

Dividend

The Magazine of the School of Business Administration • University of Michigan • Winter, 1992

*“Summa Cum Laude:
Employers Say the
University of Michigan
Does the Best Job of
Delivering ‘Big Impact
Ideas.’”*

– *Business Week* explaining why
Michigan was #1 in its first-ever
Executive Education survey.

Dear Alumni and Friends,

As I write this, I have just returned from a week in Europe, where, together with Associate Dean Paul Danos, I spent a day in Leuven, Belgium, which is planned to serve as a focal point for our contacts within the European Community as well as for the connections that we expect to have with other business schools in Europe. The University of Leuven, Hitotsubashi University in Tokyo and the Michigan Business School are partners in a new network of organizational studies laboratories, about which you will hear more in the future.

While in Europe, we visited Erasmus University in the Netherlands, with which the School has had a long-standing joint venture, and spent some time at the London Business School and INSEAD in Fontainebleau, France. A particularly enjoyable part of the trip took place in London at a reception sponsored by Coopers & Lybrand Deloitte at which we had the chance to meet some of our corporate friends and alumni living and working in Britain.

This was followed by a visit to the newly established MBA Fair organized by the University of London Careers Advisory Service in collaboration with the Association of MBAs. That event attracted 25 top business schools from the UK, Europe and the U.S. In 1991 — the first year the fair was held — 1,784 graduates of 251 institutions attended the Fair to look into the possibility of getting an MBA. This year, the Michigan Business School was one of the U.S. Schools that set up a booth at the Fair. More than 300 prospective MBA applicants visited the Michigan Booth to inquire about the Business School.

I was also pleased to be able to raise the visibility of our school through interviews on both BBC television and radio, and an interview with *The Economist* magazine.

The trip gave me a good opportunity to see what major business schools in the UK and Europe are doing, as well as to meet with alumni and further acquaint UK and European businesses with the Michigan BBA, MBA and Executive Education programs. This is all part of a continuing effort to form global business partnerships with businesses and universities throughout the world.

Of course we were all exhilarated in the Fall when our Executive Education program was rated by our customers as #1 among all business school competitors in a *Business Week* cover story. It's fulfilling to get straight A's from our customers — both the companies who send people to us, and the participants themselves. Executive Education has become a distinguishing feature of our School. It is also a source of innovation, and we are incorporating many of our successful ways of operating there into our degree programs.

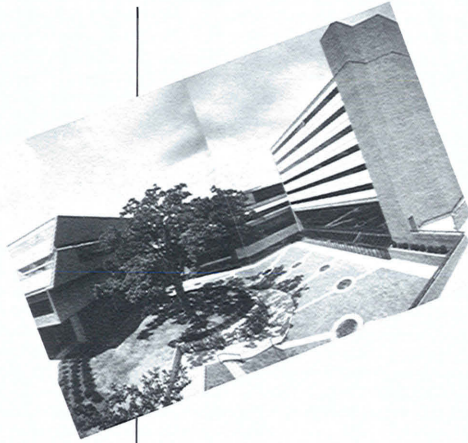
I very much enjoy being in touch with all of you through this letter in *Dividend*. I sometimes hear alumni remark that they feel they never hear from the School except when we are asking for money. We hope you consider the magazine a "Dividend" that comes to you from the School three times a year, and that through its pages the School can continue to give you knowledge that's useful to you in your professional careers, help to keep you in touch with your classmates and keep you up to date about what's going on at the School. As always, we welcome your comments, ideas, and suggestions.

Sincerely,

A handwritten signature in black ink that reads "Joe". The signature is written in a cursive, flowing style.

B. Joseph White
Dean

Dividend



On Changing the Way Companies Compete

When *Business Week* ranked Executive Education programs based on consumer satisfaction, Michigan came in first with straight As across the board.

2

Executive Education Programs: A Sampler

11

A Report Card on the Top Ten — How *Business Week* Crunched the Numbers

12

Volatility in Financial Markets

The first annual symposium of the Mitsui Life Financial Research Center focused on volatility in the U.S. and Japanese financial markets and considered the causes and consequence of market volatility, the merits of proposed regulation, and whether market volatility has increased.

14

Going Small But Learning Big by Jane Myers

Business students who have had summer internships with small companies agree that they offer opportunities for seeing the big picture, for getting the CEO's ear, for being a real part of the action, that just can't be had in larger enterprises.

20



Stay Alive 'Til '95

The Fifth Annual Real Estate Forum focused on the massive changes that have taken place and that will take place during the next few years.

24



Focus on Manufacturing

Initiatives that might be undertaken jointly by the Business School and the College of Engineering were discussed at a joint meeting of the Business School's Visiting Committee and the National Advisory Committee of the College of Engineering.

28



Dollars for Scholars

A new scholarship is established to honor the late Tim Leedy, BBA '57.

32



Listening to the Customer

Our newly established Corporate Advisory Board advises the School on strategic directions and serves as the voice of an important customer.

34

Among Ourselves

37

Class Notes

44

Mark Your Calendars!

52

Winter, 1992

Vol. 23, No. 1

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On Changing the Way

The Number One Status of Executive Education at Michigan Reflects Leading-Edge Thinking to Solve Real-Life Problems

The long-term scorecard for me is not how well we are rated in the classroom, but whether we're having an impact on changing the way companies compete," says C. K. Prahalad, professor of corporate strategy, of his teaching in executive education. Prahalad consults with such companies as AT&T, Eastman Kodak, and Philips on strategies for effective global competition. Adds F. Brian Talbot, professor of operations management who directs the Manufacturing Executive Program, "Our participants hope to take away one or two big-impact ideas. And that's what we deliver."

That hands-on attitude is one of the reasons Michigan's Executive Education programs were ranked first in *Business Week's* first-ever survey. Like the earlier MBA ratings, these new rankings looked at education from the consumer's standpoint. Asked *Business Week*, "Where will executives find the courses that promote the leading-edge thinking needed to solve real-life problems?" Michigan was the only school to receive "A's" in each of six graded areas.

"Michigan has done an exceptional job," said John Byrne, senior writer at *Business Week*, who created the rankings. "Mainly, the secret is they've been very aggressive at pursuing executives and trying to meet corporate needs — far more so than the traditionalists."

"The Michigan Business School's faculty members are uniquely qualified to work with today's executives," said Thomas Kinnear, senior associate dean. "As researchers they explore, study and test new theories in all business-related disciplines. As consultants they advise firms on strategies and develop plans in response to today's rapidly changing environment. And as renowned teachers, they impart

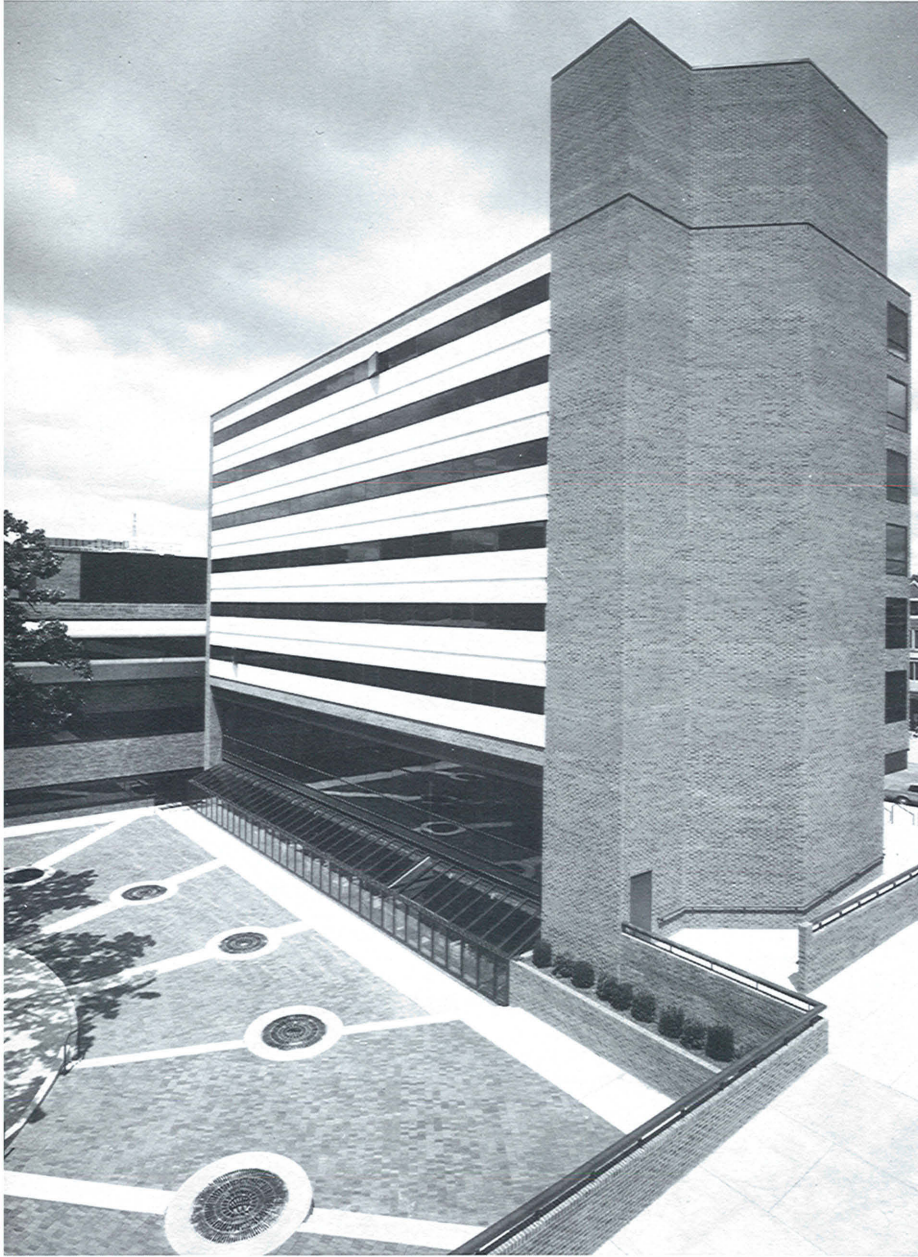
that knowledge which will most benefit a selected group of participants." Commented Ann Walton, director of Executive Education, "Participants in our programs learn, not only from our faculty, but from each other, as the best and most promising managers in American industry sit in our classrooms and work on common problems. This combination of academic expert-

ise and 'real world' experience will forge the solutions needed in the coming decade."

Teaching in the MBA program is also enhanced through the practical examples that inevitably emerge from this "window" into the world of business practice. "We are aggressively drawing on capabilities we have developed in executive education to bring innovation and excellence to our



Companies Compete



Dean Russell

degree programs,” said B. Joseph White, dean of the Michigan Business School. “The introduction of the Global Citizenship orientation and the new executive skills modules in the MBA program are good examples. Executive Education has also become a fertile ground for research for some of our faculty. Participation in executive education also provides many

important faculty development opportunities. I am very proud that our faculty and executive education staff have produced this result through well-designed programs, excellent instruction, and meticulous attention to customer service.”

-Continued ►

Pictured at left, you can see the Executive Education courtyard which is dominated by a large oak tree. At the left of the picture is the Kresge Business Administration Library, in the center the Computer/Executive Education building, and to the right the Executive Residence. The Executive Education Center was built as part of the Business School's \$15-million building campaign held in the 1980s under the leadership of Dean Gilbert R. Whitaker Jr. It houses two large case study rooms, a classroom which can accommodate 100 students, and several group study rooms. One floor of the building contains Executive Education Offices. In 1986 the 96-room, seven story Executive Residence was built within the Business School quadrangle, literally next door to classrooms, study areas, faculty offices, the Kresge Business Administration Library, and the School's computing center. The Residence has been home to thousands of guests since it was built, including executive education participants, visiting scholars and dignitaries, and corporate recruiters. It includes a comfortable lounge that looks out on a spacious courtyard pictured here. The dining room below the Lounge seats 160 and also looks out on the courtyard.

The Global Leadership Program

Business Week's survey respondents gave accolades for innovation and creativity to the Michigan Global Leadership Program, an intensive five-week course that aims to create "global business leaders" with "the mind-set, leadership and team building skills to both lead their institutions and contribute to world economic growth." The course was developed in cooperation with, and is supported by, a consortium of 30 companies: 10 each from the U.S., Europe and Asia. Each company sends one executive to the program per year. They are divided into five cross-cultural teams, and thrown into what Noel M. Tichy, program director and professor of organizational behavior and human resource management, calls "compressed action learning."

Participants start off by doing team-building exercises at an Outward Bound School in Maine. (Sample exercise: build a raft, paddle it around a buoy a couple of hundred feet off-shore, and then dismantle it.) Returning to Ann Arbor, they prepare for country trips in a course team-taught by three professors: one each from Michigan, France's INSEAD, and Hitotsubashi University in Japan. They then go off for a two-week trip to such countries as India, China, and the Soviet Union. Back in Michigan, the teams present oral, written and videotaped reports to their colleagues, assessing the market possibilities of their particular country and discussing strategies for entering that market. Commented *Business Week*, "The whirlwind process forces intense interaction with managers from diverse corners of the world."

The Executive Program

The flagship course in Executive Education is the demanding four-week Executive Program designed specifically for senior executives who now hold, or are about to assume, major responsibilities in the strategic management of their organizations. On average, about 55 executives from 15 countries attend the spring and fall sessions

"Michigan has done an exceptional job. Mainly, the secret is they've been very aggressive at pursuing executives and trying to meet corporate needs — far more so than the traditionalists."

**John Byrne, Senior Writer
*Business Week***

of the program. Between 25 and 30% come from Europe, Asia, and South America.

Participants work actively with others in case analyses, situational strategies, group computer simulations, state-of-the-industry presentations, reading assignments, and small-group studies. The fact that each participant works with a peer group of outstanding executives helps place these learning experiences into a practical framework that adds value to the program material covered, and puts it into a multi-dimensional, multi-cultural perspective.

The program focuses on despecialization and globalization. During the first week, it addresses the general manager's role in integrating functional area activities and decisions. Faculty members focus on giving participants a broader strategic vision of their business as a whole, as well as challenging them to re-think their managerial orthodoxies or beliefs about competition. During the four weeks, participants develop new paradigms on what it takes to become globally competitive in the 1990s and beyond. Says Professor Prahalad, "We like participants to return to their organizations energized and well-prepared to develop strategies that build competitive advantages faster than their competitors."

The five core faculty members for the Executive Program have year-round involvement as members of the design team. Because they have knowledge across several functional areas, they can present an integrated approach to learning and problem solving. "The core faculty are a group of perfectionists," says Ron Bendersky, Associate Director, Executive Education. "The goal is to have all EP participants say that the program was the best educational experience of their lives." The approach and dedication of the core faculty and staff has paid off. In the *Business Week* survey, past participants gave Michigan top rankings for the quality of teaching, curriculum and the high level of pay-back.

"We have always had an obligation to set new standards of quality and innovation for general management programs," said Ray Reilly, professor of business administration and Director of the Executive Program. "This involves constant reassessment of the Executive Program content for continued excellence. Our number one ranking reinforces that process."

Teaching Finance to Russian Oil Executives

In order to meet the continually changing needs of business, the faculty and staff at Executive Education stay fast on their feet. For example, when Texaco ran short educational courses for Russian oil executives, the Russian oil community responded well and requested more. At this point, Texaco wanted to bring in a major university, and invited proposals from several schools. They needed a university that would provide special arrangements for their guests, such as a translator.

The Executive Education Center received the assignment. They were able to modify and customize an already existing program entitled "Finance for the Non-Financial Manager," to meet Texaco's needs. "This program is a milestone in the development of Texaco's long-term relationship with the oil industry in parts of the (then) Soviet Union," said Larry Childs, executive education program manager at Texaco. "It will

help everyone involved in future negotiations to communicate better by using the same business terminology.”

The success of future business negotiations between Texaco and the high-level Russian participants depends upon many factors, not the least of which is the clarity of communication between the two groups. The Michigan faculty were particularly sensitive to this issue when developing the program.

“The people who attended were a very select group,” said Gunter Dufey, professor of international business and finance and program developer. “It was a challenge to find

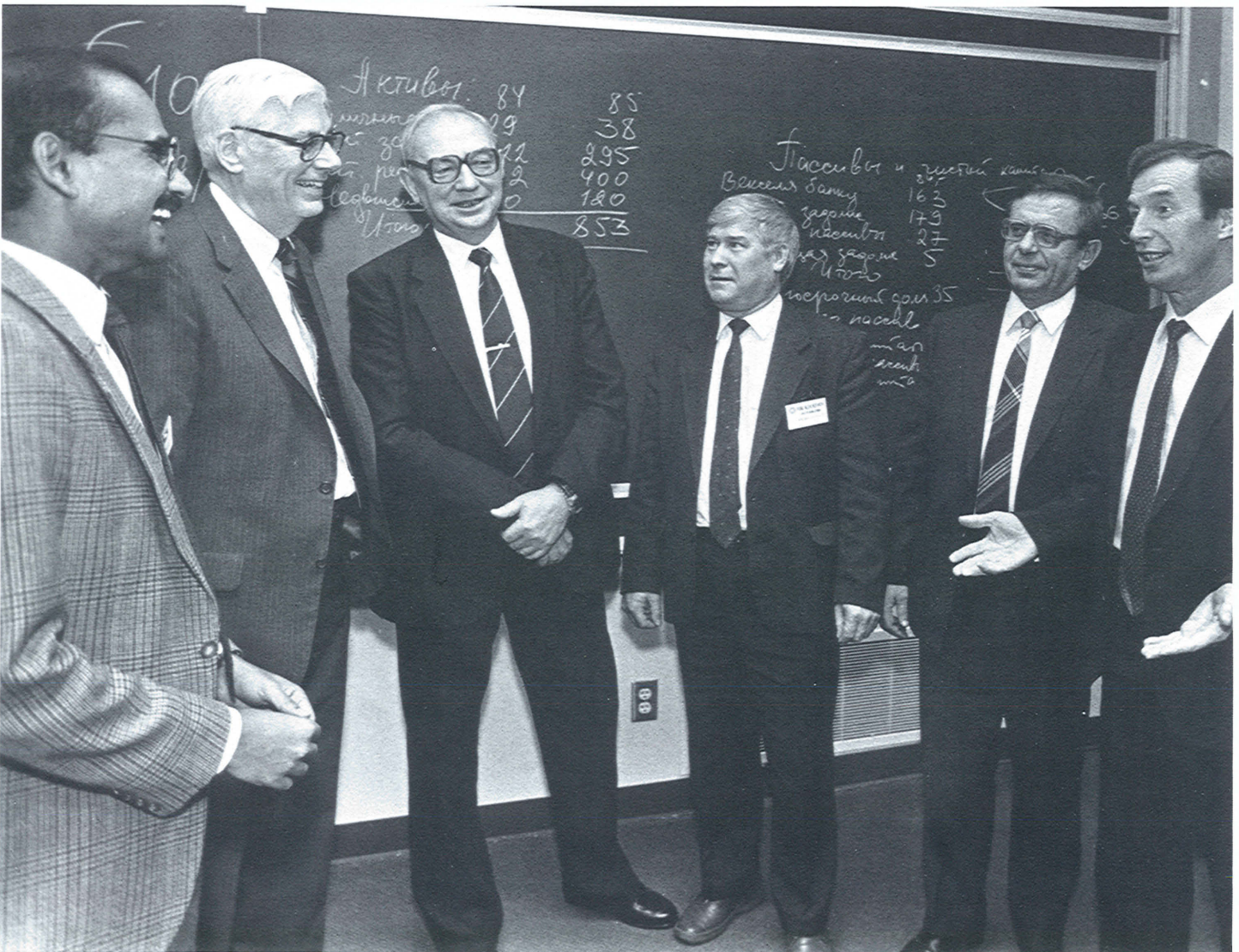
the right approach. We didn’t want to teach them at too low a level, but we also wanted to be receptive to any problems involved in the learning process. In particular, we needed to be aware of any cultural mind-sets that might cause confusion. Overall, I was pleasantly surprised at how quickly they caught on to even difficult concepts.”

