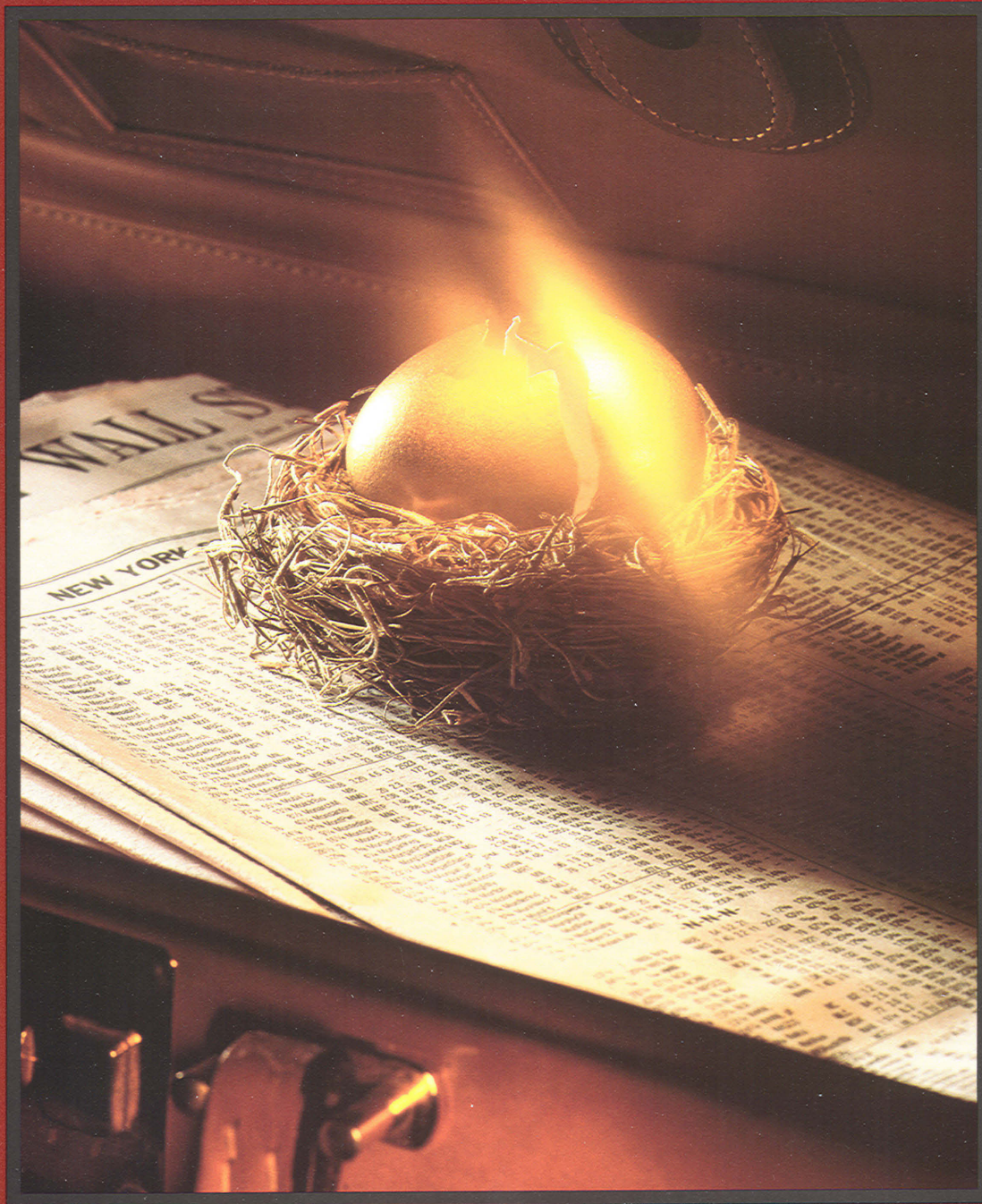


Dividend

University of Michigan Business School

Spring - Summer 1995



Learning How to Hatch a Business
The Entrepreneur Track at Michigan

Michigan BBA Team Wins First Place in National Case Competition



Left to right: Mark Betker, Faculty Advisor Paul Bacdayan (standing), Steve Kessler, Adam Sonnhalter, Faculty Advisor Kay Erdman, and Scott Bennett.

