be based in Ruesselsheim, Germany where he will be working as product manager for GM's Adam Opel project. He and his wife have two children, and will be living in Wiesbaden, Germany.

*Don Weintraub, MBA/MA '89,*  
one of our joint degree students who got his master's in Modern Near Eastern and North African Studies at the same time he got his MBA, has been working as editor of the Israel Commercial Economic Newsletter, a weekly English language economic journal. He has now accepted a consultancy position with H.K. Associates, a newly formed consulting firm providing strategic marketing solutions for high-tech, export-oriented Israeli companies. He says H.K. was founded by two Harvard MBA women, and adds that female executives are rare in Israel. He writes that he is currently living at his family's home in Tel Aviv, a ten-minute walk from the Mediterranean Sea.

## *Steve Eberbach, MBA '67 and Howard Krausse, BBA '77, Audiophile Entrepreneurs, Have Made DCM a Success*

DCM Corporation, conceived during an earnest conversation at an Ann Arbor delicatessen in 1974, has grown to a work force of 40 with \$5 million in annual sales. It was founded by Steve Eberbach, MBA '67, who is the company's chief engineer and Howard Krausse, BBA '77 who is the company's treasurer. A third founder no longer works for the firm.

With the unveiling of its new TF400 stereo speaker in May — in addition to three speaker models introduced last year — DCM is hoping to eventually join the ranks of such giants as JBL and Bose.

David G. Watson, DCM marketing director says the company's emphasis is on the exactness of sound. "What DCM is trying to do is make the speakers totally disappear" he says. "What we're trying to do is achieve the feel of the live performance."

Steve says there are two philosophies of speaker design. One is to create spaciousness or a fuller sound with tricks in the way the speaker reproduces music. The other approach, to which DCM

subscribes, is to have the speaker interfere with the sound as little as possible to avoid getting in the way of the artist's performance.

Steve says DCM has been able to maintain market share in the \$400-million stereo speaker market by appealing to the mid- and upper-line consumer. DCM speakers range from \$250 per pair all the way up to \$1500. DCM's major seller has been Circuit City chain, with stores along the Sun Belt from Virginia and Florida to Texas and California.

It's a nice success story for a business that began in 1974 by selling speakers out of Steve's house. In the beginning, they designed and built one pair of speakers, but were so low on cash that all they could do was post a few ads in dormitories. The speakers sold right away. Says Steve, "So we took the money, ate, built another pair of speakers, sold them, ate, built another pair of speakers, and so forth. At this point, their only source of money was a credit card and a car, which was eventually repossessed by the bank.

### » 3i

*Ron and Mary Wernette, MBAs '90,*  
write us with their news. She is now manager of vehicle program coordination for Saturn Corporation in Troy, and he is an attorney with the Detroit firm of Bowman and Brooke, specializing in product liability defense. Major clients include General Motors, Ford Motor, Honda, and Outboard Marine. He recently completed a clerkship for the Honorable Cornelia G. Kennedy of the U.S. Court of Appeals for the Sixth Circuit. They also are happy to announce the birth of their first child, a son, on May 13.

*Mark Brugger, MBA '91,*  
is product manager for Subsidiary Operations of Rochester Telephone, where he works with over 36 phone companies in 15 Midwestern, Southern, and mid-Atlantic states. He's the product manager for mostly business services, including voice mail, centrex, videotext, and digital networks.

## 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 like to take the time to fill out the form below and send it to "Pringle Smith, Editor, *Dividend* Magazine, School of Business Administration, University of Michigan, Ann Arbor, Michigan 48109-1234" 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.

## PhD Notes

*Sidney Davidson, MBA '41, PhD. '50,* divides his time between Chicago and Florida. In Chicago, he is Ernst & Young Distinguished Service Professor of Accounting Emeritus at the Graduate School of Business of the University of Chicago. In Florida, he is Distinguished Visiting Professor of Accounting at Florida Atlantic University in Boca Raton. He remains on several boards and is public member and chairman of the audit committee of the \$60 billion Farm Credit System. He and his wife of 45 years, Freda, have two children and five grandchildren.