Learning is a two-way street. The U-M faculty involved in the program gained a great deal of valuable information from their students. “This was a great experience for me personally and for the Michigan Executive Education Program,” said finance professor M. P. Narayanan. “The

expertise we acquired in this program can be put to good use in developing future programs for countries in Eastern Europe that are attempting to make their economic systems free-market oriented.”

Working with Corporate Partners

The seminar for Russian oil executives is only one example of the Executive Education Center’s ability to meet specialized needs in developing customized courses. Another highly successful customized



Ann Arbor photo used by permission of the Ann Arbor News

Officials from Russia’s oil industry attended classes recently at Executive Education to learn the basics of capitalist finance in a course entitled “Finance for the Non-Financial Manager,” adapted by Executive Education for this particular group. From left to right, Finance Professors M. P. Narayanan and Alan Foster talk with Russians Yuri Guskov, Edward Engel, Yuri Rossikhin and Pavel Balkshin.

program was developed as a collaborative effort between Ford Motor Company and the Business School. LEAD, which stands for Leadership Education and Development, develops the leadership skills of Ford's global population of 3,000 middle managers.

In the beginning, both Ford and the School were wary about the prospects of working together. Ford wanted to avoid an ivory tower approach with too much theory. The Business School faculty wanted to stay challenged throughout the three-year program.

"We worked together for eight months to make sure LEAD would benefit both organizations," said Robert Quinn, chair of the organizational behavior and human resource management department and

faculty director of Ford LEAD. "We developed a common research agenda and asked Ford executives to direct sessions on current Ford issues. It is truly a synergistic relationship."

During the first week of the program, Ford's managers analyze current issues facing different divisions within Ford and hold frank discussions with senior executives about corporate strategy. They also formulate an action plan and declare a commitment to it on videotape before returning to the workplace. After six months, the managers return to the Business School to evaluate their accomplishments and set new goals. The purpose of the course is to help the managers see the organization, themselves, and their subordinates in a new light, and be able to directly apply such new perspectives on the job.

"Middle managers are the people who implement the company policies. We don't want a frozen middle management," said Neil Sendelbach, a member of the Employee Development Strategy and Planning Department at Ford, and one of the key developers of the LEAD program. "The Ford managers who have completed the LEAD program feel empowered to make significant decisions on their own."

In addition to the research projects, faculty members participate in sessions in which Ford managers discuss the day-to-day challenges they face. The insight from these sessions and the results of the research are being incorporated directly into the Business School curriculum. "After teaching one of the components of the LEAD program, said Kim Cameron, professor of organizational behavior and human



resource management, "I can better prepare my MBA students to hit the ground running and to understand better how to have an impact on the quality of their organization's processes." Cameron is faculty director of the Management of Managers (MOM) program, a one-week program for managers with more than eight years of management experience.

"It is possible to develop a program that takes the best of both institutions and makes both institutions better," said Professor Quinn. "Such synergy will be of increasing importance in the 1990s."

Leadership Development for Non-Profit Enterprises

The Executive Education Center has also put its attention on non-profit organizations, which need effective leadership just as much as do Fortune 500 companies, especially in today's troubled social and economic climate. So, when the executive officers of United Way required specialized leadership training to face the challenges of the 1990s, they discussed their needs with the University of Michigan.

What the United Way wanted was a program that provided leadership and management training plus a forum which would enable their executives to strategize about social-policy issues and the delivery of human services at the local and national

▲ Pictured above and left — The Bureau of Industrial Relations (precursor to Executive Education) had its headquarters during the 1960s in a small house located where the Kresge Library now stands. Course offerings were held at various hotel facilities in the Ann Arbor area. From 1959-69, the Bureau was directed by George S. Odiorne, who wrote the book *Management Decisions by Objectives*, which earned him the nickname, "Mr. MBO." The Bureau of Industrial Relations began in the 1940s with classes emphasizing labor and industrial relations; then switched its emphasis to management in the 1950s with the launching of the four-week Executive Program and the Public Utility Executive Program. The Public Utility Executive Program is one of the oldest and most effective of its kind in the country, and has evolved to include computer-based management simulation games where teams battle competitors in a dynamic marketplace.



Stuart Abbey

level. The result was the United Way Executive Leadership Seminar, a special customized partnership between United Way and the University of Michigan's School of Business Administration and School of Social Work. "The United Way, in cooperation with the University, is trying to deal with the turbulent environment in which they find themselves by increasing the leadership capabilities of their executives," said John E. Tropman, a key developer of the United Way program. Tropman is a professor of administration and management at the School of Social Work and an adjunct professor of organizational behavior and human resource management at The Michigan Business School.

The five-day program was first held in April 1990 and again in July 1991. It combined research-based modeling of effective leadership styles, behaviors, and strategies with direct applications to social-policy issues facing United Way locally and nationally. Senior members of The Michigan Business School faculty provided participants with current information on leadership and management styles, while faculty from the University's School of Social Work examined issues in the current welfare system and how United Way can use its organizational leverage to influence and effect community-wide change.

"Time and again, participants remarked to me how welcome the faculty and staff made them feel; there seemed to be a universal sense that the University really cared about the success of the program," wrote William C. Phillips, former vice president and director of the National Academy of Voluntarism [United Way], in a letter to the Michigan Business School about the first United Way Executive Leadership Seminar. Added Janet Obeid, vice president and executive director of the National Academy for Voluntarism at United Way of America, "The personalized attention given by the faculty and staff of both Executive Education and the School of Social Work to the design and production of our programs is unparalleled in our dealings with colleges and universities. Michigan cares; Michigan listens; and Michigan delivers."

"I think the United Way program is indicative of our ability to diversify when it comes to developing customized programs," said Lucy Chin, Executive Education's associate director for both the United Way and the Ford LEAD programs. "We have formed a partnership with a huge automotive firm like Ford and we are equally capable of partnering a major fundraising organization like United Way."

"I think The Michigan Business School deserves kudos for their cooperation in dealing with the issue of non-profit management," said Tropman. "They are taking a leadership role in making this type of development possible. It shows the breadth of commitment the Michigan Business School has to the full range of leadership training for profit and non-profit alike."

The "Best Practices" Symposium

In June, 1991, 40 of the nation's top human resource professionals compared notes on eight issues of primary concern at the Human Resources Best Practices Symposium, sponsored by Executive Education. This biannual symposium, combined with the innovative Advanced Human Resource Executive Program as well as other human resource course offerings, is part of the reason *Business Week* named Michigan's Executive Education "tops in human resources programs."

At the symposium, more than 20 HR professionals presented their organization's best solutions to challenges they faced in benchmarking, managing diversity, career bands, culture change, health care costs and employee contracts, HR planning and implementation, executive development, and building human resource capability.

"Human resources are a critical source of competitiveness in changing global markets," said David O. Ulrich, Director of the Human Resource Executive Program and editor of the *Human Resource Management Journal*. "Mastering best practices will enable human resource professionals to be pioneers in anticipating and accelerating change. The participating HR executives were identified by industry experts as best in class. Their collaboration with Michigan faculty represents a partnership that will provide intellectual frameworks for moving beyond best practices."

The symposium began with a presentation on benchmarking by Ellen Glanz and Maureen Harvey from Digital Equipment Corporation, followed by a talk by

Lee Dailey of United Technologies, Inc. and Phil Doster of Corning Inc. "I found it very valuable to share with colleagues from other companies, as well as with the academics, what is working and what is not working in human resources. I was impressed with the level of candor and the real sharing that went on during the program," said Glanz. "The combination

"We are aggressively drawing on capabilities we have developed in executive education to bring innovation and excellence to our degree programs."

**B. Joseph White
Dean of the Michigan
Business School**

of the academic perspective with the practitioners' point of view was invaluable."

Managing diversity was the second topic. Henry Schultz and Don Kelly of Mazda discussed the challenges inherent in transplanting a Japanese company into an American marketplace. The problem, as Schultz explained, was that Mazda was "attempting to implement a unique and technically demanding production system while blending two disparate cultures in a newly unionized setting with a diverse, young and largely inexperienced workforce." They presented the structure of a unique, ongoing program spearheaded by Mazda's HR department to overcome their multicultural differences.

"The symposium provided an excellent forum for the exchange of ideas,"

said Richard Lambarth of General Electric. "Since the session, I've referred several other human resource professionals to participants for 'best practices' information. I think Dr. Ulrich and the others are on the right track with these types of interactive programs." Next year, Ulrich hopes to have the symposium in Europe so that American executives can interact with HR professionals from their European and Asian subsidiaries.

The New Activity-Based Costing Program

The Executive Education Center is not resting on its laurels, but is continuing to assess the marketplace and customer needs in order to develop new programs.

One new program just initiated focuses on activity-based costing (ABC), an accounting information system that provides more accurate product cost data. "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.

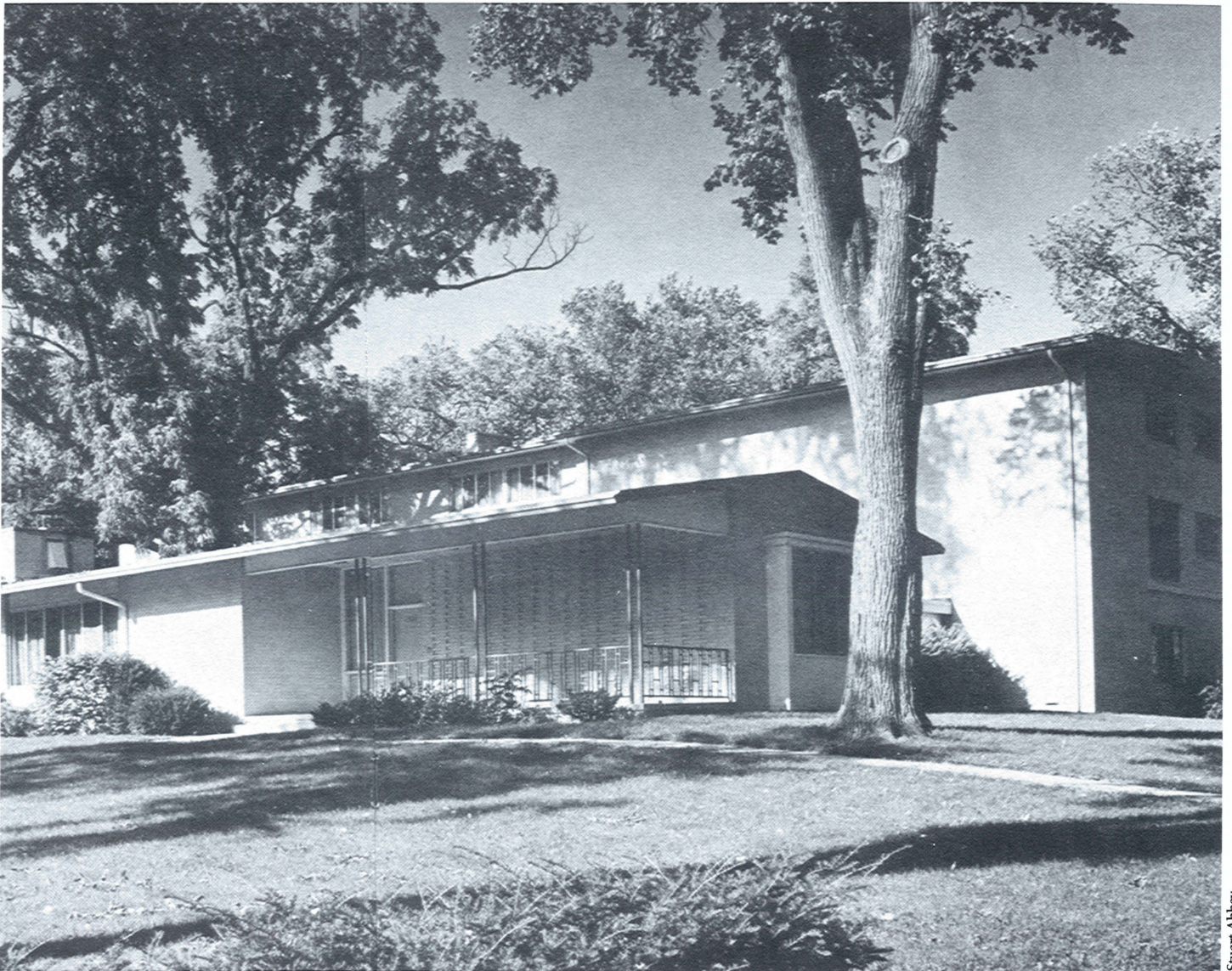
"By contrast, the cost homogenization that takes place in a traditional system can make it more difficult to reduce costs because we tend to lose sight of what the activities are that are actually causing those costs to be incurred."

Half of the seminar deals with implementation, so that participants leave with a clear idea of the steps required to conduct the successful implementation 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. This course was offered for the first time in August, 1991, and is scheduled to be offered three times per year.

EXECUTIVE EDUCATION AT A GLANCE

During 1990-91, Executive Education

- Offered 46 programs ranging from 2 days to 5 weeks, some of which were repeated during the year, making a total of 150 separate courses.
- To 5,500 participants representing more than 1,600 companies.
- 50% of participants are from Fortune 500 industrial and service firms.



Stuart Abbey

In the early 1970s, the School acquired a spacious building — a former sorority house — on Washtenaw Avenue, with the help of Leland J. Kalmbach and his son, Dohn, BBA '60, MBA '62, both of whom made major contributions toward the purchase of the new facility. The Kalmbach Management Center, the entrance to which is pictured above, consolidated the work of staff members occupying different locations both on and off campus. For the first time, staff members responsible for the management seminars and short courses were all under one roof. In addition to providing offices for 22 members of the management education staff, the Kalmbach Center enabled the School to house and feed participants in nearly 100 programs each year. During the 1970s, programs focusing on functional areas such as finance, marketing, and human resources, found their place on the growing list of offerings.

Programs Under Development

Now on the drawing board is a two-week course, tentatively titled "Program for Management Development: The Leadership Challenge," for functional managers and emerging general managers who want to stay current with the best management practices for the turbulent environment of the 1990s. Its target start-up date is Fall 1992.

While most programs are organized on the basis of a disciplinary or functional perspective, this one is based on a multidisciplinary perspective and is issues-oriented. Four or five critical issues faced by virtually all organizations will be addressed, such as continuous quality improvement, diversity in the workforce, organizational rightsizing or downsizing, globalization, rapid response and speed, and enhancing innovation. Participants will gain information on these issues from a variety of functional perspectives due to the involvement of a multidisciplinary core faculty from the Michigan Business School.

Each participant will be asked to write about an incident, outlining a specific challenge they are facing related to one of the issues. The current problems and challenges faced by the participants will thus become part of the program's curriculum.

Also included in the program will be a diagnosis of the strengths and weaknesses of each participant's organization on the issues presented, the formation of an improvement plan, and an update on key competencies needed for effective leadership in the general manager or senior executive role.

Another program under development takes a holistic approach to strategic quality. Most quality programs are either statistically based or human-resource-based. The Michigan Quality Program, which will be offered August 31–September 4, 1992, will strive to balance the content to meet the needs of upper-level managers and executives who require an understanding of both the statistical and the organizational quality models at a strategic level. "We are very pleased to have B. Joseph White, dean of

the Michigan Business School, as part of our quality program faculty," says Pamela Staton, associate director for the Quality Program as well as for the Global Leadership Program. "Dean White has experience not only with the Baldrige award (for which he was a member of the Board of Examiners in 1990), but also with the implementation of quality initiatives in a manufacturing firm."

Other University of Michigan faculty involved in the program include Andy Andrews, a professor of management science, who will teach a broad session on Statistical Process Control practices and techniques; Roger Johnson, associate professor of operations management and faculty director of the four-day Project Management seminar, who will teach current practices such as benchmarking and QFD. Edward D. Rothman, a professor of statistics who teaches quality issues in The Manufacturing Executive Program, and is an authorized Deming instructor, will

teach the approach to quality developed by Dr. W. Edwards Deming. Philip Hendrix, visiting professor of marketing, will cover current research on customer satisfaction based on the work of Claes Fornell, professor of marketing at Michigan, who has developed the National Quality Index.

All these programs accomplish multiple objectives. "First and most important, we are striving to help companies become more and more competitive in a tough global environment," said Dean White. "But at the same time, we are able to draw on the expertise and experience of the managers who attend our programs to initiate research; to broaden our faculty's experience; and at the same time to enrich the classroom experiences of our MBA and BBA students. Executive Education is a valued and powerful engine for innovation and enlightenment of our curriculum. The synergies it makes possible increase our School's competitive edge at the same time we are helping use that knowledge to help companies compete effectively. Excellence breeds excellence."

*Thanks to All of Our
Customers for Making Us
Number #1
in Executive Education.
We Couldn't Have Done
It Without You!*

— Executive Education

EXECUTIVE EDUCATION PROGRAMS: A SAMPLER

The Executive Education at the Business School offers 47 programs, including programs in executive development; functional executive programs, and management seminars. They range all the way from three days to five weeks, and include such topics as *Negotiating with the Japanese*; *Successful Product Innovation*; *Strategic Management of Technology*; *Finance for the Non-Financial Manager*; and *Applied Methods in Marketing Research*.

Teaching is done through a variety of methods including case studies, lectures, small-group analyses, individual and group presentations, and computer simulations and role-playing. Each program emphasizes the importance of analytical and decision-making skill development as well as mastery of the concepts presented.

Below is a sampler of some of the different programs offered:

■ **Management of Managers (MOM)**

This five-day program focuses on “people related skills,” and includes an individual survey completed by each participant and the managers with whom he or she works. The program generates an atmosphere for new managerial perspectives and the exchange of ideas by bringing together an experienced management faculty as well as selected executives representing a diversity of experiences and knowledge. The format encompasses interactive lectures, group discussions, self-evaluation instruments, and case studies. It also includes action planning for each manager based on the feedback from the survey.

■ **The Manufacturing Executive Program**

Participants in this program are senior-line managers in manufacturing, such as division managers, vice presidents of manufacturing, or plant managers. Typically, participants are line managers having manufacturing responsibilities and background with at least ten years of management experience. The course considers such topics as multi-country manufacturing coordination; managing core competencies; organizational issues in quality management; and globalization of manufacturing.

■ **Advanced Human Resource Executive Program**

Senior human resource executives attend this program to explore the best available thinking and practice on issues which only the senior HR executive can address, including leadership of the function, executive succession, board of directors relations, organization design for the business, and developing and supporting an effective change strategy. The program is also designed for general managers intent on creating organizational capability.

■ **Strategies for Global Competition**

This five-day program is designed for senior-level managers who are involved in decisions affecting their firms' global strategy or who are responsible for foreign operations. The course addresses such topics as organizational strategies for joint ventures and strategic alliances, financial issues in overseas operations, global product and service strategies, and cultural and political issues in international business.

■ **Corporate Financial Management**

This week-long course builds proficiency in orchestrating the elements of financial management in the context of corporate strategic policy, and examines the areas of financing, credit, capital investment and inventory in light of business decision-making. It is structured for financial managers with at least five years of experience in the corporate finance function, and aims to provide them with an understanding of the techniques necessary for providing the suppliers of capital with the desired rate of return.

■ **The Public Utility Executive Program**

The faculty for this demanding four-week program maintains a balance between still-relevant regulatory issues and emerging issues of competition. Participants are senior executives in public utilities. Areas of study include corporate strategy, leadership, accounting and financial management, information technology, legal and regulatory issues, and executive communication. In addition, participants play a computer-based management simulation game that gives them an integrated perspective on managing a utility.

A REPORT CARD

How Business Week

To get its rankings, *Business Week* did two separate polls: one a 30-question survey mailed to executives who attended the flagship programs of 26 top schools; the other a survey sent to vice-presidents for human resources or directors of management development at companies that use university-based executive education.