Gregory Fox

When the four members of Michigan's BBA Team arrived in Austin, Texas for the first annual "National Undergraduate Challenge" case competition, they knew they had just 36 hours to analyze a complex business problem, develop a solution, organize a 25-minute presentation of findings, and prepare any related written and visual materials.

But members of the winning team — BBA students Scott Bennett, Mark Betker, Steve Kessler and Adam Sonnhalter — had trained hard for this situation beforehand with a group of Michigan faculty. Paul Bacdayan, U-M Ph.D. candidate, served as their adviser and went to Austin with them; Will Mitchell, associate professor of corporate strategy, offered a number of cases he had written plus his valuable insights on how to analyze and present a case; and Kay Erdman, adjunct lecturer in business commu-

“When we do a case analysis in class, we tend to focus on where the company is now rather than what they can do to improve. In the competition, we were forced to be recommendation-oriented, which is what a real consulting situation would be like.”

nication, gave the team help in crafting effective presentations.

The case they were assigned presented the tactical, strategic and public policy issues faced by Champion International Corporation in 1990 as it considered the impact of

the decision to declare the Northern Spotted Owl an endangered species. The company, as well as other firms in the industry, faced a significant decline in the availability of timber cut from public lands, and decisions had to be made about how to manage current operations and make long-term plans in an environment in which supplies would be uncertain, both in the short and long run.

The students were cast in the roles of consultants who had been hired to help the manager of the Forest Products Division prepare for a meeting with Champion's CEO. The teams were judged by a panel of corporate professionals from the three firms that sponsored the event: Arthur Andersen, Coopers & Lybrand, and McKinsey & Co. After each presentation, the presenting team was subjected to an extensive question and answer period from the

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Learning How to

A Special Track of Classes Prepares Students to Undertake the Formation, Financing and Management of High Growth Ventures

Students who want a solid foundation in the skills needed to found and nourish a business are crowding onto the Entrepreneur Track, a set of Business School courses that cuts across multiple departments. The early courses in the Track link up powerfully with the core of the MBA first-year program by connecting the various skills taught in the core with the development of an integrated business plan. What students need to do in theory in the core, they have to do in actuality when planning to start a company.

Students are also able to wend their way in and out of the Track, rather than being bound to a rigid sequence. Most students take the first two modules in the Track, which prepare them to write a business plan, but not everyone goes on to the third module, which is a simulation of the actual start-up or acquiring of the company.

By the time they enter the third module, budding entrepreneurs have often become serious about actually starting a company, and may enter the Pryor Business Plan Competition, go to the National Business Plan Contest, or (if they are VERY good), they may be allowed to present their company at the annual Growth Capital Symposium held each year under the auspices of the Office for the Study of Private Equity Finance and its director, David Brophy, associate professor of finance (for more about him, see page 5).

All of the faculty teaching in this Track have had extensive experience in entrepreneurship and/or venture capital. In addition, extensive use is made of outside speakers from high growth firms who explain the advantages and disadvantages of this alternative career path.

The classes that comprise the Entrepreneur Track for 1994 and 1995 are described below. All are offered in seven-week modules.

GETTING AND EVALUATING THE IDEA FOR START-UP VENTURES

This course looks at factors that lead towards entrepreneurial success — the characteristics of the entrepreneur, the trends in the environment, and the availability of support — and then focuses on the means of developing innovative products, markets or methods that can serve as viable venture concepts. Students then consider ways to define those concepts so they are clearly understandable to other people, and to identify the competitive advantage or advantages so that they are clearly recognizable by potential investors. About 250 students take this course each year.

FINDING AND EVALUATING A COMPANY FOR ACQUISITION

In this module, students focus on the purchase and strategic redirection of an existing company that has been performing poorly. It starts by looking at the other factors that lead toward entrepreneurial success, but then moves rapidly to the means of searching for, evaluating, and negotiating the purchase of an existing company.

The turnaround of an existing company usually requires redirection of the firm towards better products, markets and methods; the



Hatch a Business

definition and validation of these is essential before the preparation of a complete business plan is attempted.