*John A. Lehman, MBA 77, PhD. '82,* has been named acting dean of the School of Management at the University of Alaska, Fairbanks.

*Yoon-Dae Euh, PhD. 78,* has been appointed vice president of academic affairs at Korea University in Seoul. He will serve a two-year term beginning July, 1991. He will also serve a one-year term as president of the Korean Academy of International Business starting in April, 1992. Korea University is made up of 11 colleges with 70 departments, five graduate schools, one junior college, 30 research institutes and 12 auxiliary units, including the university press and a museum. About 25,000 students, including 3,400 graduate students, now study at the University.

## Deaths

*Apivat Nandhabiwat, MBA '59,* died July 19 of a massive heart attack while on a business trip in Malaysia. He was 58 years old. At the time of his death he was Managing Director of NAVA Finance and Securities Company in Bangkok, Thailand. He was one of several Thai stock brokers and SET officials invited by the stock market authority of Malaysia for a friendship meeting in Genting Highlands, Malaysia, where he died. He is survived by his wife and three children.



# HOW MONROE STREET TOOK A LESSON FROM WALL STREET

## The Michigan Business School Growth Fund: the Entrepreneurial Giving Option

On Wall Street, the relationship between risk and reward is well understood. And now the concept is being applied on Monroe Street as well, in the form of the Business School's newest giving option: the Growth Fund.

### Investments with the potential for long-term growth

Here's how the fund works.

Every gift you make to the Michigan Business School Growth Fund is invested by a team of alumni volunteers, finance professionals with impressive credentials and excellent track records. Their objective is to seek our opportunities for growth of capital, using the most innovative investment instruments and strategies available.

Investment instruments can take many forms: direct holdings of assets, participation in commingled funds or partnerships, venture capital, leveraged buy-outs, reorganizations, real estate, oil and gas investments. Unlike the University's regular endowment funds, there are no limits on the level of risk — except that exposure cannot extend beyond the net value of the Fund's assets.

### Who benefits?

Our students.  
And our investors.

All proceeds from the Growth Fund are earmarked exclusively for use by the Business School, with top priority given to students and their needs; specifically scholar-

ships, loans and new curriculum initiatives.

And the payoff for investors? Substantial. Growth Fund donors will have the satisfaction of knowing that their tax-deductible gifts are working hard to generate returns, every dollar of which will be used to support an institution they believe in.

**If this Wall Street-style giving option appeals to you, send the attached reply card to us at Monroe Street.** In return, we'll send you information on the Growth Fund. Or if you prefer, you can make your request by phone: 313/763-5775.



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## *Restructured MBA Curriculum Gets Off to a Powerful Start*

The new one-week MBA orientation program initiated this fall included a two-day segment called "Global Citizenship." This segment began with team-building exercises, one of which is pictured here. The "Toxic Waste" task involved pouring water from a full container into an empty container without physically touching the containers or spilling a drop of water. There was a no-touch boundary zone of about ten feet in diameter around the large container. Everyone on the team had to hold an octopus handline out to its full length without letting go of it from beginning to the end of the event.

After each exercise, team members analyzed their effectiveness, and discussed the goals of the team, the roles that were assigned, the team processes (such as decision making and conflict), and relationships and individual styles. In "Toxic Waste" questions came up about styles of decision making, how people handle failure, group communications, and leadership vs. followership.

There were six sections, each of which consisted of ten teams of about ten people each. All teams included a Business School faculty member or a corporate executive or both, along with first and second year MBA students. Each team also spent time working on community projects. They



**The assignment here is to pour water from one container into another without physically touching either container or spilling a drop of water.**

received profiles of the communities, along with questions to help them think about problems faced by residents in the communities. At the end of each day the teams discussed their observations and presented their understanding of corporate and individual roles and responsibilities in addressing these complex issues. Representatives from the community and from community service agencies were present at many of the discussions, and helped to illuminate for the students the depth and complexity of the problems.

The week-long orientation period for new MBA students represents a shift in the way the Michigan Business School prepares its students for future business leadership. With its emphasis upon business-community-university interaction and teamwork, the experience is intended to frame the students' next two years. For more on the new curriculum, see page 2.