About their poll of participants in executive education programs, *Business Week* said: "Our aim was to survey both the alumni whose studies were the most recent

and those who have had some time to judge the subsequent payoff in the workplace. So in nearly all cases, participants from classes in 1989 and 1991 were asked for their views." Of the 3,596 questionnaires sent out, 1,567 were answered and returned, a response rate of over 44%.

Managers in this poll were asked to answer questions on a scale of 1 to 10. Example: "Did you have the feeling that your teachers were at the leading edge of knowledge

BW rank	School	Participants' poll rank	Corporate poll rank	Annual revenues Millions	Change since 1986	1990-91 participants
1	MICHIGAN Ann Arbor	3	1	\$16.7	165%	5,529
2	VIRGINIA (Darden) Charlottesville	1	3	8.1	76	1,750
3	NORTHWESTERN (Kellogg) Evanston, Ill.	2	7	9.3	97	3,000
4	DUKE (Fuqua) Durham, N.C.	9	4	7.8	333	2,500
5	STANFORD Stanford, Calif.	4	9	7.0	35	640
6	HARVARD Boston	13	5	26.8	51	1,900
7	PENNSYLVANIA (Wharton) Philadelphia	11	8	16.0	181	4,700
8	COLUMBIA New York	17	6	7.5	64	1,126
9	INSEAD Fontainebleau, France	22	2	20.0	182	2,700
10	NORTH CAROLINA Chapel Hill	5	16	3.4	115	1,706

ON THE TOP TEN

Crunched the Numbers

in their fields? If the answer was 'always,' the executive would check '10'; if it was 'rarely,' he or she would choose '1.' The executives' responses were weighted to account for how closely they related to overall satisfaction.

For the second poll — the company survey — officials were asked to identify schools performing "an excellent job in meeting the needs of business in designing and offering programs that help organizations better develop executive talent." Each selected school received a point. The

total score for a school was then divided by the number of responding companies that had experience with it. That became the basis for the corporate ranking. Some 144 of 346 companies replied, a response rate of 42%.

To gain an overall ranking, the raw scores from both surveys were combined. The top 20% of schools in each category received A's. For *Business Week's* report card on the Top Ten Schools, see the accompanying table.

Highlights	Schools' programs graded by companies			Schools graded by participants		
	General mgt. courses	Functional courses	Custom courses	Teaching	Curriculum	Payback
Tops in human resources programs; has done custom courses for Ford Motor, Deutsche Bank, Upjohn, and General Electric	A	A	A	A	A	A
No. 1 in quality of teaching; wins kudos for leadership programs; largest users include AT&T, IBM, and Philip Morris	A	A	C	A+	A+	A
Deans say it's No. 1 in exec ed; renowned for marketing and transportation programs; plans to hike executive capacity by 50%	A	A	B	A	B	A
Fastest-growing newcomer, with \$15 million center; best in custom jobs for companies such as Johnson & Johnson, Eli Lilly, and Ford	B	C	A+	B	B	C
Finance program rates stellar reviews; customers include Hewlett-Packard, Monsanto, and AT&T	A	B	NA	B	B	A
Companies rate it best in general management; many grouse that its 11-week flagship program is too long	A+	B	NA	C	C	B
Aggressive B-school with plush \$25 million facility; top programs in finance; big users include Digital Equipment and Nynex	B	A+	C	C	B	B
Companies laud marketing and strategy programs; gracious Arden House makes stay an isolated retreat	B	A	B	C	C	C
Global focus helped only non-U.S. school on list gain No. 2 ranking from companies, but teaching quality is not in the big leagues	B	B	A	D	D	D
Execs rate payback of program highest here, yet programs lack broad support in corporate world	C	D	D	A	C	A+

DATA: BW (RESEARCH BY JUDI CROWE, DAVID LEONHARDT, CHRISTINE MUZYKA)

VOLATILITY IN U.S. & JAPANESE FINANCIAL MARKETS

The First Annual Symposium of the Mitsui Life Financial Research Center



“Looking around the world, we have witnessed an astonishing revolution from the cold-war political and economic systems of the past forty years to a new economic system with an uncertain future,” said Koshiro Sakata, president of Mitsui Mutual Life Insurance Company, in his opening remarks to the first symposium sponsored by the Mitsui Life Financial Research Center on October 3 and 4 in Hale Auditorium. “Paralleling these developments, Japanese financial markets have also experienced a significant increase in uncertainty and volatility in recent years. I believe today’s symposium is on a very timely topic and it is a great pleasure for me to convene the first annual symposium of the Mitsui Life Financial Research Center.”

With that, Mr. Sakata turned the microphone over to E. Han Kim, director of the Mitsui Life Financial Research Center, who introduced the topic of the day as follows:

“The U.S. and Japanese financial markets are the world’s largest. Together they represent two-thirds of the world stock market capitalization. Both countries have experienced substantial volatility in financial and real estate markets, with important and sometimes disturbing implications for the global financial system and financial institutions throughout the world.

“The U.S. public became more sensitive to the negative aspects of market volatility after the stock market crash in October, 1987 and the market turbulence in October, 1989. The Japanese public also experienced the bitter taste of the negative side of market volatility during the summer of 1990. The Nikkei average reached its peak of 39,000 in December, 1989, but by the end of August, 1990, it had fallen to 24,000, a 40% drop.

“These events have led financial economists to write numerous scientific papers on market volatility and stock market mechanisms. In addition, various regulatory agencies and exchanges have commissioned reports to investigate the cause and effects of the market crash. These studies have provided additional insights into the workings of the stock market. Yet there is still a controversy regarding the causes and consequences of market vola-

tility, the merits of proposed regulations, and even whether market volatility has indeed increased during recent times.”

Panelists for this first symposium represented the views of investors, regulators, the financial industry, and academics. There were two Nobel Laureates in Economics representing academia, the Chairperson of the CFTC representing regulators, and the Deputy President of the Tokyo Stock Exchange and the Chief Investment Officer of Kemper Corporation representing the Japanese and U.S. financial industry.

On the day following the panel discussion, two academic sessions took place during which papers were presented on aspects of volatility. Participants in the first session included Rene Stulz, Riklis Chair in Business at Ohio State University, who presented a paper entitled “Global Financial Markets and the Risk Premium on U.S. Equity” (co-authored with K. C. Chan and Andrew Karoli of Ohio State). Takaaki Wakasugi, professor of finance at the University of Tokyo, presented a paper entitled “Effects of Stock Index Arbitrage on Market Volatility in Japan” (co-authored with Ayumi Nakabayashi of Fujitsu Research Institute). The session was moderated by Stanley Kon, professor of finance at the University of Michigan.

The second academic session included Robert Shiller, Stanley B. Resor Professor of Economics at Yale University, who spoke on “Financial Speculation: Economic Efficiency and Public Policy” and Richard Roll, Allstate Professor of Finance, UCLA, who spoke on “Industrial Structure and the Comparative Behavior of International Stock Market Indexes.” Michael Bradley, Everett E. Berg Professor of Business Administration at the University of Michigan, moderated this session.

On the following pages, we bring you excerpts from the panel discussion. Those who would like to read about the session in more detail may want to get the Spring, 1992 issue of the *Continental Bank Journal of Applied Corporate Finance* in which the entire text of the two-hour panel will be published.

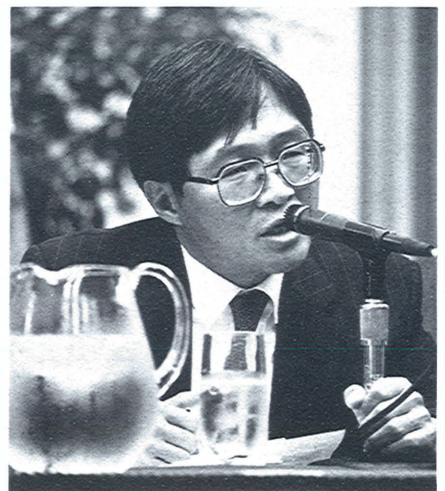


Koshiro Sakata

Gregory Fox

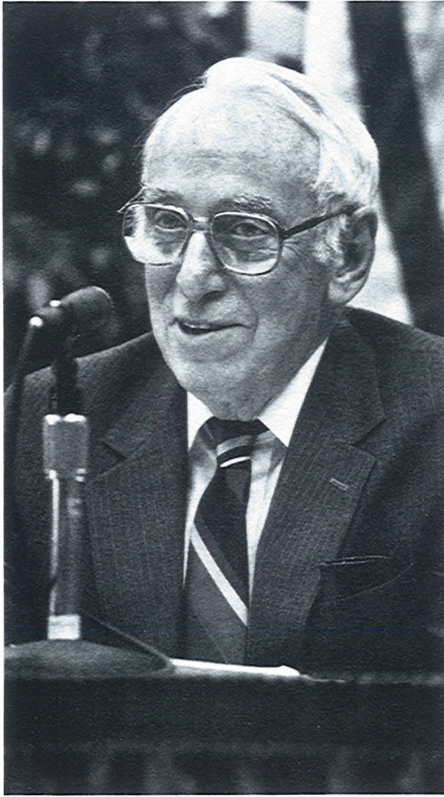
“There is still a controversy regarding the causes and consequences of market volatility, the merits of proposed regulations, and even whether market volatility has indeed increased during recent times.”

—E. Han Kim, Director
Mitsui Life Financial Research Center



E. Han Kim

Gregory Fox



Gregory Fox

Is A Volatile Market Giving Out Correct Signals?

James Tobin, 1981 Nobel Laureate in Economics and Sterling Professor Emeritus of Economics, Yale University, has done pioneering work in macroeconomics, monetary theory, and fiscal policy. He has also made seminal contributions to the modern portfolio theory and to the understanding of financial markets.

■ ■ ■

“When and why is volatility in stock markets a problem? There is not much theory about volatility and there is not much of a conceptual framework about what volatility is. It may be a symptom of other things that are wrong in the market.

“Is the market giving out correct signals to investors when it drops 20% in one day? Does it represent fundamental economic values when it drops 20% in one day? I’m not sure volatility deserves attention independent of these other issues.

“I get alarmed when I hear people say the Soviet Union needs a stock market.

Maybe it is the fundamental institution of capitalism, but I’m not sure you should start with that when creating a capitalistic system from scratch.

“Even if the stock market was giving the right signals, you can’t be sure that those signals would be *used* right. Here we can think about the difference between long- and short-term horizons.

“An alternative way is not to trust market signals, but to have people managing who are committed to long-term results. For example, the Japanese market may be more detached from economic decision-making than American markets.

“A problem that exists in these crash days is that expectations become extrapolated. In 1987, people tried to sell stocks because the market was dropping, NOT because of anything that had happened in the previous week. Stability in the market depends on a difference of opinion, and if everyone jumps herdlike the stability is lost”

The Issue Is Episodic Abnormal Volatility

Stephen Timbers, senior executive vice president and chief investment officer, Kemper Financial Services, has the responsibility of managing a portfolio worth more than \$63 billion. In addition, he served as a member of the New York Stock Exchange Blue Ribbon Panel on Market Volatility and Investor Confidence.

■ ■ ■

“The issue is not a question of ‘average volatility’ but of episodic abnormal volatility. Volatility makes it very hard to execute orders; it undermines the value of research about a company. For example, in the 1989 mini crash, the normally stable stock of Procter and Gamble fell by 7% in 1 hour without any significant announcements by the corporation. From a portfolio manager’s perspective, such rapid swings without any apparent substantiation are intolerable.

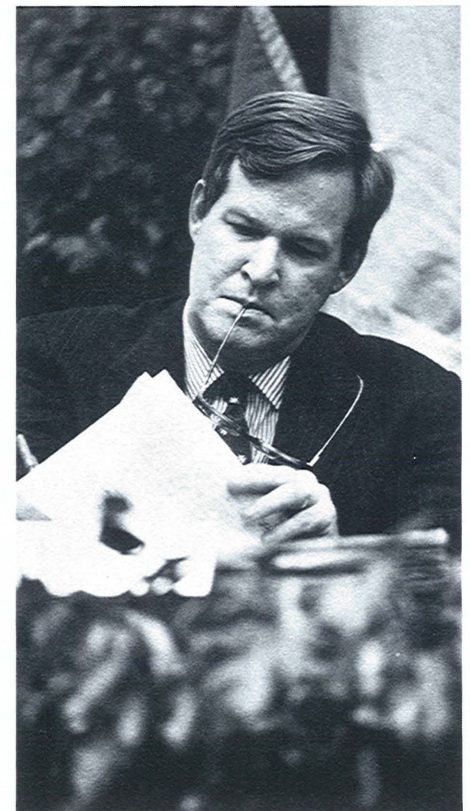
“I would like to see a study in volatility done by a crowd psychologist. I’m not

concerned by the market going up or down, but that it happens too fast.

“Why does excessive market volatility happen? I think it’s a useless exercise to look for a single cause. There is a confluence of factors behind excessive volatility. They include: the institutionalization of the market; the growth of index managers; new technology; new derivative instruments; an increase in proprietary trading by dealers; and global market interlinks.

“These different factors have opened up a whole new group of issues for investors. If we are trying to come up with solutions, we don’t want to undermine effective behavior when it’s good 95% of the time and bad 5% of the time.

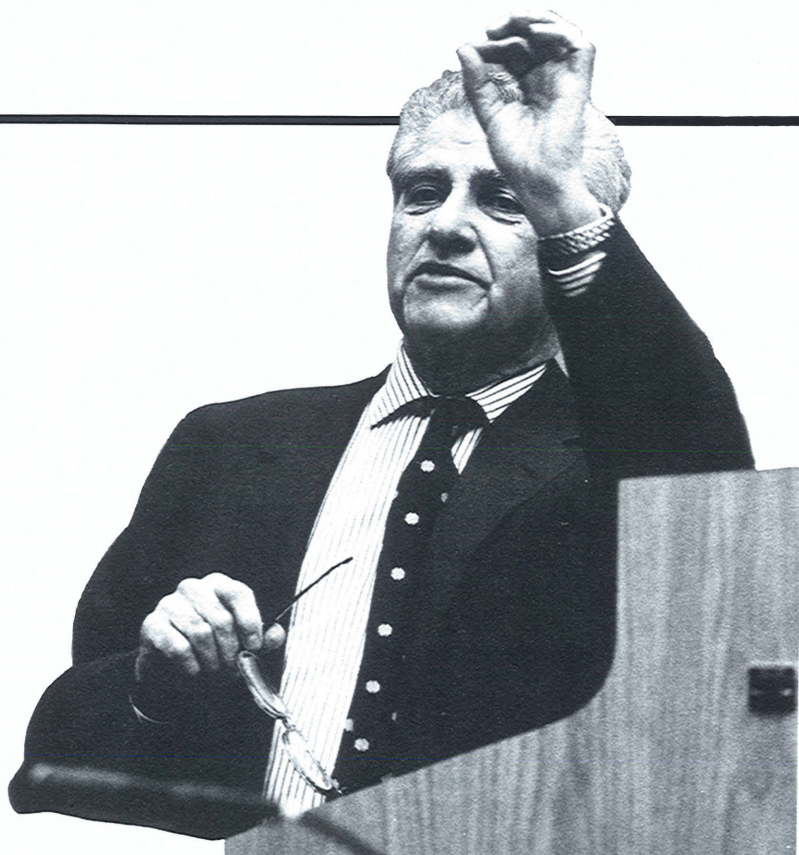
“Some factors that have helped control volatility include: circuit breakers; coordinated rules and regulations; improved audit trails and reporting standards; and more education of the public.”



Gregory Fox

“If you look at data on the broad historical sweep of stock market volatility over the last 100 years or more, there’s no clear evidence of any trend in volatility, up or down.”

— Merton Miller, 1990 Nobel Laureate in Economics and Robert R. McCormick Distinguished Service Professor, University of Chicago



Gregory Fox

Volatility Itself Is Volatile

Merton Miller, 1990 Nobel Laureate in Economics and Robert R. McCormick Distinguished Service Professor, University of Chicago, is widely regarded as the “Founding Father” of modern financial theory. He also served on the Blue Ribbon Panel on Market Volatility and Investor Confidence.”

■ ■ ■

“Milton Friedman once said that the crash of 1987 was a blessing in disguise because it taught some people that stock prices go down as well as up. Stocks are risky securities and being caught in a crash is one of the risks you take. If you can’t live with that, don’t buy stocks. Buy treasury bills.

“It is important to note that volatility itself is volatile — it goes up and down. The upward bulges typically occur after market crashes. There was a big bulge in the 1850s; an even bigger one in the 1930s. And, of course, towards the end of the series, we see the crash of 1987. Volatility *always* tends to go up after a crash. That’s one of the few things we really know about the volatility of stock prices. And, that’s understandable because a crash raises the

risk of stocks, or at least makes people more aware of the risk.

“Although the volatility goes up after all crashes, it goes up higher and, as you can see, it stays up longer after some crashes than others. The severity seems to depend on the extent to which the stock market crash was accompanied by financial distress and financial panic in the economy, especially bank failures. The 1930s, for that reason, were extremely volatile — by far the most volatile period in U.S. history; the 1987 crash, by contrast, had much less effect on the economy because it did not trigger any major financial distress in the economy.

“If you look at data on the broad historical sweep of stock market volatility over the last 100 years or more, there’s no clear evidence of any trend in volatility, up or down.

“Why then all this agitation about futures and volatility if there’s no basis for the charge in fact? I think there are three reasons why these charges persist:

“First, many critics do not really understand index futures and how they work.

“Second, when the market goes down suddenly (or up suddenly for that matter) there doesn’t always need to be a smoking gun. And because there is no obvious smok-

ing gun many people assume that the market must be malfunctioning. But big market moves can be caused by seemingly very small events because these events, small in themselves, may be signalling a possible change in the economic climate.

“Third, some of the criticism of stock index futures is coming from people who are selling competitive products and services. Index futures have been so successful because they are so cheap and efficient a way for institutional investors to adjust their portfolio proportions.

“As compared to adjusting the proportions by buying or selling the stocks one by one and buying or selling T-bills, it’s cheaper to use futures by a factor of 10.

“That’s tough competition and you almost can’t blame some of the old-line investment houses for throwing up charges of ‘volatility’ as a smoke screen behind which to demand government protections from their competitors.

“Those of us who believe that the markets should make these judgments, not the government, can at least help to blow these smoke screens away by presenting the evidence.”



Gregory Fox

Have Stock Declines Been Affected by Financial Innovations?

Mitsuo Sato, deputy president of the Tokyo Stock Exchange, has been affiliated with the Tokyo Stock Exchange during the past five years as a senior managing director and now as the deputy president. Prior to that, he had a distinguished career in the Japanese Ministry of Finance. During his tenure with the Exchange, he has witnessed a 120% increase in the Nikkei index, only to see it decline by 40% during 1990. This experience gives him a unique and valuable industry perspective.

■ ■ ■

“Japan experienced a two-stage stock fall in 1990, one in the spring and the other in the fall, totaling a 40% decline during the year. The stock fall in the spring of 1990 was essentially a correction reflecting changes in Japan’s economic fundamentals. The autumn decline was more political in my view, reflecting the uncertainties brought about by the Persian Gulf War.

“Now a question may be: have these stock declines been affected by recent financial innovations, particularly stock index futures and options?

“The futures market in Japan expanded robustly especially in 1990, which might suggest that investors made the most of a higher leverage of the futures in view of tighter monetary conditions.

“Several factors may account for this

phenomenon. First, futures trading is more attractive to investors because of lower trading costs, higher leverages and easier diversification. Also, the futures market permits investors to sell-short freely, while the same is severely restricted on the cash market, chiefly because of an undeveloped stock lending market in Japan.

“Further, a very thin cash market since 1990 may have made it difficult for large investors to trade in blocks, letting them take recourse to the futures market to fill their needs. Still further, learning about futures trading has advanced of late, so that large investors have now acquired skills and know-how enough to trade it actively. Last, Japanese investors might have become more capital gains-minded in the presence of higher stock prices and hence lower cash returns on equities for the past several years, which has blurred the distinction between those instruments yielding dividends and those not.