Approximately 50 students take this course each year.

PREPARING THE BUSINESS PLAN

Once new and better products, markets or processes have been defined and identified for a new entrepreneurial venture, whether a start-up or turnaround, it is necessary to prepare a full Business Plan — a detailed road map of the actions that will have to be taken to either start or turn around the proposed new venture. As such, it should contain sections on marketing policies, market research, production policies, cost analysis, organizational policies, financial projections, financial sources and long-term growth plans. This course looks at each of these sections in detail, and helps students in the preparation of realistic business plans based upon their start-up or turnaround venture concepts.

Students admitted to this course must be able to provide a satisfactory document defining the products, markets and methods of their proposed new venture, together with an explanation of the competitive advantage attached to those products, markets and methods, and a confirmation of that competitive advantage through interviews with potential suppliers, distributors and customers. About 250 students, who form about 60 companies, take this course each year.

RAISING THE RESOURCES & STARTING (OR ACQUIRING) THE COMPANY

This is the fourth module in Entrepreneurial Management and is designed to enable students who wish to continue with their proposed start-up or turnaround ventures to 1) further improve their business plans so that they may be able to actually submit those plans to private investors and financial institutions, primarily venture capital firms, for consideration of funding and 2) learn the multiple legal, financial, organizational and regulatory requirements involved in the formation of new firms. The module is conducted as a seminar, with limited enrollment, to permit one-on-one consultations with the instructor.

The goals of the course are to complete a final, detailed Business Plan, a professional Financing Proposal that could be presented to prospective investors and financial institutions, and a sequential action plan stating the steps to be taken and schedule to be followed to start or acquire each team's company.

About 40 students, representing about 12 companies, take this course each year.

VENTURE CAPITAL FINANCE & INVESTMENT

This course takes the student through the venture capital financing process across the emerging growth company's life cycle. All stages of venture capital financing from seed

capital to second-round financing to mezzanine financing to harvesting the investment (IPO, MBO) are discussed, with the focus being value creation through the building of an enterprise. At each stage, game and agency theory applications are discussed. The cases are carefully constructed and placed so as to apply the in-class theoretical learnings to real world situations. This course is meant for students interested in the building and financing of businesses. About 200 students take this course each year.

MANAGING THE GROWTH OF NEW VENTURES

New companies, once successfully past the formation stage, often encounter problems caused by their very rapid growth. These problems can be very detrimental, leading to bankruptcy and/or loss of control by the founders. This course attempts to look at these challenges of growth from the perspective of the management team within a new, young company. The course is taught by the three senior partners in Enterprise Development Fund, which provides seed venture capital and direct management assistance to selected growth companies in Michigan and the Midwest. The partners have started more than 15 companies, and have purchased or sold 15 others. They are joined during the term by various executives from successful growth companies. About 50 students take this course each year. ▶

CRITICAL SUCCESS FACTORS FOR NEW ENTREPRENEURIAL VENTURES

Entrepreneurship, whether for new start-ups or existing turnarounds, is more than just searching for innovative products and contacting venture capitalists. This module focuses on the analysis of the critical issues that lead towards the success or failure of new entrepreneurial ventures. Approximately 40 students take this course each year.

BLACK ENTREPRENEURSHIP- CHALLENGES AND OPPORTUNITIES

This course explores the organizational structures and processes which have influenced entrepreneurship within the African-American community. Building upon historical perspectives, the lectures, discussion and presentations by black entrepreneurs will address the strategies which have led to successful business enterprises in minority communities. Issues such as access to capital, strategic targeting of business initiatives and relationships with local and national organizations (e.g., national franchising) will be considered. This course will be offered for the first time in Fall, 1995; 45 students are pre-enrolled as of Summer, 1995.

TEACHING HOW TO HATCH A BUSINESS

Profiles of Faculty Who Teach in the Entrepreneur Track

■ **ANDREW LAWLOR** has been teaching in the Entrepreneur Track at the Business School for the past 14 years and has a wide variety of entrepreneurial experience. He bought a company in 1974, when it was 13 years old, and remained its chairman and president for 10 years; he started a company from scratch in 1983 and was its chairman and president for six years; and he joined a 50-year-old company in 1990 as president in a turnaround attempt. (See interview with him on page 6.)