“Now the shift, though it must be proved more rigorously, has important implications. It means a weaker stock market as compared to derivative markets thereon. No doubt derivatives are useful to the economic society as a whole, apart from individual users such as speculators, only insofar as they contribute to a stronger cash market through providing hedging

opportunities and otherwise, since no one can raise funds at the derivative markets as such, however large they may be. We should avoid “the tail wagging the dog” in this sense, not merely in the sense in inter-market vibration transmittal.

“Also, impacts of index arbitrage on stock volatility may depend on the relative size of arbitrage and non-arbitrage transactions on the markets. A greater futures market might induce a greater volume of index arbitrage, further weakening an underlying market by enhancing its volatility. A weaker cash market, in turn, might drive investors more to a futures market, and such a process might continue to work to a serious deterioration of the entire equity market. In view of this, we are at the moment seriously addressing the phenomenon of imbalance between the two markets.

“One may wish to distinguish two kinds of market volatility — one avoidable and the other unavoidable. We can hardly avoid such volatility as we experienced twice last year. One came from the changes in economic fundamentals; the other from the Persian Gulf War. However, cash-derivative issues can be controlled by us towards a more stable equity market, as we are actually struggling to do in our two countries.”

Definitions of Volatility Vary Greatly



Gregory Fox

Wendy Gramm, chairperson of the Commodity Futures Trading Commission, is the top federal regulator of futures markets and was reappointed last year to a second term as the Chairperson of CFTC. Her position places her at the center of the controversy over the impact of index arbitrage on market volatility.

■ ■ ■

“Adapting to the realities of the modern global market presents both challenges and opportunities for those who shape regulatory policy. Opinions on the benefits of globalization, however, are often intertwined with concerns about the role of globalization in propagating volatility in prices. In discussions about volatility, it seems taken as a tenet of faith that the presence of volatility is *prima facie* evidence of a market problem. But volatility may not be such a cause for concern as conventional wisdom would have it.

“We at the Commission have learned that, depending on one’s perspective, defi-

nitions of volatility vary greatly. For example, some people hold that only a large downward price movement constitutes volatility, while an upward price movement is simply a “recovery.” What this distinction ignores is that there are people on both sides of the market, both buyers and sellers.

“As always, regulatory policy should seek to ensure that high standards of business conduct and fair competition are maintained. On the other hand, defining what is a fair price, an optimal level of participation and volume, or an optimal number of tradable financial assets are not decisions which can or should be made by regulators or politicians.

“One regulatory response to volatility has been to institute circuit breakers, thought by proponents to be useful both for addressing systemic problems and for controlling excess volatility.

“But there is academic evidence that indicates that higher volatility may be observed before and after periods when it is difficult to trade, such as when markets go through transition periods like the open and close. Thus, by making it difficult to trade, circuit breakers may have similar effects.

“Since prices themselves convey information, measures to stabilize prices may have the unintended effect of cutting off the flow of the information which is embedded in prices. Circuit breakers may thus impede the price discovery process.

“An alternative frequently advanced is to slow down futures trading and thus reduce volatility through margin policy. Several comprehensive studies, including that of the Federal Reserve, found that margins are not an effective way to control volatility. However, calls for higher margins on futures are still heard.

“In conclusion, countries cannot isolate their markets if they wish to be a player in the global arena. They cannot have it both ways — that is, countries cannot enjoy the benefits of an expanded free marketplace and be protectionist at the same time. And policy makers cannot endorse a regulatory policy that constrains prices, or volatility, or that only permits the upward movement of prices. There are people on both sides of the market: producers and consumers, investors and savers, buyers and sellers.

To suggest that one is more important than the other is to disadvantage the other.

“Also, since a well-functioning financial market often contains potent solutions to its own problems, regulators should be circumspect before proposing regulatory solutions. Markets that are free to reach efficient solutions will provide useful economic signals that guide decision makers. Equally important, experience has taught us that sometimes regulatory responses may go beyond their original intentions and produce new problems. A regulatory agency has a responsibility to impartially ensure that financial markets are fair, open, competitive, and innovative enough to meet the changing needs of market participants.”

■ ■ ■

“Is the market giving out correct signals to investors when it drops 20% in one day? Does it represent fundamental economic values when it drops 20% in one day? I’m not sure volatility deserves attention independent of these other issues. Even if the stock market was giving the right signals, you can’t be sure that those signals would be used right. Here we can think about the difference between long and short term horizons.”

—James Tobin, 1981 Nobel Laureate in Economics and Sterling Professor Emeritus of Economics, Yale University

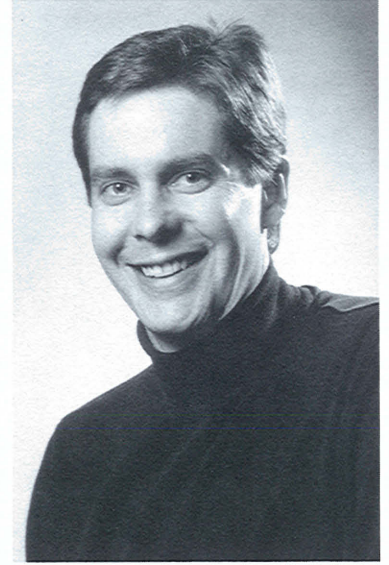
Going Small E



Steve Georgi
Summer intern at Horizon Enterprises



Thomas Palmer
Summer intern at the Huron Valley Girl
Scout Council



James Danaher
Summer intern at the Evans Paper Box
Company

Summer Internships With Small Companies Provide a Wealth of Valuable Experience

By Jane Myers

During his summer internship, Steve Georgi spent a lot of time with Ronald Palmer, president of Horizon Enterprises, a Detroit precision parts supplier to the auto industry. "I'd do lengthy calculations to come up with the price for a part," says Steve, "and he'd do everything in his head and we'd be a penny apart. Sometimes he'd just look at something I'd done and say 'no way' and he'd be right."

For Steve, the opportunity to get inside the head of the CEO was perhaps the biggest

plus of his small-company experience, one that would never have been within the realm of reality at Steve's pre-Business School employer. "It was great to listen to Palmer talk about his aspirations, his insights about the industry. You just don't get that in a large corporation," Steve says.

Business students who had summer internships with small companies agree that they offer opportunities for seeing the big picture, for getting the CEO's ear, for being a real part of the action, that just can't be had in larger enterprises. But the advantages work both ways, say executives with small companies who have employed MBA summer interns.

Peter S. Ordway, CEO of Union Pump, a small family-owned manufacturing concern that's been turning out pumps

and homogenizers for over a century, describes his two summer MBA interns as "a breath of fresh air in an otherwise routine environment." They were both "bright, creative, well-rounded, and aggressive," says Ordway, adding that he considers the money and time invested in their internships well spent.

One intern, Patrick Foley, did an electrical usage survey to determine if the company was overpaying its utility sales tax, a study that resulted in an \$11,000 refund and substantial ongoing monthly savings. The other intern, Rebecca Branson, did a study of inventory storage, and suggested the purchase of some different racking and bins. The result was a saving of 3-4,000 square feet in the stock room, thus adding that much additional floor space to

the plant.

Not only did the company get an immediate pay-back, it also gained exposure for Union Pump among promising MBA students. "Truth be known, we're fishing," confesses Ordway. "There's always the chance the chemistry will hit, and we've got ourselves a new employee."

As the owner of a small Midwestern manufacturing concern, Ordway says he has often felt at a disadvantage in trying to attract MBA students, and sees the internships as an opportunity to show students up close the advantages of a small company and the opportunities in manufacturing.

Patrick Foley, one of the interns at Union Pump, found the informality of the smaller company highly appealing. "If you needed to talk to the CEO

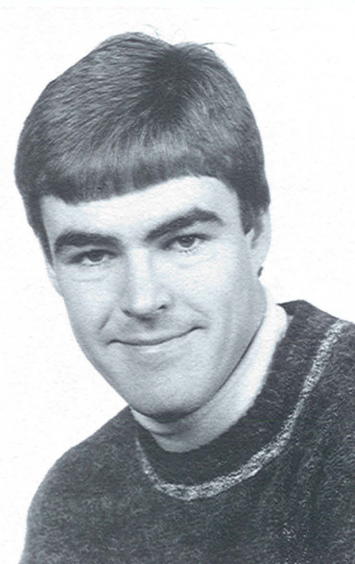
It Learning Big



Patrick Foley
Summer intern at Union Pump



Julie Crawford
Summer intern at Silicon Graphics



James Taylor
Summer intern at ABARTA, Inc.

Photos: D. C. Goings

or the comptroller, you could walk in," he says. "There was no hierarchy; it was a real open organization ready to accept new ideas."

Accessibility to top management is a big plus in a small place, Pat says, noting with pleasure "the lack of arrogance" he found at Union Pump. But he suggests that you have to be ready for the occasional discomfort that comes with togetherness: "It's like a small town — everyone knows everyone else's weaknesses."

Michael Darby, Union Pump's director of engineering, who moved last year from a \$200 M company to Union Pump, and from overseeing 225 engineers to 35, is high on the appeal of a smaller company himself and thinks it offers great advantages

for students. "You become a part of it," he says. "Small companies do everything that big companies do, but in the small company you have more of a chance to interface with everyone; you're not isolated in one particular area."

"In a big company you get stuck in a cubicle; you don't get a feel for how the whole organization works," says Zeke Loretto, who spent the summer as a financial analyst with the Meridian Point Company, a real estate management firm in San Francisco. The 1991 downturn in real estate fortunes that affected Meridian along with real estate investors nationwide provided Zeke with even greater learning opportunities: "If I'd been in an industry that was doing well, I wouldn't have seen so many problems in action," he says. "I learned what it is to

handle the pressure . . . saw the solutions you can work out with banks and insurance companies. I learned an incredible amount."

The more informal atmosphere of a smaller company also appealed to Julie Crawford, who worked at Silicon Graphics in Mountain View, California. There she helped streamline their vendor list, quite a switch from her years at GM where she was a production supervisor at Fisher Guide Division in Columbus, Ohio, and later a production control analyst. "At GM there was a manual for everything," she says. "At Silicon Graphics when I asked my boss what needed to be locked up he said, 'Well, what do you think should be locked up?'"

The change from GM's structure and formality to the West Coast informality of

Silicon Graphics was pervasive, Julie reports, affecting everything from the way meetings were run ("the leader was more like a facilitator; we had conversations, not presentations") to the listings in the company phone book ("they were alphabetical by first name").

Julie says she's not sure if it was the change of industry, from automotive to computer, or the decrease in company size that mainly accounted for the differences. But either way they were agreeable. "The opportunities for good, meaty assignments were greater," she says, "and I was interacting with people all over the corporation. All I had to do was grab somebody and ask for assistance."

Julie liked the experience so much she's thinking of going back to Silicon Graphics as a permanent employee. "In a

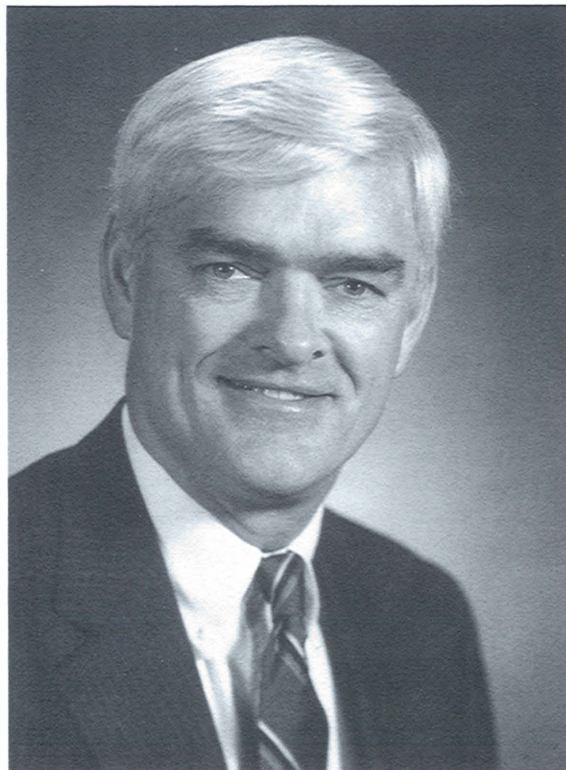
- Internships Continued

smaller company with a leaner staff, you're expected to work long hours and sometimes weekends," she says, "but the pay can still be competitive."

Jim Taylor, who did his summer internship at ABARTA, Inc., the parent company of the Atlantic City Press, had already made a long-term decision to go small; he's been with the Press since 1986 and will go back when he completes his degree, which the company is subsidizing. "To me, a small company is the way to go," he says. "One person can make more of an impact with a smaller company, plus you have wider responsibilities; you're more of a generalist, you get your hand in different pies."

Jim says he wishes more small companies came to Michigan's Business School to recruit interns and employees. "Some of them have misconceptions about business students — that all they want is money, that they may not be loyal. But there are many MBAs who are willing to take the longer view, who are willing to forego the sign on the door and the secretary in order to be challenged. Anyone has the potential to be loyal if they're getting satisfaction and recognition. Your chances of getting both are much greater at a smaller company, although you may not get your name in the *Wall Street Journal*."

Like Jim Taylor, Jim Danaher walked into familiar territory for his internship. In his case, actually, it was family territory: the bakery-box company his brother-in-law had purchased eight months earlier. "He was swamped and needed help," Jim says. "It was an ideal situation for me."



Peter Ordway, CEO of Union Pump

As the owner of a small Midwestern manufacturing concern, Peter Ordway of Union Pump sees the internships as an opportunity to show students up close the advantages of a small company and the opportunities in manufacturing.

The Evans Paper Box Company, which in addition to its owner has a grand total of four production workers plus one part-time employee, is probably the smallest company that has ever participated in the Michigan MBA internship program. But the company, which makes the familiar generic fold-on-the-spot white boxes that old-fashioned bakeries have always used and that are still used for old-time bakery staples like cakes and donuts and now,

these days, pizza, still offered plenty of learning opportunities.

"In a company that small you can see strategy in action, you can touch it," Jim says. "You get your hands around it — you see immediately the effects of a worker not coming in, of a lost order. Also, you can sit down and have lunch with the owner." In this case, Jim says, the learning environment was accelerated: his brother-in-law was trying to learn as fast as Jim himself was, both of them "doing whatever it took to make

the business succeed." Jim's market research helped his brother-in-law, who had left the Samuel Adams beer company to strike out on his own, to decide not to try to manufacture containers for computer disks, but to stick to the bakery business and win with service, allowing customers to place smaller-quantity orders than a major and larger competitor in Tennessee would accept.

"I talked to distributors, I talked to bakers," Jim says. "I got an overall view of the bakery business. It was broad, general management experience as opposed to the more narrow experience you would have in a bigger company."

The down side? "A bigger company looks good on your resume," Jim says. "A Fortune 500 company may not especially admire a little company like Evans Paper Box." But, given the chance, Jim is certain he could sell a potential employer on his experience. "It's not the name of the company that matters," he says, "It's what you did there."

Tom Palmer, who spent his summer with the Huron Valley Girl Scout Council in Ypsilanti, Michigan, has been happily surprised to discover that the unusual entry on his resume is often a conversation starter. "It's been valuable in generating attention and excitement," he says. "It breaks recruiters out of the blank-mind frame they sometimes fall into during long bouts of interviewing."

Tom didn't even get paid for his summer's work with the Girl Scouts, but he found the experience valuable nonetheless and doesn't regret having turned down a high-paying summer finance job to take it. "I did finance at American

Express," he says. "I came to the Business School for new experiences."

When he saw the posting on the recruiting board, Tom thought it looked intriguing for three reasons: he wanted to get some experience in marketing, he wanted to be immersed in a "completely different work culture" and he welcomed the opportunity to perform a community service.

As one of a staff of only 17, he definitely found a change from the "huge, formal," culture of American Express in Manhattan and he did get his marketing experience, too. His summer task: to help the Girl Scouts figure out how to appeal to parents to be troop leaders. A telephone market research project involving 100 troop leaders in six counties brought

some of the potential attractions of troop leadership more clearly into focus for the Council.

His main challenge, Tom says, was to convince the staff that they could be a bit more aggressive, "to see that they were selling a service, that there were concrete reasons for being a leader, that you learn new skills as a leader, that you can feel good about it."

Jessica Hartung, director of public relations at the Council, says she and the other staff members were "incredibly pleased" with Tom's work. "We appreciated the quality of the analysis and method he brought to us," she says. "We'd never had an intern before, and considered it to be a bit of a gamble, investing the time without knowing what the payoff would be, but it turned out to be extremely

useful for us, and at no cost. We consider the project an important piece of research for the organization."

She suggests that an internship with a small organization like hers, while lacking the glitter of a Fortune 500 experience, has its own compensations. "You're much more likely to get a meaty, significant assignment in a small place," she says. "And the project can be individualized to meet the student's needs. Tom wanted marketing research experience, and in exchange for the free service he provided us we were happy to tailor the project so that he could get the kind of experience he wanted."

Tom himself feels good about the time he spent with the Council. The contribution

he made to the Council's marketing savvy was repaid amply, he believes, in the new skills he developed. As an internal auditor and senior financial analyst with American Express, he had developed one set of abilities; at the Huron Valley Girl Scout Council in Ypsilanti he developed another. "After five years of work experience, I was looking for something different," he says, "and I found it. The Council got somebody from a different culture with fresh ideas, and I got the chance to develop some of the 'softer' skills that I had never used before. It took some getting used to, but that's what learning experiences are all about. And it will always be a conversation-starter on my resume."

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The Office of Career Development at the Business School is interested in identifying both summer and full-time opportunities for Michigan MBAs and BBAs. Michigan MBAs are increasingly interested in small and mid-size firms. Please fill out the coupon below if you:

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Panel Discussion at 5th Annual Real Estate Forum Centers on Massive Changes in the Next Few Years



Gregory Fox

STAY ALIVE 'TIL '95



In my six years as chairman of the FDIC, I did nothing but deliver bad news to people," said L. William Seidman, MBA '49, to the large audience assembled in Hale Auditorium for the second day of the fifth annual Real Estate Forum. Seidman, former chairman of the Federal Deposit Insurance Corporation which regulates and insures banks, and the Resolution Trust Corporation, which is trying to clean up failed savings and loans, then expanded on his bad news theme.

"I learned how to deliver bad news in the Navy," he explained, telling a story about the navy signalman who came to the ship's captain with a message from the Fleet Commander which read, "Your seamanship today is the worst I've seen in 30 years." With a deadpan face, the captain replied, "Very well. Take that message below and have it decoded."

Seidman then told his audience that Claire E. Griffin (dean of the Michigan Business School from 1929 to 1944) and others had written to President Franklin D. Roosevelt and put forward a suggestion for a Federal Deposit Insurance Corporation. The suggestion was taken up by Arthur Vandenberg, senator from Michigan. President Roosevelt was opposed to the idea because it eliminated market discipline. Others advocated it because they said it would give stability to the banking system. Commented Seidman, "I leave it to this audience to decide which point of view was the most correct."

Seidman's remarks followed his being presented the 1991 Alumni Achievement Award, and were the opening remarks of a panel that discussed "Emerging Trends in Real Estate." Participants other than Seidman were the same people who had spoken at the School's first Real Estate Forum five years before. They included:

- Sam Zell, founder, principal, and chairman of Equity Financial and Management Company, a Chicago-based nationwide real estate organization which owns and operates a national portfolio of residential and commercial properties.
- Leanne Lachman, managing director, Schroder Real Estate Associates, a real estate investment advisory firm servicing institutional clients.

■ Ron Weiser, chairman and CEO, McKinley Associates, a diversified private real estate and investment banking company which has formed and manages over 150 investment partnerships.

The panel was moderated by Robert C. Larson, vice-chairman of The Taubman Company, Inc., a leading owner, developer, and manager of retail and commercial real estate.

Before beginning the discussion, Larson commented that the real estate business generates \$600 billion of goods and services per year, and that in such a huge business, generalizations are dangerous.

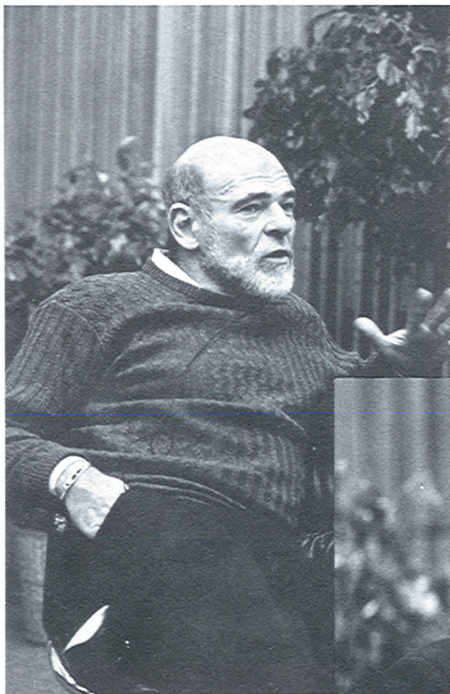
Sam Zell then spoke. He said the real estate business is in "giant disarray. Five years ago, we discussed the orgy of development, and how we're all going to pay for it. The difference is that when you buy a car you know how many payments it'll take. Today we have no idea how long it will take to pay for this.

"In the last 10–15 years there has been a huge distortion created in the economy. To the three main sectors of the economy — that is, government, service businesses, and manufacturing, we added a fourth — real estate — which became an engine of growth rather than an adjunct to growth. Buildings were built not because there was a user, but because there was a buyer."

Zell predicted that lending institutions over the next 10 years will dramatically reduce money available for real estate. In Texas, he said, there are only five office buildings under construction today, and all five are being built for tenants that will take from 80 to 100% of the space. He added, "We have real estate that will never be occupied for the purpose for which it was built.

"This means we will have a growing shortage of income that is encased in brick and mortar. This shortage will continue and will ultimately create a much smaller and more viable and more conservative real estate market. Real estate will move back to being an appendix to the economy rather than a driving force. A question that I am frequently asked is 'How long?' I don't know the answer of course, but if you were going to print up a banner, it might say, 'Stay alive 'til '95.'"

Real Estate Forum



Sam Zell

L. William Seidman ►



think the latter '90s will be a happy time for real estate, but there is a lot of sorting out that will take place before that."

Ron Weiser, who spoke after Lachman, agreed that the current situation has created a downfall for developers, but that the situation is good for his business, which is ownership of existing properties. However, those who own existing properties cannot refinance, so there is no liquidity. The emerging trend that he sees is lender workouts which demand much patience and persistence.

look at government policies — they provided tax incentives that distorted real demand. Then they took out of the banking rules laws passed since the 1930s — for example, there used to be a law that you could not lend unless people had 25% of their own money in the project. When they took that out, they abandoned prudent lending rules, and a vast amount of credit became available. And if there's money available, developers will build.

When the First Republic Bank failed in Texas, there were 77 loans that wiped out the capital of the bank. Of those, 75 were construction loans that would have been illegal before 1982. The weakness in the financial system that this has caused is also affecting the whole economy.

Leanne Lachman who spoke next, said that the '90s will be a bifurcated decade, with the early years being very different from the later years. The early '90s will see a restructuring of excess space, and shrinkage by as much as one third. There will be an adjustment of property valuations and an evolution of new methods of financing.

Lachman believes that demand will be better in the later '90s, but that we have several more years of a lot of pain ahead of us. A huge purge is not going to occur because financial institutions can't take the massive hit of foreclosure. Banks need time to build up enough reserves to take the full hit. Insurance companies are taking writedowns but not foreclosing. Thus, developers are being encouraged to stay in business — but barely. Said Lachman, "I

He then bravely made predictions. "Many people think real estate will never be the same," he said. "I think real estate will get better, but when? Apartments will improve in '92 or '93; retail real estate will improve in '93 or '94; and office buildings will improve in '95, '96 or later."

The panel discussion was followed by a lively question and answer session. Below are excerpts:

Q. (to Seidman) What was it that created this vast oversupply of real estate?

A. I think you can lay it at the feet of government policy, starting with inflation, which is a wonderful thing for real estate in the short term. But I've lived through periods of both inflation and deflation, and inflation is much easier to live with. If we



Ron Weiser, (left) chairman and CEO, McKinley Associates, a company which has formed and manages over 150 in of The Taubman Company, Inc., who moderated the p

“There is an unwillingness to

Q. *Is leverage a thing of the past?*

A. (by Zell) — No, but it will be a lot LESS, and it will be on a much more conservative basis.

Seidman — Much of the way real estate will be financed is going to come from entrepreneurs because banks are not going to be allowed to finance. So there is now a gap in the financial system that used to be handled by banks. So there will be a demand for entrepreneurial finance.

Zell — But the entrepreneur-owner is a thing of the past. There will be entrepreneurs who create the product but do not own it.

Weiser — This real estate recession can

mean that people with smarts are going to have a lot of opportunities.

Lachman — The bulk of real estate is well occupied. Rents are being paid; mortgages are being paid; even though returns are not as nice. The real problems are at the margins — and those margins have gotten pretty wide.

Zell — My company has spent \$1 billion in the past years buying distressed buildings. We looked at about 18,000 properties, and made about 150 offers of which 50 were accepted. The other 100 properties, going back to 1987, are still unsold. Not one of those properties has traded. In other words, no asset that we tried to buy and were told we were offering too little, has traded to somebody else. There is an unwillingness to face reality by taking the hit.

Q. (to Seidman) *Do you think we can get another 1929 bank collapse?*

A. I think it's unlikely. Ninety percent of banks are making money. It's the banks at the margin that are in trouble. The good news is that the government stands behind the banks. The bad news is that You the Taxpayer stand behind the government.

Tapes of the entire panel discussion are available by writing Alumni Relations, School of Business Administration, University of Michigan, Ann Arbor, Michigan 48109-1234. The charge for a videotape is \$25.00; \$15.00 for audio tapes. Checks should be made payable to the University of Michigan.

Highlights of the first day of the Real Estate Forum included a discussion of real estate risk assessment by Dennis R. Capozza, Stephen M. Ross Professor of Real Estate and Professor of Finance. He has developed a real estate risk index which is an ongoing project under his direction.

Following the talk by Professor Capozza, leaders of major real estate firms presented their insights for the future of real estate.



Photos: Gregory Fox

Leanne Lachman

Speakers included Douglas M. Etkin, of Etkin Equities developers; Nathan Forbes of Forbes Cohen Properties, retail developers; Dan Gilbert, President, Rock Financial, mortgage banking; and Joel Smith, Vice-President, Neuman Smith Associates, Inc., architects. The panel was moderated by David L. Steuer, principal of Steuer & Canvasser, Inc.

Break-out sessions in the afternoon covered topics such as workouts and the current regulatory environment; affordable and low income housing industry initiatives; traditional and computer graphics for marketing real estate; trends in commercial brokerage; and building a stake in Europe.

The 1992 Real Estate Forum is scheduled for November 13th and 14th. Mark your calendars.



s, a diversified private real estate and investment banking
ment partnerships, and Robert C. Larson, vice-chairman
l.

face reality by taking the hit.”

FOCUS ON MA

Business and Engineering School Committees Consider Joint Initiatives

Initiatives that might be undertaken cooperatively by the Michigan Business School and the College of Engineering were discussed November 1 at a joint meeting of the Visiting Committee of the Business School, and the National Advisory Committee of the College of Engineering.

Both committees are composed of top executives of major American companies, and meet several times a year to consult with and give advice to the two Deans about the overall plans and programs of their respective schools.

The two groups met together in one of the case rooms at the Business School. They heard a briefing from Brian Talbot, chair of the Operations Management Group of the Business School; and Chelsea White III, chair of the Industrial and Operations Engineering Group at the College of Engineering. Talbot spoke about the current Business School manufacturing activities, both in teaching, research and service. White gave an overview of the current assets and capabilities in manufacturing of the College of Engineering and its relationships with the School of Business Administration. Peter Banks, dean of the College of Engineering, spoke on programs already in existence that combine business and engineering expertise.

These briefings were followed by a forum discussion (led by Dean B. Joseph White) among all the participants about what needs they see in the manufacturing/business interface and potential ways of meeting those needs.

Pictured here are some of the participants in that lively discussion.

John C. Morley, President and
CEO, Reliance Electric Company



▲
Lawrason Thomas, Executive Vice
President of Amoco Corporation



James Mellor, President and CEO,
General Dynamics Corporation

NUFACTURING



◀ Amnuay Viravan, Ph.D., Chairman of the Executive Board of Bangkok Bank Limited

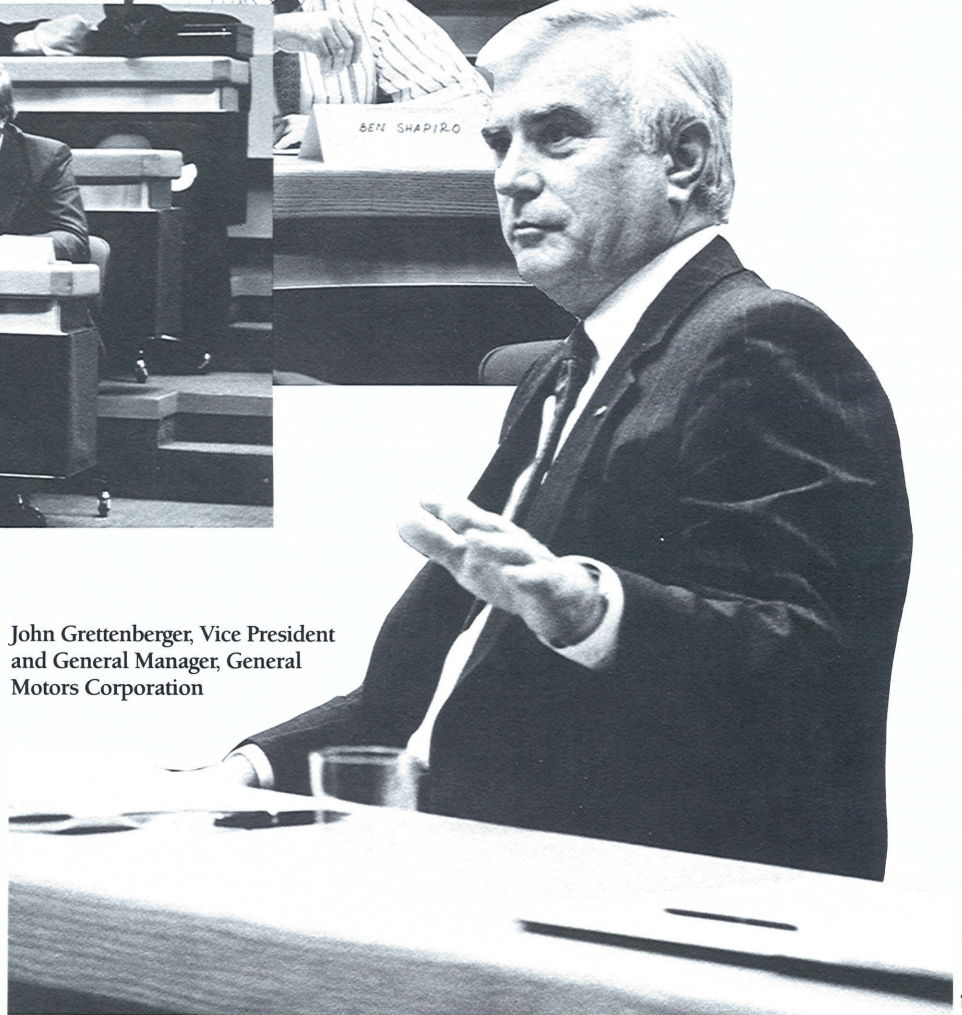


Benson Shapiro, Malcolm P. McNair Professor of Marketing, Harvard Business School



John Warner, Vice President, Computing, Boeing Commercial Airplane Group

John Grettenberger, Vice President and General Manager, General Motors Corporation



Photos: Gregory Fox

FOCUS ON MA



▲ Michael Hallman, formerly President and CEO of Microsoft Corporation (left) and Craig Marks, Vice President of Technology and Productivity for the Automotive Sector of Allied-Signal, Inc.

Donald Frey, Professor, Department of Industrial Engineering and Management Sciences, Northwestern University ▶



Paul Minton, Vice President and General Manager, Kelsey Instruments, Inc.
▼



▲ Iva Wilson, President, Philips Display Components Company

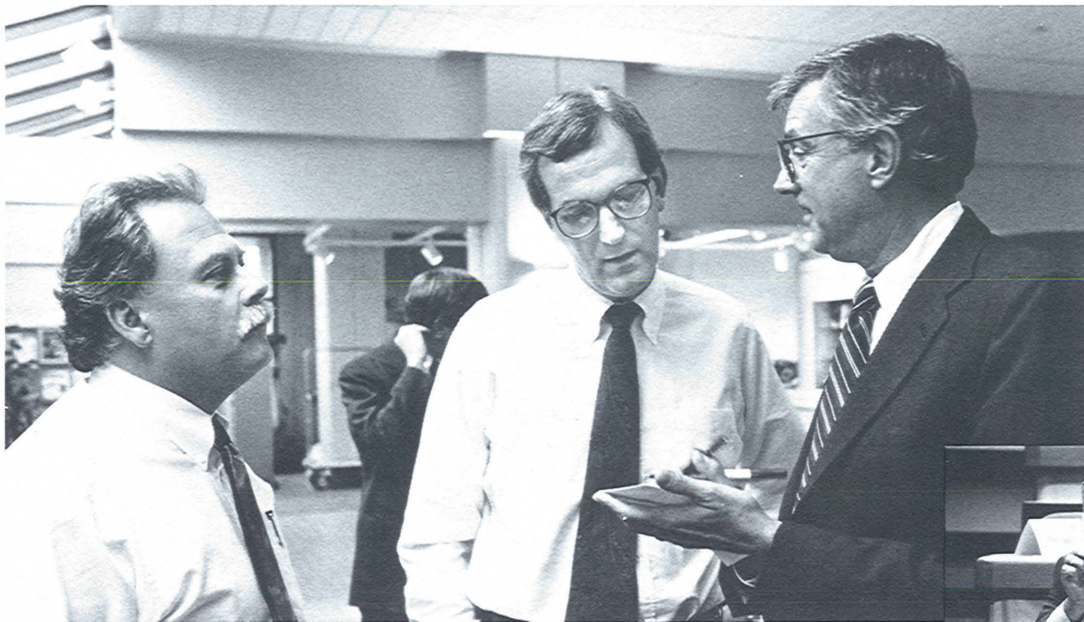
◀ Roger Fridholm, Senior Vice President, Corporate Development, Kelly Services, Inc.

NUFACTURING



Allan Gilmour, President of Ford Automotive Group (left) and Robert Lutz, President of Chrysler Corporation

Deborah Widener, Partner in Robertson, Stephens & Company investment banking firm



Left to right, John Ettlie, Director, Office of Manufacturing Research at the Business School, B. Joseph White, Dean of the Business School, and William Hoglund, Executive Vice President, General Motors Corporation

Stephen Frank, President and CEO, Florida Power & Light Company



Photos: Gregory Fox

Dollars *for* Scholars



Tim Leedy, BBA '57, who before his death was publisher of *Financial World Magazine*, now has a scholarship named in his honor.

Scholarship Fund Established to Honor Tim Leedy, BBA '57

An endowed scholarship fund to honor R. Timothy Leedy, BBA '57, has been established by his wife, Lynn, with an initial gift of \$50,000 and by gifts from Tim's many friends and admirers.

After Tim's death, the editor of *Financial World*, Geoffrey Smith, wrote a tribute to Tim that captured the quality of the man as well as the affection with which he was regarded by his colleagues. We reprint here the text published in the April 16, 1991 issue of *Financial World*:

"Our publisher, Tim Leedy, passed away on Saturday, March 23. It seemed natural that it was after a closing day. Tim saw the issue through to the end, even as he lay dying of cancer.

"Tim was the consummate Irishman, in all the best senses. He never lost his wit or his will to fight. 'Awright!' he would say in that big booming voice when there was discouraging news, as if he were prepared for far more and far worse. His desk was an inventory of neatly arrayed file folders,

each stuffed with an opportunity.

"We can hear him now greeting a fellow ad salesman in the airport. 'Hey, you old peddler!' he'd say, and that great laugh of his would put a smile on the face of every passerby.

"Tim walked with a bit of a roll, shoulders pitched a bit forward, and the inevitable cigar clamped in his mouth. When he was looking for a cab out on 34th Street, he'd just walk down the middle of the street as if ready to tackle it himself. Cabs seemed to stop a little quicker for him.

"A veteran of many years at *Time, Inc.*, he worked in the top sales ranks at *Fortune, Time* and *Discover*, as well as at *Manhattan, Inc.* before it became *M Inc.* Tim knew absolutely everyone in advertising, or so it seemed. Anyway, he made you feel as if he had known you for years. For receptionists, there was always the quick remark and the sly glance. People seemed to sense that he was kind, warm

and supportive underneath that bluff exterior. And that he was.

"But nothing so became Tim Leedy as the way he fought his final battle. His fierce but matter-of-fact determination to win the struggle never flagged for a moment. None of us will ever forget the way he walked into *Financial World's* Christmas party, erect, a bit thinner, eyes a tad shinier perhaps, but with the same old swagger we loved, his wife Lynn always at his side.

"We are touched by few people in this life, and even fewer in death. But Tim touched all of us in both ways.

"Leedy, you old peddler, we loved you."

The R. Timothy Leedy Scholarship Fund at the Business School will support scholarships for MBA students. "We are deeply honored to have the opportunity to celebrate Tim's long-standing and important relationship with the University and the School through this fund," said Dean B. Joseph White. "It is a privilege to be able to honor his memory in this way."



Gregory Fox

Three winners of the 1990-91 May Department Store Scholarships are pictured here. From left to right, they are Terrence Soloman, Lori Cipicchio, and Robert Bell, all BBA students. The May Department Store Scholarships, which were established in 1988-89, support full-time undergraduate students entering either junior or senior year in either the Business School or LS&A.



D. C. Goings

Army Reserve Captain Sam Hartwell

Bronze Star Medal Winner Holds First Williamson Scholarship

Samuel Hartwell, a second-year MBA student who received the Bronze Star Medal for meritorious service in the Gulf War, is the first recipient of the new Warren P. Williamson, Jr. Scholarship at the Michigan Business School. Hartwell is a 1981 graduate of the United States Military Academy. The Warren Williamson scholarship was established by Warren P. III and Joseph D. Williamson in honor of their father, Youngstown businessman Warren Williamson of WKDN Broadcasting Corporation.

While in the Persian Gulf from December, 1990 until May, 1991, Hartwell served as a brigade intelligence officer. His

medal was for meritorious service in the planning and execution of the ground attack on the Iraqi Republican Guard and for his contributions to setting up the post-war refugee camps.

Hartwell came home in May, 1991, and within a week was back at the U-M taking summer classes. He managed to take enough courses to make up for the work he missed during the war, and will graduate with his class in May. He said the war reinforced his belief that he can "perform well" under pressure.

Hartwell is a captain in the U.S. Army Reserve.