■ **DAVID BROPHY** is Director of the Office for the Study of Private Equity Finance at the Business School, and for 15 years has directed the annual Growth Capital Symposium, which introduces entrepreneurs and venture capitalists. He also makes frequent trips to Eastern Europe, where he is helping to privatize businesses. (See story on page 5.) His course teaches budding entrepreneurs about the financing of new ventures.

■ **LARUE HOSMER** founded the Hosmer Machine Company soon after receiving his MBA from Harvard in 1951. He operated that company successfully until 1968, when he sold it and returned to Harvard for his DBA. After receiving his DBA, he joined the faculty of the University of Michigan Business School, where he taught courses in small business management, a seminar on small business formation, an experimental course in the operations management of service and non-profit organizations and a course in business policy. When he discovered there were not many cases in small business management, he started writing them himself, and is considered the founder of the Michigan Entrepreneur Track.

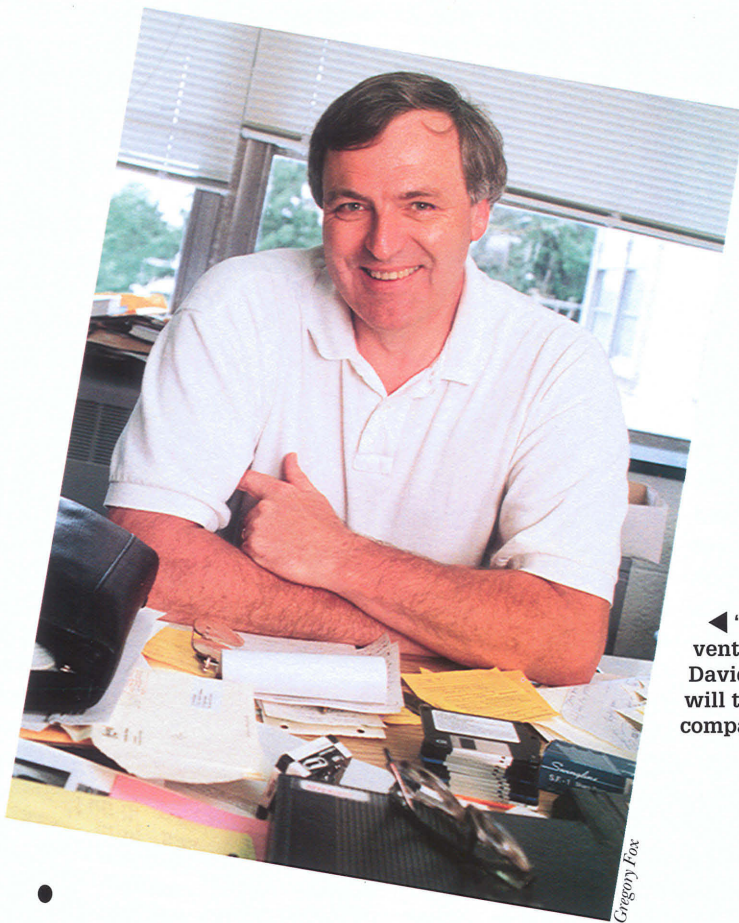
■ **IAN BUND** has 27 years of experience as a highly successful investment banker and venture capitalist in both New York and the Midwest. Numerous cases personal to his experiences and the involvement of successful entrepreneurs are central to his course, which focuses on critical success factors for independent businesses.

■ **JOHN PSAROUTHAKIS** is the founder and chairman of JPE Inc., an automotive and truck component supplier headquartered in Ann Arbor. He is founder and former president and chairman of JP Industries, Inc., a manufacturing organization that, within ten years, became a global Fortune 500 company with sales over \$500 million. JP Industries merged with the British company T & N plc. in late 1990. He teaches the course in finding and evaluating a company for acquisition.

■ **WILLIAM PICKARD** has been a successful businessman in the metropolitan Detroit area for more than 15 years and is currently the chairman of Regal Plastics Company and the owner/operator of several McDonald's restaurants. His operating philosophy is simple: "You manage things; you lead people." He will be teaching the new course on black entrepreneurship in Fall, 1995.