Listening to the Customer

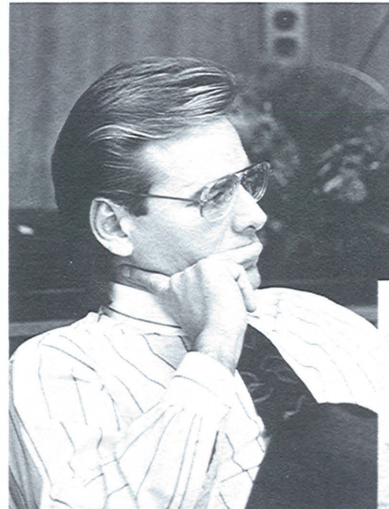
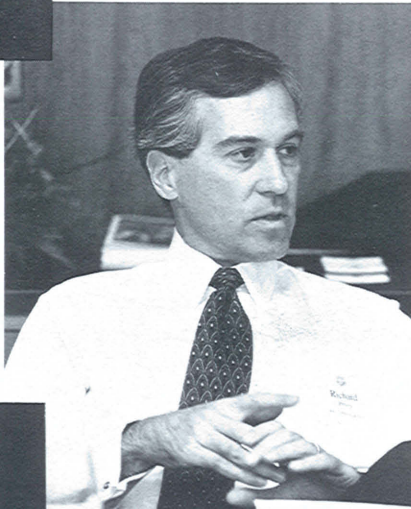
John N. Fox, Jr.
Group Managing Director-Midwest ▶
Management Consulting
Deloitte & Touche



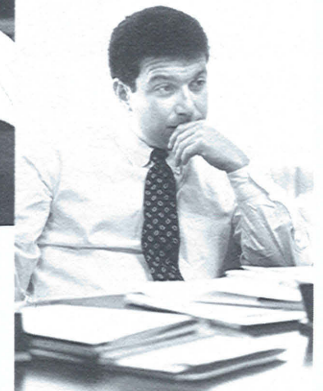
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Executive Vice President
for Administration
The Upjohn Company



Richard E. Posey
Executive Vice President,
Regional Director –
Consumer Products
Asia Pacific
S. C. Johnson & Son ▼



Lawrence R. Rutkowski
Vice President &
Studio Controller
Walt Disney Studios



Jay Levin, Vice President
PPOM (Preferred Providers
of Michigan)

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Keith E. Brauer
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Barry Schuman,
Vice President, Human Resources
Union Pacific Railroad

Robert H. Bluestein, President
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Laurence J. Hagerty, President
Medstat Systems, Inc.

New Board Advises the School on Strategic Directions

The newly established Corporate Advisory Board met for the first time December 6th at the School. The Board is composed of executives of corporations with whom the School enjoys a strong working relationship, as well as executives of companies with whom the School wants to strengthen such relationships. In that sense, the Board represents the voice of an important customer.

The new Board will address issues and provide input on the strategic direction of various groups within the School; in particular admissions, placement, development, and the curriculum. Executive Education issues will also be addressed. Board members, who will serve for three years, will provide input as the school refines its competitive strategies and will help the School anticipate demographic, societal, and corporate changes that will have an impact on Business School operations.

At their first meeting, board members discussed the leading business schools from a corporate point of view, heard a presentation by Dean B. Joseph White on the School's vision for the '90s, met current business students over lunch, and broke into small discussion groups to consider what business schools can do to meet the expectations of corporate customers. They also heard presentations on the School's program innovations, recruitment of students, the placement function, and executive education.

Pictured here are some of the members of the new Board who attended the first meeting.



B. Joseph White
Dean, Michigan Business School



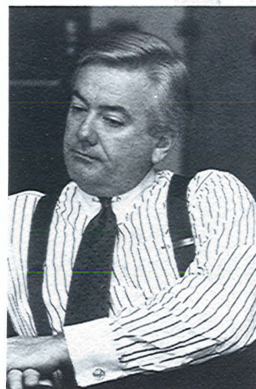
John E. Pearson, President
Ervin Industries

Mark G. Solow, Group Executive
Manufacturers Hanover Corp.



James A. Clayton
Managing Director
Bankers Trust Company

Michael F. Dacey
Executive Vice President
The Chase Manhattan Bank ▶



Photos: Gregory Fox

CORPORATE ADVISORY BOARD*

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- Jan Anderson
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Account Supervisor
Leo Burnett Company, Inc.
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Manufacturing Manager
Cadillac Motor Car Division
General Motors Corporation
- Lawrence R. Rutkowski
Vice President &
Studio Controller
Walt Disney Studios
- Barry Schuman
Vice President,
Human Resources
Union Pacific Railroad
- Mark G. Solow
Group Executive
Manufacturers Hanover Corp.
- Christopher J. Steffen
Executive Vice President,
Chief Financial and
Administrative Officer
Honeywell Inc.
- Sharon Reed Walker
Director, Strategic Planning
Soft Sheen Products

*As of 12/6/91



Gregory Fox

Among OURSELVES



Gregory Fox

Left to right, Professors Prahalad, Wilson and Bornstein talked about the problems involved in transforming centrally planned economies at a panel discussion this fall at the Business School.

Implications of The Changing World Order: *A Symposium*

Three panelists discussed “The Changing World Order: Implications for Business” in Hale Auditorium in the fall. Their discussion centered around the problems of transforming centrally planned economies. The symposium was sponsored by the International Business Club and the Center for International Business Education.

The panelists included Morris Bornstein, U-M professor of economics; Ernest Wilson, director of the Center for Research on Economic Development; and C. K.

Prahalad, professor of corporate strategy.

Professor Prahalad started his talk by saying that economies do not go from here to there in one fell swoop. It’s important to understand the transition process and to ask questions such as: What is the pace of change in political ideology? and What is the pace of change in the Transaction-Governance Capacity (TGC).

Prahalad described TGC as the information infrastructure; constraints on access; capital markets; contracting mecha-

nisms; the physical infrastructure; the capacity to safeguard the volume and sophistication of transactions. “If you move to a market economy without TGC,” said Prahalad, “you will find that the very people who should transform the economy are the beneficiaries of NOT transforming the economy — that is, the politicians and bureaucrats.” He added that without TGC, a change of political ideology won’t result in anything but pain. “There are more people talking about going to heaven,” said Prahalad, “than are actually going there.

Don’t hold your breath, but keep your pencils sharp and your eyes wide open.”

Professor Wilson’s teaching, research, and publications focus on economic reform and privatization in Africa and Eastern Europe. He has also served as a consultant on privatization to the governments of Poland and Nigeria as well as to the United Nations and the Organization for Economic Cooperation and Development. He said, “Privatization is very, very, very difficult to do, and I’m probably understating it.”

-Continued

Wilson went on to say that changing ownership is not as important as changing the competitive environment. Privatization is effective where competition exists, and not particularly effective where there's a monopoly. He talked about modalities for privatization, including liquidation, management buyouts, joint ventures, public offerings, and leasing; and about advisory services for privatization. He quoted a saying in Poland to illustrate the difficulties of privatizing. The saying goes, "Privatization is the sale of enterprises no one owns, whose value no one knows, to people who have no money."

Professor Bornstein discussed the five dimensions of economic reform — macro-economic adjustment; marketization; privatization; structural adjustment; and integration with the world economy. "The reform process has so many dimensions," he said, "that it's not surprising the economic reform programs have proved very difficult to design and implement."

Bornstein discussed each of the five dimensions in some detail, and talked about the pressures operating against successful implementation of many of the dimensions.

The panel was followed by a question and answer session. The number of students in the audience and the depth of questions after the presentations showed how much enthusiasm there is at the Business School for quality scholarly lectures on contemporary business issues.



Gregory Fox

His Excellency Dr. S. Abid Hussain, India's ambassador to the United States, spoke to a large and appreciative crowd in Hale Auditorium about India's progress in the last 40 years and the new opportunities for reforming India's centrally planned economy.

The Transition to a Market Economy: Lessons from India

S. Abid Hussain, Indian ambassador to the United States, spoke at the Business School in November on "The Transition from a Planned to a Market Economy: Lessons from India."

Hussain has been in the Indian government for the past 41 years, as it tried a number of economic experiments. At various times, it encouraged private and overseas investment, switched to a form of populist socialism, then turned to a more liberal economic policy. Recently, India has abolished virtually all controls on investment and opened up its markets to foster competitiveness.

As a close adviser to the late prime minister Rajiv Gandhi, Ambassador Hussain has been at the forefront of liberalization changes for the

past five years. He has served as commerce secretary and secretary for heavy industries in India, and was the division chief of the United Nations Secretariat in Bangkok, dealing with industrial matters in Asia and the Pacific.

Hussain spoke of the progress India has made. For example, until 1960, India could not avoid famine without the support of imported food. Today, India grows 180 million tons of food grains and is able to feed its people without imports. In the 1950s, India was "an industrial desert"; today almost all industries are there. In the 1950s, there was almost no professional class in India; today one tenth of the world's technical manpower is available there.

However, there are still problems, which include frozen

technology, high prices, uncertain quality, and products that are not competitive in world markets.

The reforms of Rajiv Gandhi broke through the bureaucracy and a new middle class was born, said Hussain. This new middle class was greedy for new products and this provided the constituency for reform. The need for reform has also become apparent to sections of the political establishment. People are seeing that it's impossible to carry the burden of a subsidized economy. And the maturation of the middle class, now numbering more than 170 million, as well as the failure of the public sector to generate revenues, has prepared the country for a new wave of reforms, according to Hussain.

Williams of BIAD Is Honored by Detroit Minority Community

Wallace "Wally" Williams, who has worked for many years on the development of black entrepreneurship, was honored in October with an appreciation banquet at University of Detroit-Mercy. Williams is director of minority business development at the Business and Industrial Assistance Division of the Business School. At his request, the position is a part-time one.

Williams, who has been described as a "drum major for black entrepreneurship," was the first director of minority business enterprise for the Michigan Department of Commerce. He used to gather more than 100 government officials and minority business owners for monthly breakfast meetings to improve the climate for minority businesses.

"Wally has been in the field for more than 20 years, finding resources in the bushes and keeping people in the vineyard sensitive to minority business," said E. Delbert Gray, Michigan's director of minority business. Williams persuaded 10 cities to open offices to help minority firms improve skills in marketing, financing and management, said Gray. "That was the first statewide minority business program and a major accomplishment." Williams was also the driving force behind the establishment of Minority Business Week in 1970, which was expanded to Minority Business Month in 1985.

Today, Williams is vice-president of corporate development for METCO Services Inc., a minority-owned engineering firm in Detroit specializing in waste water and sewage treatment plants. He's also the driving force behind minority business-related and community organizations and activities.

Larry Crockett, director of the Business and Industrial Assistance Division at the Business School, says, "I've been involved in technical and business assistance for about 25 years, but Wally is the most knowledgeable and most energetic individual I've ever known in working with the minority business community. The only day he rests is when he's in church, and I've heard about him doing something business or economic-development-related after service."

Besides his work at BIAD, Williams is also on the boards of the Booker T. Washington Business Association, a Detroit forum for minority firms; the Minority Technology Council of Michigan, designed to strengthen minority firms in the high-tech arena; and the Detroit Economic Growth Corp., a quasi-public agency that works to attract development to Detroit.

New York Finance Community Participates in B-School Roundtable

Ways in which Michigan can further permeate the highly competitive Wall Street job market were discussed during a roundtable discussion held in New York in October. Participants in the discussion included 15 high-level executives from the New York financial community, along with several senior faculty members from the Business School, Dean B. Joseph White, and Peggy Carroll, director of the Office of Career Development.

The roundtable was

followed by a reception hosted by Dean White for representatives from financial service and consulting firms in New York City. This event came to fruition as a result of the initiative of MBA students who are members of the Consulting, Finance, and Investment Clubs, with the cooperation of Dean White and the Office of Career Development.

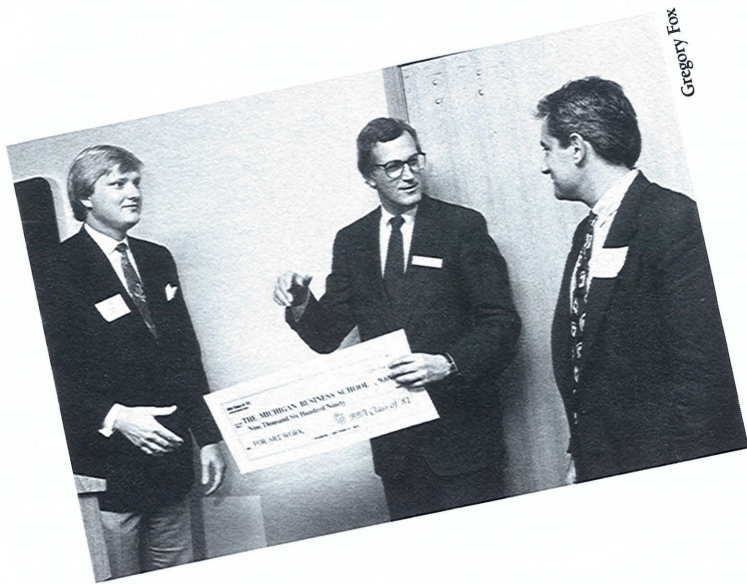
More than forty firms were represented at the reception, as well as about 100 first- and second-year MBA students.

Faculty Initiates Orientation for New Members

An orientation session for new faculty members was organized this fall by Edward Snyder, associate professor of business economics, with the help and support of more than a dozen members of the senior faculty.

The orientation had three parts. The first part was a panel discussion on scholarship — including why we are scholars, research strategies and lifelong scholarship. After a break, another faculty panel discussed teaching, including teaching values, teaching excellence, and improving teaching performance. Each panel was followed by a discussion and comment period.

Following lunch at the Executive Residence, the third panel of the day considered career management, including integrating the different roles of a faculty member, forging links beyond the Business School, and adjusting to Michigan.



Dean B. Joseph White, center, receives a check for \$9,690 from the BBA class of '81 as their reunion gift. The money will go to buy art work for the School. Representing the class are (left) Paul Hoge, BBA '81, associate broker with Signature Associates in Southfield, Michigan and (right) Bob Malitz, BBA '81, tax manager with Arthur Andersen & Co. in Detroit.

NAACP's Benjamin Hooks Delivers King Day Lecture

An eloquent and inspiring lecture was given to a standing room only crowd in Hale Auditorium by Benjamin Hooks, who has led the National Association for the Advancement of Colored People for the past 15 years as its executive director.

His speech, which was given on Martin Luther King Day, contained many first-hand memories of Dr. King. In a particularly moving segment of the speech, Hooks told of the last time he heard King speak. It was a very stormy night in Memphis, and because of the weather, Hooks almost didn't go to the lecture, he told the crowd. But, when he got to the auditorium, more than 1,500 people were there. "When Dr. King got up to speak that night, never in all of the years that I'd heard him

had I ever heard him speak with such power and passion," said Hooks. "When he was finished . . . I saw grown men and women literally transfixed, unable to move. And then a thunderous roar of applause.

"I had no way of knowing that would be the last speech he would deliver on earth. This was the third of April, 1968. Before 24 hours had passed, a cowardly assassin would put a bullet through his body."

Hooks, who is known as a highly effective and persuasive orator, was frequently interrupted by bursts of applause or appreciative laughter from the intently listening crowd.

Hooks was the first black in history to serve on the Federal Communication Commission. As a lawyer in Memphis, he was an assistant

public defender and later received distinction as the first black judge to serve in the Shelby County (Memphis) Criminal Court. As an ordained minister, he is on leave from both the Middle Baptist Church in Memphis and the Greater New Mt. Moriah Baptist Church in Detroit. From 1955-69, he was co-founder and vice president of the Mutual Federal Savings and Loan Association in Memphis.

Under his progressive leadership, the NAACP took a more aggressive posture on U.S. policies toward African nations through a successful demonstration in Nashville, Tennessee to protest South Africa's participation in the Davis Cup tennis matches and through testimony before the House Subcommittee on

Africa opposing the lifting of sanctions against Rhodesia.

His relentless effort to develop a common platform among black leaders resulted in the leadership summit conference in Chicago and many similar meetings in subsequent years. He also continues the NAACP's tradition of providing technical and financial assistance to the black community.

Hooks was born in Memphis, Tennessee and attended LeMoyné College in Memphis and Howard University in Washington, D.C. He received his J.D. degree from De Paul University College of Law in Chicago. He is a World War II veteran and served in the 92nd Infantry Division's campaign in Italy.



What Language to Study? CIBE Offers Advice

A booklet to help MBA students who are considering what foreign language to study has been developed by the Center for International Business Education at the Business School.

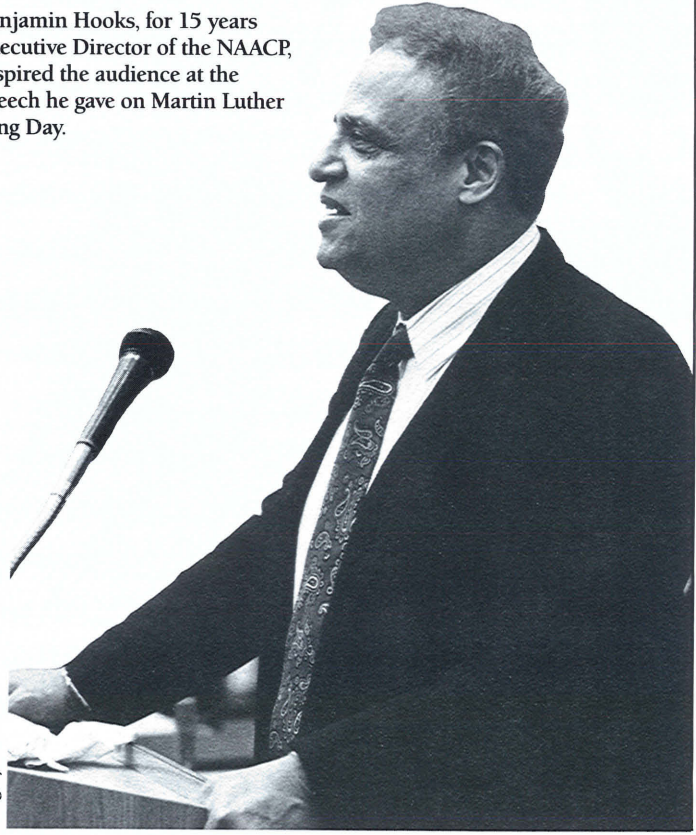
More than 30 languages are taught at the University of Michigan. Some of them are only offered at a handful of universities in the U.S. and are spoken in countries and regions that are industrializing rapidly. These areas are becoming key trading and investment partners with the U.S., and the manager with the proper language training will be an asset to companies with an interest in these regions.

The booklet has profiles of 19 of the 32 foreign languages currently being offered at the University of Michigan. They were selected on the basis of their strategic importance to international business. Each language profile has three parts: first, employer demand for speakers of each language is rated with respect to U.S. and foreign employers located here and abroad; second, an estimate of the number of years of study required to achieve business proficiency in the language is given; and third, overseas and summer study programs are listed for each language.

The Center for International Business Education is a national resource center supported by the U.S. Department of Education and based at the Michigan Business School. It is dedicated to improving the international competitiveness of American business. CIBE sponsors programs that develop the international business competence of the University of Michigan, the Michigan Business School, and other academic institutions.

CIBE has sponsored the development of advanced language courses specifically tailored for business students and open to proficient language speakers from within or outside the Business School. The CIBE currently sponsors Business French and Business German, and also works with language departments within the University to facilitate the study of relatively less popular but strategically important languages. Once a language is targeted, CIBE may fund the development of business-oriented teaching materials and curricula and support special summer language study and internship opportunities.

Benjamin Hooks, for 15 years Executive Director of the NAACP, inspired the audience at the speech he gave on Martin Luther King Day.



Gregory Fox

U-M Receives Grant for Managing Technology for Better Competition

The University of Michigan has received a \$1,875,000 federal grant to help American industries understand how the Japanese manage technology in order to help America compete in the global economy.

"American manufacturers recognize the Japanese competitive threat and more than a few are changing the way they work by incorporating Japanese manufacturing practices," says John C. Campbell, professor of political science, who directs the program. "But, we have learned too little from Japan, and implemented less, and we are quite unprepared for future competition."