■ **MARY CAMPBELL, TOM PORTER and HAYDEN HARRIS** are three senior partners in Enterprise Development Fund, which provides seed venture capital and direct management assistance to selected growth companies in Michigan and the Midwest. The partners have started more than 15 companies, and have purchased or sold 15 others. They teach the course on managing the growth of new ventures.

If You Can't Stand the Heat . . .



◀ “Part of the nature of venture capitalists,” says David Brophy, “is that they will try to rip your proposed company to shreds.”

Dr. David Brophy is a one-stop source for anything you ever wanted to know about venture capital in Michigan—you might say he's the general practitioner of business funding. Besides teaching students in the Entrepreneur Track at the Business School how to raise money to start their companies, he has helped hundreds of start-up companies in his tenure at U-M, and advises budding and would-be entrepreneurs on the importance of developing a good business plan when seeking capital.

He explains to his students that since banks aren't in the business of providing equity or debt financing for high-risk start-ups, they will need to deal with venture capitalists. And part of the nature of venture capitalists is that they will try to rip your proposed company to shreds as they screen your investment worth. They'll ask the tough questions you can't answer. They'll purposely want to put you on the spot.

“They want to test you, to see the beads of sweat pop out on your

brow,” says Brophy. Why? If you can't stand the heat of a 15-minute grilling, you're never going to stand up to the inevitable stresses of starting and building a new company.

But you can at least prepare yourself for the grilling, and the best

way to do that is to have a solid business plan in place. The mere act of putting a plan together will help you focus on your strengths and weaknesses. And if you can survive the grilling, you just may be one of the lucky few who gets rewarded with some capital, he says, adding some tips to keep in mind while developing your business plan.

Brophy, associate professor of finance, is director of the Office for the Study of Private Equity Finance at the Business School, and founder of the annual Growth Capital Symposium which introduces the area's best entrepreneurs to venture capitalists from around the nation. He's put 370 companies through his symposium, most of them from Michigan, and makes frequent trips to eastern Europe, where he is helping to privatize businesses. He also co-owns his own consulting firm. ■

INVESTORS ARE TURNED ON BY:

1. Evidence of customer acceptance
2. Appreciation of investor's needs
3. Evidence of focus
4. Proprietary position

INVESTORS ARE TURNED OFF BY:

1. Infatuation with the product or service
2. Financial projections at odds with accepted industry ranges
3. Growth projections that are too optimistic
4. Custom or applications engineering, where growth is harder

(This article is adapted from a longer article about Dr. Brophy published in the February, 1995 issue of Corporate Detroit and written by Tom Henderson.)

On Writing With 250



Andrew Lawlor challenges students to think in innovative ways.

first add-in circuit board companies in the personal computer industry. That company is credited with shipping the first Intel 80286-based product, six months ahead of the IBM AT personal computer, and, along with Compaq and Intel, was one of the first companies to ship an Intel 80386-based product.

As lecturer of corporate strategy and international business, Lawlor has been challenging students to think in innovative ways for over 14 years. Then he requires them to back up their creative thinking with a serious business plan. In this interview, *Dividend* talks with him about how he teaches the skills involved in founding a successful business.

Q Can you define entrepreneurship?

A Research studies have never been able to completely define either the entrepreneurial person or the entrepreneurial process. But what consistently seems to cut across all ventures and all industries is the idea that successful entrepreneurship appears to require a mixture of four very different traits and abilities.

Q What are the four traits?

A First, innovation. Someone has to have the imagination, creativity, and perception to develop an idea for a new product or process or to target a company for acquisition. Second, evaluation: someone has to have the industry and market experience as well as the analytical ability to identify key elements that will lead to the success or failure of the venture. Third, administration:

His students describe Andrew Lawlor as “devoted,” “energetic” and “challenging.” His courses on entrepreneurship are consistently oversubscribed, necessitating five sections of each, and many successful companies have been born in his class. After studying chemical engineering at the University of Michigan, he began teaching at the Engineering School in 1973 and ’74, and started at the Business School in 1981. Besides being a highly effective teacher, he is also a

successful entrepreneur.