Co-directors of the program are John E. Ettl, director of the Office of Manufacturing Management Research at the Business School, and Jeffrey K. Liker, associate professor of industrial and operations engineering. "Multidisciplinary efforts such as this are rare in university settings," says Liker, "but problems of industrial competitiveness are too complex to be handled by a single discipline and require multiple perspectives."

The U-M is one of four institutions to win support out of 25 applications received by the Air Force Office of Scientific Research, which administers the United States-Japan Industry and Technology Management Program. "The United States can significantly benefit by understanding, in detail, the management and business practices used by

Japan in the areas of science, engineering and manufacturing" according to the Congressional committee that established the program.

The program is intended to prepare American managers, engineers and scientists to learn from their Japanese counterparts and to help keep

ment in the Automotive Industry; 2) Global Technology Strategy; and 3) Cross-Cultural Learning and Technology Management. Findings from the research projects will be presented at a conference in Summer, 1993.

Findings from research and broader knowledge of Japan

the advanced level, focusing on technical vocabulary and usage.

"American business people and academic researchers have identified several characteristics that help explain Japanese manufacturing competitiveness, including supportive government policies,

The program is intended to prepare American managers, engineers and scientists to learn from their Japanese counterparts and to help keep American government and industry abreast of Japanese developments in the management of technology.

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"Located as we are in America's industrial heartland, faculty and administrators at the U-M are acutely aware of these problems," Campbell says. "We are particularly competent in several areas central to this project, with close ties to the automotive industry, both in the U.S. and in Japan; major facilities for research and training in manufacturing technology and its implications for global corporate strategy; and extensive experience in executive and continuing education, including numerous programs dealing directly with Japan."

The research projects are being carried out in three clusters: 1) Product Develop-

ment must be carefully interpreted and prepared to be useful for present and future engineers and managers. Along these lines, the JTM Program offers training to professionals in the private and public sectors through a variety of courses including a new three-day seminar on "Best Practice Technology Management: Japanese and American Approaches," and a new seminar on "Cross-Cultural Technical Communication" in the East Asia Business Program.

The JTM Program will also seek to develop internship opportunities in Japanese enterprises for U-M science and engineering students; fellowships to attract engineering and science graduate students into Japanese language and area studies; and new Japanese-language courses at

access to capital, a highly competent work force and effective management strategies," Campbell said. "But, the most important factor is how Japanese organize, within and across firms, to take advantage of all of these factors, and to develop and use knowledge, especially technical knowledge."

The program involves 35 scholars and staff, including representatives from the Center for Japanese Studies, the Business School, the College of Engineering, the Office for the Study of Automotive Transportation in the U-M's Transportation Research Institute, and the Department of Asian Languages and Cultures.



Gregory Fox



Gregory Fox

Bringing the World to Michigan

Over 80 international and exchange students from 36 different countries participated in a half-day of informational, team building and ice-breaking activities in the Executive Education Center as a pre-orientation for incoming international MBA students.

The program, named “Bringing the World to Michigan,” was developed and implemented by a dozen dedicated U.S. and international second-year MBA students. The group received financial support for the program from the Dean’s Office. T-shirts showing names of cities of the world superimposed on a map of Michigan were worn by many of the participants and illustrated the theme “Bringing the World to Michigan.”

Activities ranged from an international trivia challenge to a group situation game which taught the basics of student life at Michigan. These activities were followed by information sessions and question and answer periods.

These activities were followed a week later by an International Students Reception, during which Dean B. Joseph White and members of the administration and faculty welcomed both international and American students.

International MBA students enjoyed socializing on the patio of the Executive Education Building during the “pre-orientation” program for them. Theme of the program was “Bringing the World to Michigan” and the T-shirt put Michigan on the map and then put the map on Michigan.

ClassNOTES

'35

Harold M. Beam, MBA '35, is now retired from teaching business subjects at Pasadena City College. He writes that he did not graduate "cum laude," but "Lawdy how cum." While pursuing an MBA degree in the early '30s, he leased and operated the Sinclair station at the corner of State and Packard Streets, and says he used to lubricate Fielding H. Yost's Studebaker. He also remembers waving at Gerald Ford as he trudged down State Street to football practice.

'52

Wilfred Calmas, MBA '52, is president of Calmas Associates in Boston, a firm that specializes in consulting to resolve conflict within family businesses and to increase sales productivity. Calmas received his Ph.D. in 1965 from Boston University.

'58

Thomas P. Mericle, BBA '54, MBA '58, is general manager for mineral coatings and mining for Berol Nobel Inc., a subsidiary of Nobel Industries, Stockholm, Sweden. He is responsible for the sale of the company's mineral coating and flotation products in North America. He recently was awarded the innovative marketer of the year within Berol Nobel for his work in successfully introducing the company's lilamin anti-caking agents into the North American explosive and fertilizer markets. He also represents Scanroad, a separate division of Berol Nobel involved in asphalt road and pavement products. He lives in Bodega Bay, California. He and his wife, Louise, have two children.

'65

David Howe, BBA '64, MBA '65, retired from the Marine Corps in 1986 and began working for Eagle Technology, Inc. That company is now a wholly owned subsidiary of Logicon. He is now working as Manager, Reston Operations and Director, Interoperability Assurance, on a recently won government contract with the Joint Tactical Command, Control and Communications Agency. His company provides systems engineering and technical assistance support to that agency.

'67

Remy Picard, MBA '67, is president and CEO of Simab S.A., a trading company in Brazil. The company is 56 years old, privately owned, and the largest exporter of several products of Brazil, including sugar, molasses, high test molasses, as well as other products and commodities such as soya beans, pig iron, non-ferrous metals, milk powder, and salt. The company also has an agribusiness development of its own, growing and processing macadamia nuts aimed at the export market. He says their sales volume is increasing every year, and in 1991 reached \$90 million. Estimates for 1992 are between \$115 and \$120 million. He lives in Rio de Janeiro.

Paul Sheldon Foote, BBA '67, is host of a radio talk show on KCLA and KLAS. He welcomes telephone interviews with authors, seminar leaders, entrepreneurs, business leaders, and political activists. He is a professor of accounting at California State University in Fullerton, CA, and is writing a strategic planning book under contract. He says he would welcome documentary evidence from anyone on the best formal systems.

'69

Johanna Bannon Becker, MAS '69, associate actuary at The New England in Boston, has been elected to a three year term on the Reinsurance Section Council of the Society of Actuaries. She will serve as Council treasurer for the upcoming year.

'71

Wayne Lehman, BBA '71, is now president of Cogebi, Inc., the North American subsidiary of CRAMSA (Cogebi division) of Lot, Belgium. Before joining Cogebi in 1986 as Sales and Marketing Manager, he had 15 years of increasingly responsible positions in marketing, management and operations. His background includes line and staff experience in problem solving, business development and planning. Wayne lives in New Hampshire where Cogebi is located. In 1975, he received his MBA from Baruch College of the City University of New York.

Donald J. Vlcek, BBA '71, has completed a book entitled "The Domino Effect: How to Grow Sales, Profits, and Market Share through SuperVision." The book is published by Business One Irwin and describes how companies can create an atmosphere of openness and innovation that strengthens leadership and employee communication. Don is president of Domino's Pizza Distribution Corp. Thomas S. Monaghan, Domino's Pizza chairman and founder, has called the efficient distribution system built and headed by Don the "secret weapon" in the company's success.

'72

Barry Bly, MBA '72,

writes that in November, 1990 he became president and acquired a controlling interest in Irving Samuel Canada Inc., Canada's leading manufacturer of designer women's apparel. Irving Samuel is a 45-year-old company with 150 employees in Montreal and manufacturing facilities in Europe and the Far East. Bly writes that he and his wife have been married for 16 years and have two sons.



▲ Reunion Weekend — Members of the class of '51 are (left to right) Paul Brentlinger, Will Chard, Gerry Bouwsma Steele, Chuck Strickland, and Frank Kuzumplik.

'76

Kirk N. Zingle, BBA '76,

recently became director of management information systems for Arbor Drugs. He is currently responsible for directing all information services and systems activity associated with this \$400 million retail drug chain. Arbor has just reported record earnings and sales with compounded double-digit growth projected for 1992. Zingle says Arbor will add 20 new stores over the next 12 months, which will bring its total chain to 150 stores, primarily in Southeastern Michigan. He and his wife, Brenda, a 1979 nursing graduate of the U-M, have two daughters, ages 4 and 2. Kirk also holds an MBA from the University of Wisconsin at Madison.



▶ Reunion Weekend — Pictured, left to right, are Martin Rothi, George McRain, John McCarthy, Byron Webb, Jr., Gene Hicks and Robert Roth, all members of the class of '51.

Donald C. Campion, MBA '76,

was recently promoted to executive vice president and representative director of General Motors Japan Ltd. upon its incorporation in July, 1991. He is chief financial officer, with additional responsibility for personnel, administration and export operations. In addition, he has been a director of Isuzu Motors Ltd. since 1989, consulting on financial and planning issues. This assignment is the second Japan-related career move for Donald, who previously initiated Nummi, the joint venture between GM and Toyota, where he was assistant comptroller from 1984-86.



▲ Reunion Weekend — Back row, left to right, are Robert Brooks (left) and Art Cohen. Standing in front are Sue Nash and Carl Hardin. All are members of the MBA class of '81.



Six Brazilian Michigan alumni and two Brazilian second-year MBA students, met for a social dinner in July in Sao Paulo, Brazil. Since then, Brazilian alumni have met twice and expect to establish the Brazilian Chapter of the "Global Blue" Association. Present at that first dinner (left to right, around the table) were Sergio Andrade, MBA '92, summer associate with Arthur D. Little International; Philippe Prufer, MBA '88, Marketing Planning Manager for Eli Lilly, Brazil; Andre Shafferman, MBA '87, Director, Marsh Chemical Company, Inc.; Fernando Mascarenhas, MBA '90, superintendent, Itau Bank; Joao Figueiro, MBA '92, summer associate with Procter & Gamble International; Thomas Case, Ph.D. '74, President, Catho Consulting, Inc., and Jaime Chaves, MBA '85, Manager of Itau Bank. Not pictured is Eduardo Almeida, MBA '86, Officer of Pactual Bank.

'77

Jimmie D. Emerson, MBA '77,

has been promoted to the rank of Navy Captain and transferred from San Diego to Port Hueneme, CA. He has been assigned as director of logistics for naval ship weapon systems engineering station. He writes that during Desert Shield/Desert Storm he served as logistics coordinator for the amphibious task force. He has been awarded a meritorious service medal and a Southwest Asia Service Medal.

'78

Wade S. Lnenicka, MBA '78,

graduated in July, 1991 from the National Security Management Course, a 2-year military senior service school taught by the National Defense University. He attended night classes as a USAR officer, and wrote his research paper on U.S. POWs still held in Laos. Three weeks after he submitted his paper, the POW-MIA issue exploded in the national headlines. He continues to be involved in this issue. In November, 1991 he was re-elected to another 4-year term on the Smyrna, GA city council by 67% of the vote. He also writes that he got a brief mention in the December, '91 issue of "Referee" magazine about his college lacrosse officiating and says he will be featured in an article to appear in "Purchasing" Magazine in 1992. (He is purchasing manager and city councilman of Smyrna, GA.)

'79

Ronald Silberstein, BBA '79,

recently became shareholder/principal of Freedmont Goldberg, CPA, P.C. in Farmington Hills. The firm specializes in all phases of taxation as well as small business consulting and litigation support. He is also co-owner of Computer Professionals Unlimited, Inc., which specializes in systems service and support for computer hardware, software, networks, and operating systems. He is also a licensed real estate salesperson and registered investment advisor in Michigan. His wife,

Sheryl, is a 1978 U-M graduate and a 1986 graduate of Detroit College of Law. They have two daughters.

Milton K. Reeder, BBA '79,

is now the president and CEO of Meridian Point Properties (MPP), which is the "in-house" manager of seven public real estate trusts (REITs) which own 14.2 million square feet of retail and industrial properties. MPP took over the operations of the REITs (formerly managed by the Sierra Capital Companies) on April 1, 1991 at the request of the independent trustees. Milton lives in Oakland, Calif. Meridian Point Properties is located in San Francisco.

Michael S. P. O'Connor, MBA '79,

has joined the newly formed Consulting Division of Dana Commercial Credit Corporation, where he will be responsible for the development of clients for financial advisory and financial services to companies making equipment acquisitions, manufacturers selling equipment on a financed basis, financial institutions and other lessors of equipment. The consulting practice will specialize in tax accounting, capital budgeting and capital sourcing issues. Michael lives in Lake Forest, Illinois and will work from the company's Deerfield, Illinois offices.

James Leslie, MBA '79,

has been promoted to executive vice president - financial services and strategic planning of the Staubach Company. As such, he will be responsible for providing financial services to the Staubach Company clients, including real estate financial structures, sourcing of capital, and expense audits. He will also be evaluating strategic expansion of the company internationally. Leslie, who is a CPA, is a founding member and formerly chief financial officer of the company, which is a national real estate consulting and transaction services firm headquartered in Dallas, Texas. The company has 6 regional offices and 8 other offices throughout the nation.



Gregory Fox

This picture of Mary Kay Haben was taken by *Dividend's* photographer when she attended a recent meeting of the Alumni Society Board of Governors at the School. She joined the Board in 1990.

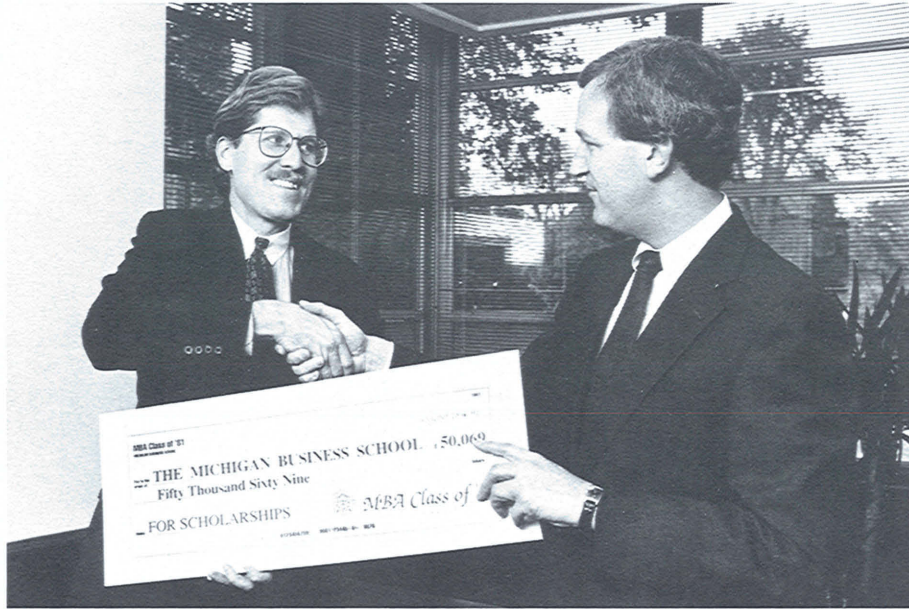
Mary Kay Haben, MBA '79, Is Now Running a Business

Mary Kay Haben, MBA '79, is general manager of the Churny Company, a \$150 million specialty cheese unit of Kraft USA which is a division of Kraft General Foods. Before receiving her current promotion, she moved through seven management positions on ten different brand management assignments. She was formerly vice-president, marketing and strategy, of Kraft General Foods Inc.

"Coming out of business school, my goal was to run a business which is exactly what I'm doing today," she says. Her responsibilities go well beyond her traditional training in marketing, and include overseeing manufacturing, sales and financial control. This is the first time her division has put a woman in a senior-level general manager's position, she says, although there are female general managers in other divisions. "And,"

she adds, "to the company's credit, I was given this assignment when I was five months pregnant with my second child. As such, I feel intense pressure to succeed, not only for the good of the company and my own professional growth, but also to help smooth the way for the many bright women leaders who will follow.

"Unlike the stereotypes you so often hear about of women who are overly aggressive, intensely competitive and wildly jealous of one another's success, I have found the women I've known here to be supportive, cooperative and sincere in the celebration of one another's successes." A career biography of Mary Kay appeared in a recent issue of "Careers and the MBA" and she was featured in the June, 1990 issue of *Savvy Magazine* as one of 40 "women worth watching."



Gregory Fox

Dan Hennessey, MBA '81, presents a check for \$50,069 to Dean White representing the proceeds of the MBA '81 ten year reunion gift campaign. The money will be used for an endowed scholarship.

Linda Fleming McGhee, BBA '83, recently became general counsel for the DC. office of Banking and Financial Institutions (the regulator of DC. chartered financial institutions). Before that, she was an associate at the DC. office of Graham & James. From 1986 to 1990, she was a trial attorney at the Office of Thrift Supervision, the regulators of savings institutions. She received her JD from George Washington University in 1986.

Karen Hendricks, MBA '83, vehicle integration manager at GM, has returned from her assignment at General Motors do Brazil to join the Electric Vehicle project. She was on a leave of absence following the birth of her daughter Kristen in October, but returned to work in January. She writes that becoming a parent is proving to be challenging, but that after being the only woman manager out of more than 400 executives at GM do Brazil and surviving (even thriving), she thinks she'll be able to meet the dual challenge of helping develop the electric vehicle and being a mother.

'82

10 Year Reunion Class OCT. 23-24, 1992

Andrew C. Richner, BBA '82, writes that last fall he and his wife lived in Warsaw, Poland, where he assisted a Polish lawyer on joint ventures and governmental privatization projects. (He received his JD in 1986.) When they returned to Detroit, he started work with the law firm of Pepper, Hamilton & Scheetz in commercial and international practice. He says that he has recently immersed himself in local politics by being elected to a four-year term on the city council of Grosse Pointe Park.

Jim Chang, MBA '82, is now the corporate controller of one of the top ten mining companies in Canada and says his job affords him great challenges and satisfaction. His promotion to controller came after he had worked at one of the mines and subsequently at the head office in Vancouver. He says he hopes to visit his hometown in Taiwan in 1992.

'83

David Buss, BBA '83, has become a tax partner at the New York City law firm of Milgrim Thomajan & Lee. David and his wife Janine, BBA '83, have two children, Arielle and Amanda, and are expecting a third child this summer.

Steven E. Gifford, MBA '83, has been appointed vice president, AntiLock Brake Systems-North America for Allied Signal's Bendix Automotive Systems-North America. In his new position, he will be responsible for directing the antilock brake system marketing, product engineering, purchasing and manufacturing operations in North America. He was formerly vice president of marketing and sales for Bendix Automotive Systems-NA, a position he had held since 1984. Before joining Bendix, he held various positions in engineering, marketing and product planning at American Motors and Ford Motor Company.

'85

Zachary E. Savas, BBA '85, writes that after six and a half years with Citicorp Mergers and Acquisitions, he decided to form his own investment bank, Cranbrook Partners & Co., which offers a complete line of financial advisory services on mergers, acquisitions, for sales, strategic alliances and capital raising engagements. While at Citicorp, Zachary completed over eleven transactions. Cranbrook Partners is based in Chicago.

Paula Litner Friedman, MBA '85, is working part-time as an associate marketing research manager for the Kool-Aid business at General Foods USA in White Plains, NY. She and her husband, Howard, have a son, Daniel Scott, born April 19, 1991. They live in Stamford, Connecticut.

Ann Hoef, BBA '85, was promoted in December to assistant vice president of finance at American Rehabilitation Network, a company head-

quartered in Mt. Clemens, Mich. that specializes in physical therapy and rehabilitation. When Ann was hired in 1987, she was the firm's first CPA. Her husband, Paul Hoef, MBA '87, is a banking officer for small business at Comerica.

'86

Lynn (Prince) Cooke, MBA '86, has joined the University of Washington Executive Programs as their associate director in charge of custom and public programs.