In 1974, as a partner in a small business consulting firm, Lawlor had the opportunity to purchase one of his client businesses, a scientific instruments distribution company, which after 20 years is still in the family. (Since 1984 his wife, Linda Lutz, BBA ’75, has been president and has fully managed the firm, which has been very successful under her leadership.) In 1983, with three venture capital firms and a team of engineers, he founded one of the

Gregory Fox

ng Business Plans Students a Year

Professor Andrew Lawlor Works With Student Teams as They Develop 60 Different Business Plans

someone has to have the functional training, experience and technical competence to communicate his or her vision to others who will join, supply or invest in the venture, and to lead the collaboration that will put together a realistic business plan for the venture. Fourth, dedication: someone has to have the personal drive, access to business, financial and human resources, management skills, and energy level to take the written plan and turn it into an operating reality.

Q Do you think it's possible to teach these four factors?

A You can challenge students to think in creative and innovative ways, and give them the framework and methods to screen ideas, analyze industries, competitors, and markets, and to integrate these factors into a real plan for business development and an enduring company. You can also help them develop skills in working with teams.

Q What about the factor of personal aspiration?

A We can help people be realistic about their aspirations. There is often a romantic appeal to being an entrepreneur. People think that being their own boss is going to open up all the magic. But that appeal can wear off quickly when you're working 12-14 hour days and you don't have much to pay yourself with. The classes in the Entrepreneur Track inject a substantial amount of realism into the picture.

Q You mean that writing the business plan shows them how complex the process is?

A We do a tremendous amount of work before anyone writes a business plan. In the first seven weeks of the Entrepreneur Track, for example, the assignments are aimed at three objectives: to help students recognize the complexity of the entrepreneurial process; to understand the source of new venture concepts and the critical role of opportunity creation and recognition; and to practice ways to evaluate new venture concepts — to sort out the viable concepts from the non-viable ones.

Q These courses are about starting a business. How do students decide what kind of business they want to start?

A Students who have been admitted to the class in the Fall are sent a letter the previous April asking if they have a project or business idea in mind. At the same time, I am hearing from others who have business projects they want investigated. Some of them are small businesses who want a business plan; others might be companies that want to do market entry studies or product introduction strategies. We also get projects from companies that are for sale and will share their data with us, and from non-profit organizations that would like a 4-5 year strategic plan.

Q I've heard you say the choice of a project is made through a totally free market process. Can you elaborate on that?

A In the Fall I give the class the particulars on projects available for teams to form around; students supplement my list by presenting their own project ideas. Last term we had 55 projects on the blackboard. Students then bid for the projects as teams. At the end of ten days the list closes. In order for a project to "live," it has to have four students interested enough in the idea to adopt it as "their" team's project. Last term, 35 projects "lived" out of the 55 possible ones. Four of those were non-profit projects. An interesting sidelight: sometimes students who work on a strategic plan for a non-profit agency end up becoming a member of the board of that agency and thus making a long-term contribution.

Q I know you put a lot of emphasis on team building. Will you give me some details about that process?

A Students are asked to think about the different skills needed to plan and operate a business, and which ones they personally possess. They are expected to do a realistic self-assessment of the role they would play on the team, such as the leader, the marketing specialist, the financial analyst and spreadsheet wizard, etc. As they discuss possible team combinations, they need to consider finding the right combination of skills, aptitude, and personalities among the team members.

Q And then what?

A After the teams have formed and the venture is selected, the teams have to turn in job descrip-

tions for each team member and a detailed venture definition. The assignment is to describe what your team proposes to do and why, and what your potential customers, suppliers, distributors and competitors will think of the venture concept you have chosen to develop into a company. Then we move to the other side of the table.

Q The other side of the table?

A Yes. I have them analyze other business plans as if they were a venture capitalist, a banker, or an individual thinking of investing.

Q Where do you get the plans to analyze?

A In the first seven weeks, I use the business plans that have won the international business plan competition in Texas or our own Pryor Award. Later we analyze plans that have been developed in this class. You can always find flaws when you take apart other people's business plans. I then ask them to be as critical of their own team's effort as they progress through the business planning process. At the same time, I start students working on the business planning building blocks assignment.

Q What is the building blocks assignment?

A The building blocks include an industry analysis report; a competitor analysis report; a customer and market analysis report; a process chart of your proposed company within the industry; a Porter's structural analysis model for your company's place in its industry; a specific chart of accounts, personalized to your type of company and data collection needs; departmental, profit & loss, balance sheet and cash flow spreadsheet mock-ups for your company; and a preliminary business plan outline. The building block assignment requires students to become experts in the industry they

have chosen, and to apply theoretical learning from key MBA core courses to "their" company. The sequence of steps becomes true action learning.

Q This sounds like a tremendous amount of work.

A It is a lot of work, involving sizeable written documents and research components. And in the first couple of weeks, I scare some people off. But we have a waiting list every year. I believe people who stay in the class learn a lot and are excited by the process. And I have meetings with the teams to help them.

Q When do you meet with the teams?

A We meet in the fourth or fifth week to look at the teams' goals and to discuss how to get from team formation to the building blocks assignment. Then, after the building blocks are submitted in the ninth week, we meet to critique them and to talk about what's missing and how to go from building blocks to the business plan. Our next meeting takes place in about the twelfth week, after the detailed outline for the business plan has been submitted. In this meeting, we talk about the structure of the plan, the hierarchy of topics, what's driving the plan, etc.

Q It sounds like a lot of work for you as well.

A It's like playing a simultaneous chess game with 60 different chess boards over a year's time. But after you've done it for 14 years, some aspects become pretty familiar. This whole course provides a wonderful opportunity to integrate the key concepts of the MBA core courses into a business development project.

Q Are there special requirements for the final business plan?

A The length of the Business

Plan's narrative portion is limited to 25 pages. The appendices and any additional reference material are limited to a total of 15 pages. The final document must be hard hitting but concise. There is another, optional assignment, which includes 35 mm slides or transparencies to be used in a formal 15 minute presentation about the company. This presentation would include information about the overall venture concept, its success factors, and what sets the company apart from its competitors. This assignment also must include a script for a carefully timed 15 minute presentation that will match the transparencies.

Q Do students ever actually make these presentations?

A Yes. In the third course. In addition, all of our teams may participate in our Pryor Business Plan Competition (in 1995 there were 12 competing). Also, one team is selected to represent the Business School at the National Business Plan Competition at the University of Nebraska, and one team is selected to compete in the International Business Plan Competition at the University of Texas. Occasionally, one of the teams is able to present its company at the Growth Capital Symposium held each year under the auspices of the Office for the Study of Private Equity Finance and its director, David Brophy, associate professor of finance, who also teaches a module in the Entrepreneur Track on venture capital finance.

Q What is the Pryor Award?

A That award was founded in 1984 with a \$50,000 grant from Millard H. Pryor as a challenge to "commit the entrepreneurial dreams of students to paper." The winners receive \$3,500. Their business plans are screened by past winners and finalists and then evaluated by a panel of five entrepreneurs or venture capitalists who listen to a 15-

minute presentation of the company and then ask questions for 10 minutes. It's wonderful practice and gives people terrific experience, because after you have the plan, you have to raise the money.

Q You ask your students to interview an entrepreneur as part of their course work. Are there any entrepreneurs who have been role models for you?

A LaRue Hosmer, professor of corporate strategy, has been an important role model for me because he has been able to bridge the gap between business and teaching. He owned a very successful business in the '50s and '60s and was able to be a great teacher at the Michigan Business School in the '70s, '80s, and '90s. In fact, I was a student in his entrepreneurial management course in 1973; he advised me when I purchased Mager Scientific in 1974 and founded PC Technologies in 1983; and I began guest lecturing under his guidance in 1975. When he went on sabbatical in 1981, I assumed the teaching responsibilities for the entrepreneurship classes, which I have shared with Professor Hosmer ever since.

Q Do you have any comments about the challenges of being an entrepreneur?