'87

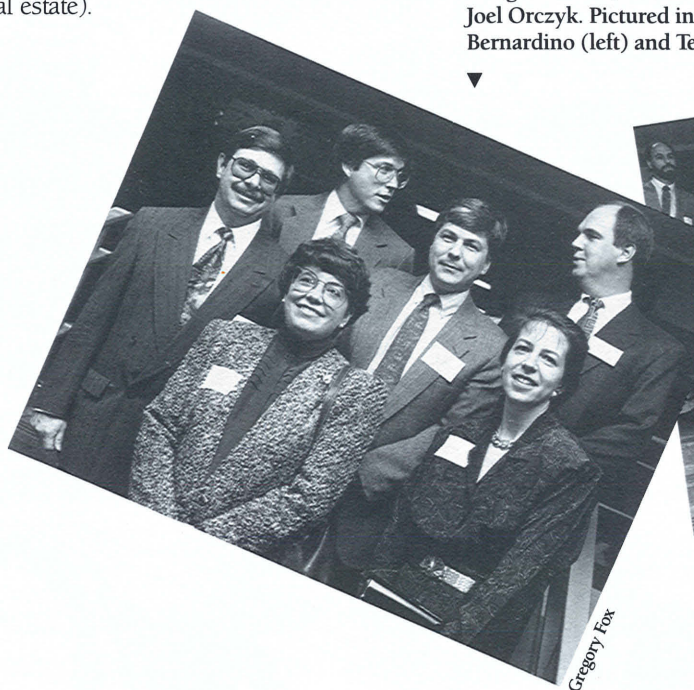
Marc Levin, MBA '87, and Pamela (Woloszyn) Levin, MBA '87, are living in Chicago where he is currently a vice president in the fixed income (corporate bond) group at Salomon Brothers Inc. Pam recently joined Integrated Human Resources, Inc. as managing director of interim executive and professional services. This division provides client companies with a resource of industry specific executives and professionals available for temporary assignment within their areas of expertise. Pam was formerly with Gerald D. Hines Interests Development Group (real estate).

Victor Leon, BBA '87, is currently assistant corporate controller of Ladbroke Racing Corporation, operator/owner of the Detroit Race Course, among other race tracks around the country. He recently passed the CMA exam and has been awarded a certificate of Certified Management Accountant.

'89

Steve Bolze, MBA '89, has been promoted to manager at Corporate Decisions, Inc., a management strategy consulting firm with offices in Boston and Paris. For the first two years with the firm, he worked as a consultant on cases involving R & D, materials management, marketing, and international product development. He is now working on a case involving a new product launch. He and his wife, Alicia, are parents of a baby son named Michael, born in May. They live in Hingham, Mass.

Reunion Weekend — Attending the reunion of the MBA class of '81 are, left to right, back row, Dwight Shusda, Thomas Vert, Bill Watch, and Joel Orczyk. Pictured in the front are Janet Bernardino (left) and Teresa Welsh.



Henry Tong, BBA '90, Receives Robert Beyer Silver Medal Award

Henry Sau-Chai Tong, BBA '90, received the second highest total score of all of those completing the examination for certified management accountant in June 1991.

Because of his score, he received the Robert Beyer Silver Medal Award, which was presented to him during the annual conference of the Institute of Management Accountants in Atlanta this summer. Deloitte & Touche sponsors the Silver Medal Award in honor of Robert Beyer, a former managing partner of Touche Ross & Co. and past national president of the Institute of Certified Management Accountants.

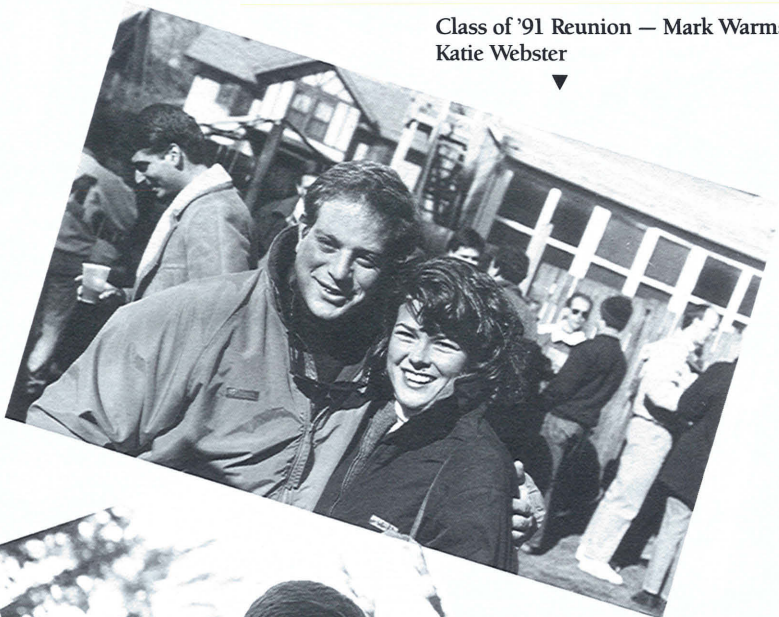
Tong is now an assistant manager-finance at the Wong Hau Plastic Works & Trading Co., Ltd. in Hong Kong. He writes that he is involved with the design and implementation of the cost accounting system of a \$20 million toy exporting operation.

▲ Reunion Weekend — Members of the MBA class of '81 who were here for the reunion included (back row, left to right) Ted Leavitt, Carl Smith, Dan Hennessey, Eric Leininger and Mendu Raghuvver. Standing in front are (left) Sharon Reed-Walker and Rosemary Phalen-Hyman.

ClassNOTES

'91

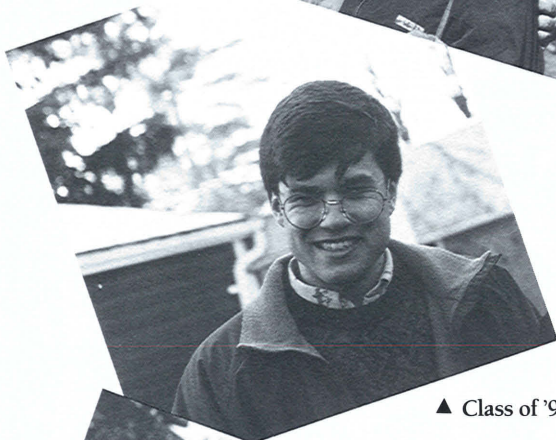
Class of '91 Reunion — Mark Warms and Katie Webster



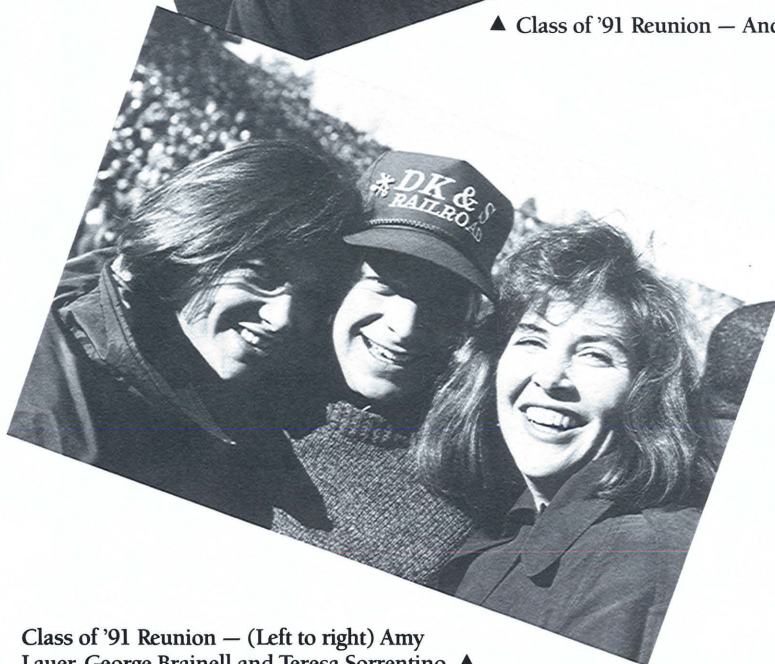
Carolyn Kley, MBA '91, has been appointed associate director of gift and estate planning at Hillsdale College in Hillsdale, Mich. Kley has been a CPA since 1986, and was employed as a marketing consultant for United Pacific Securities in Temecula, Calif. In the summer of 1990, she worked as a consultant with Qumak, Ltd. Computer Systems through the Michigan Business Assistance Corps in Cracow, Poland. At Hillsdale, she is working in a development function with Hillsdale donors and supporters in the areas of trusts and tax planning.

Executive Program

John H. Stone, EP May, 1990, writes that after three and a half years as general manager of Westpac Banking operations in the Pacific Islands (based in Suva, Fiji), he has been promoted to general manager for South Australia. He writes that his friends on the Executive Program who were planning to visit him in Fiji now need to come to Adelaide, Australia instead.



▲ Class of '91 Reunion — Andy Raeder



Class of '91 Reunion — (Left to right) Amy Lauer, George Brainell and Teresa Sorrentino. ▲



Class of '91 Reunion — Steve Eckhardt

Deaths

George S. Odiorne, who for a decade served as director of the Bureau of Industrial Relations at the Business School, died January 19 in St. Petersburg, Fla. He was 71 years old. Odiorne, who wrote 26 books, held academic positions at the University of Utah as dean of the business school, and dean at the University of Massachusetts business school. He served at the U-M from 1959-69. Odiorne's most popular book was "Management Decisions by Objectives" and it earned him the nickname, "Mr. MBO." He is survived by his wife, Janet; his son, Robert; two sisters, a brother and three grandchildren.

Joseph N. Bonavito, MBA '39, died June 7, 1991 at home. He was born in Italy, raised in New York City, served with the U.S. Army in Europe during World War II, and retired from the Army as a Lt. Col. He later received his teaching credentials from San Francisco State University, and was a professor of business law and accounting for 20 years at DVC. He is survived by his wife, three sons, six daughters, a sister, a brother, and 11 grandchildren.

John Proeschel, Jr., MBA '49, died October 31, 1991 in Palm Springs, California. He served in the U.S. Navy during World War II and the Korean War, thus entitling him to a Naval military funeral and burial in Riverside National Cemetery. He had worked for Ford Motor Corp., Chrysler, and TRW, and in 1986 founded his own business, *The Financial Recorder*.

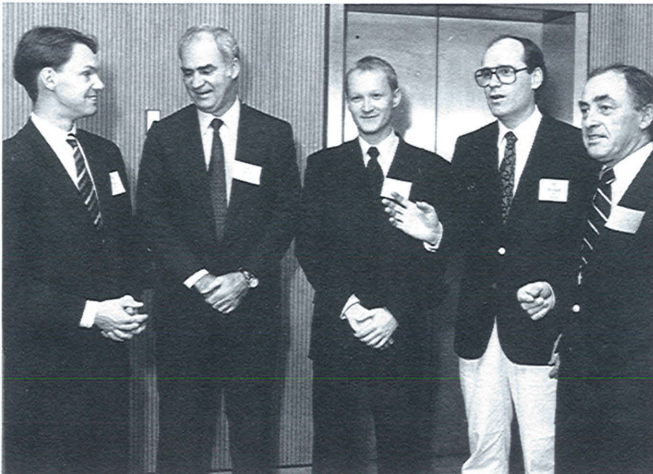
Willard Erickson, MBA '47, died August 13, 1991 in Orland Park, Illinois at the age of 72 after a 5-month battle with cancer. While attending the U of M he co-founded the CBI Hump Pilots Association. During World War II, he was an air transport command pilot in the China-Burma-India theatre. He was awarded the Distinguished Flying Cross and the Air Medal with Oak Leaf Cluster. After graduation from the Business School, he was director of the

attitude survey project at the University of Chicago Industrial Relations Center. Later he founded his own consulting firm and served many nationally known companies. He developed the Erickson Attitude Measure, a much used attitude survey. He is survived by his wife, Joyce, six children and 14 grandchildren.

We also want to include here notices of other alumni deaths, for which we have no additional information. The names are:

Arthur G. Laramy, BBA '50.

John W. McAuliffe, MBA '52, died May 10, 1991.



Gregory Fox

Reunion Weekend — Coming to the reunion from the farthest distances were all the people pictured here. From left to right, they are Sven Nisser, MBA '86, controller of Alfa-Lavai in Stockholm, Sweden; Ronald J. Degen, MBA '76, CEO of Listel SA of Sao Paulo, Brazil; Tapio Makkonen, MBA '86, manager of Instrumentarium Corp. in Helsinki, Finland; Richard Daw, MBA '86, manager at Anz Capital Markets Corp. in Victoria, Australia; and Claus Madsen, MBA '63, Managing Director of Cps Kerni in Copenhagen, Denmark.



Gregory Fox

Reunion Weekend — Honored for their years of service to the Business School were retiring members of the Alumni Society Board of Governors Paul Hoge, BBA '81 (left) and Bob Wilson, MBA '64.

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.

CALENDAR

April 9 & 10

Spring Meeting - Alumni Board of Governors

May 1

Business School commencement

May 5 & 6

The Growth Capital Dinner and Symposium.

Presentation of the 1992 Outstanding Entrepreneur Awards

June 5

Emeritus Lunch and Dinner

LOOKING AHEAD. . .

Sept. 18 & 19

Capital Campaign Kickoff

October 23-24

Reunion Weekend

November 13-14

Real Estate Forum

Equal Opportunity/Affirmative Action. The University of Michigan, as an Equal Opportunity/Affirmative Action employer, complies with applicable federal and state laws prohibiting discrimination, including Title IX of the Education Amendments of 1972 and Section 504 of the Rehabilitation Act of 1973. It is the policy of the University of Michigan that no person, on the basis of race, sex, color, religion, national origin or ancestry, age, marital status, handicap, or Vietnam-era veteran status, shall be discriminated against in employment, educational programs or activities, or admissions. Inquiries or complaints may be addressed to the University's Director of Affirmative Action and Title IX/Section 504 Coordinator, 6015 Fleming Administration Building, Ann Arbor, Michigan 48109-1340. (313) 763-0235. T.D.D. (313) 747-1388.

“We created the Michigan Business School Growth Fund to provide business people — particularly those who have had a degree of success as entrepreneurs — with a giving option that parallels their own thinking.”



“Our committee of money fund managers seeks out high-growth investment opportunities in a variety of forms:

smaller growth stocks, venture capital and leveraged buy-outs. That kind of higher risk, higher reward investment should appeal to many Michigan Business School graduates, since it reflects the kind of investment decisions they might make for themselves. Certainly there’s an element of risk, but there’s also the potential for great appreciation.”

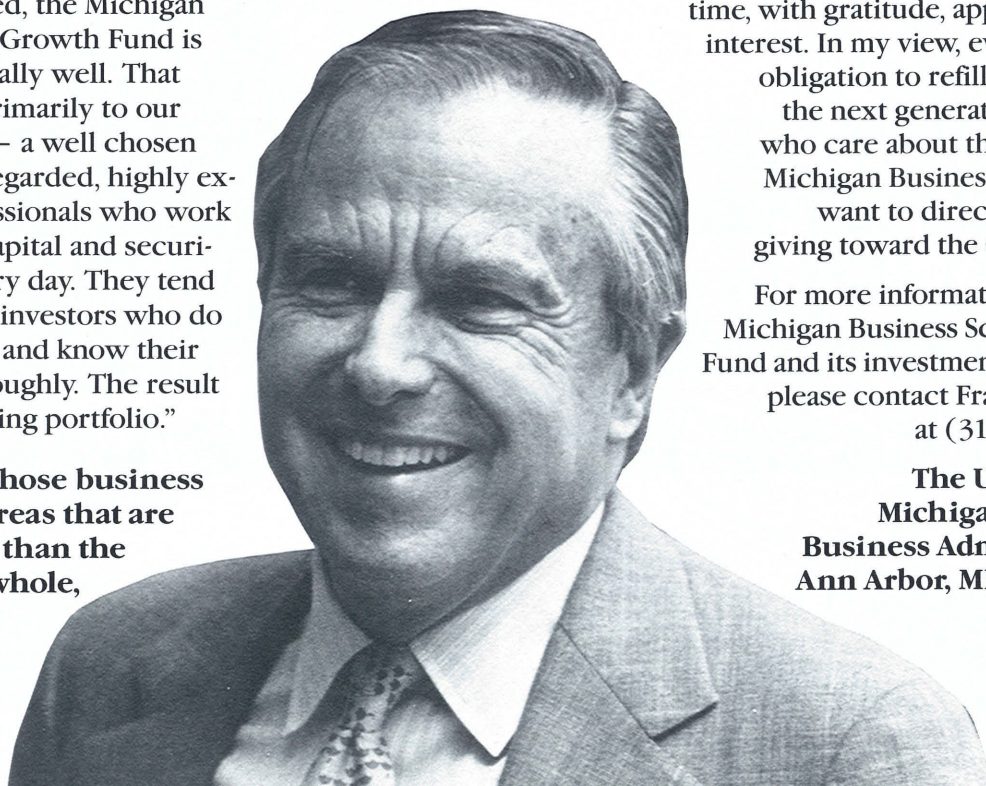
“To date, the Growth Fund has been extremely successful.”

“Wherever performance can be directly measured, the Michigan Business School Growth Fund is doing exceptionally well. That success is due primarily to our fund managers — a well chosen team of highly regarded, highly experienced professionals who work in the venture capital and securities markets every day. They tend to be aggressive investors who do their homework and know their companies thoroughly. The result is a very interesting portfolio.”

“As someone whose business deals only in areas that are growing faster than the economy as a whole,

“The Growth Fund is an intriguing way for entrepreneurial alumni to invest in the Business School.”

**Sanford R. Robertson BBA '53, MBA '54
Partner, Robertson Stephens & Company
Former Chairman
Michigan Business School
Growth Fund Committee**



I find the Growth Fund is aligned with my investment thinking.”

“I feel that the Business School gave me the tools I’ve needed to operate in the real world. Consequently, I’m happy to have given my



time and to have contributed financially in various ways. And I’m very pleased to have the Growth Fund as one of the ways to contribute along with more conservative, traditional ways of giving.”

“In a sense, we all have a debt to pay to the University of Michigan.”

“I know that it cost the University much more to educate us than



any of us ever paid in tuition. That’s equally true for in-state and out-of-state students. I look upon the excess

costs of educating me as an informal student loan that I’m paying back over time, with gratitude, appreciation, and interest. In my view, everyone has an obligation to refill the coffers for the next generation. And those who care about the future of the Michigan Business School might want to direct some of their giving toward the Growth Fund.”

For more information about the Michigan Business School Growth Fund and its investment philosophy, please contact Frank Wilhelme at (313) 763-5775.

**The University of Michigan, School of Business Administration
Ann Arbor, MI 48109-1234**

Office of Alumni Relations
School of Business Administration
The University of Michigan
Ann Arbor, Michigan 48109-1234

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Reaching for (and Getting) the Brass Ring

When *Business Week* named our Executive Education #1 in the country, the School celebrated by presenting a Brass Ring sculpture to the staff of Executive Education to symbolize reaching to be the best as well as being the best.

Pictured here are some of the Executive Education people whose work made our #1 status possible.

Posing with the Brass Ring are (seated, from left) Steve LaCivita, marketing director; Thomas Kinnear, senior associate dean for Executive Education; Lucy Chin, associate director. Standing from left are Ron Bendersky, associate director; Ann Walton, director; Pamela Staton, associate director; and John Ryan, manager of the Executive Residence. ▼

The quality of the faculty who teach in Executive Education is, of course, the crucial dimension of every program. Pictured here are the academic directors of major executive programs. From left to right, they are: Raymond Reilly, professor of business administration and director of the Executive Program; David Ulrich, adjunct associate professor of business administration and director of the Human Resource Executive Program; James Reece, pro-

fessor of corporate strategy and operations management and director of the Public Utilities Executive Program; Brian Talbot, Professor of operations management and director of the Manufacturing Executive Program; and Wayne Brockbank, assistant professor of organizational behavior and human resource management and director of the Advanced Human Resource Executive Program. ▼