A It's similar in some ways to being a professor. There are many unknowns, and the challenge is to make all of the disciplines work together. You must look across multiple disciplines. They are all linked, and exist side by side. In each industry that I have worked in, there are important linkages that must play in tandem, that cannot be taken individually but must be considered and managed as a whole. Also, as a manager, you can't be complacent. You must be totally committed to the industry you are in, be well read, and surround yourself with excellent people. ■

SOME COMPANIES THAT BEGAN IN LAWLOR'S CLASS

■ CHAMELEON BEVERAGE

creates custom labels and distributes micro-brand beverages. Started by three MBA students who won the Pryor Award for their plan in 1994.

■ STEEPLECHASE SOFTWARE INC.

develops personal-computer-based factory automation software which emphasizes productivity and ease of use. Started by four evening MBA students. Winner of the 1993 Pryor Award.

■ RESICOM CORPORATION

manages telephone systems for campus housing in colleges throughout the Midwest. In the last three years, the company has expanded from two to eleven client colleges. Started by two MBA students who won the 1988 Pryor Award for their business plan.

■ LIMITED TIME STUDIOS

serves as an agent for cartoonists and as a publisher of high quality comic books. Founded by three MBA students and a software animator. Won the national 1993 business plan contest held at the University of Nebraska.

■ ANN ARBOR CLIMBING GYM

provides climbing fans with 20-foot indoor walls to practice climbing skills. Caters to beginners as well as advanced climbers. Located in a former warehouse within walking distance to campus, and is now in the process of doubling the square footage devoted to climbing space. Founded by Courtland Coene, MBA '93.

■ TRIAD FINANCIAL, INC.

has made a name for itself factoring small transactions, thanks to a proprietary computer system that automatically spits out statements and checks with a few strokes of data entry. The company was launched in 1989 by Thomas Cross, MBA '88.

By Amy Sabo, BBA '95

A Balancing Act

Introducing Enterprising Business School Students Who Are Running Businesses in Their "Spare Time"

JASON MAHONEY ▶



Jennifer Shorter holds a copy of her booklet, "Petoskey Stones—More Than Meets the Eye." She hopes to use her desktop publishing skills in her future career.

JENNIFER SHORTER ▲

BBA student Jennifer Shorter believes strongly that while her family's store, Grandpa Shorter's Gifts in Petoskey, Michigan, can remain quaint and timeless for its customers, behind the scenes it must be on the forefront of technology in order to stay competitive. Therefore, she is looking into putting the store on the Internet, creating a WWW home page and placing Grandpa Shorter's in an electronic mall.

Jennifer spends her summer vacations managing the store, and is also founder of JS Publications, which came into being two years ago when she produced a booklet about Petoskey Stones, the petrified fossil corals that existed about 350 million

years ago when a warm salt water sea covered Michigan.

The book, which Jennifer designed, illustrated and wrote using desktop publishing, gives information about exactly what Petoskey stones are, how they were formed and how to hand polish them. Almost 3,000 copies of "Petoskey Stones — More Than Meets the Eye" have been sold in museums, gift shops and book stores across northern Michigan. Jennifer has also created a Petoskey Stone Catalog using desktop publishing, and has been asked to do a book on all the unusual stones in Michigan. "The problem is finding the time," she worries. Her advice to students thinking of starting their own businesses is succinct. "Think big," she says, "but start small."

Second-year BBA student Jason Mahoney's cellular phone and pager have been known to go off during classes, but being available to his customers is very important to him. In fact his company, Vital Communications, is founded on the ability to offer personalized long-distance phone service to small- and medium-sized businesses.

Large long distance carriers, like AT&T, MCI or Sprint, are required by law to sell their excess capacity to smaller companies like Jason's. He buys this excess capacity and resells it to customers at more competitive prices than the large carriers offer. "We can't compete with the big companies on marketing plans or money or resources, but we can beat them on prices," he explains.

The other big advantage his company offers is personalized customer service. Jason and his partner, Steve, a student at the University of Detroit, make themselves available by pagers to their customers (though this may even mean an occasional "in class" phone call). For customer convenience, Vital Communications also maintains a voice message system with mailboxes full of information on cellular services, paging systems and long distance services. Jason and Steve also serve as telecommunications consultants, advising customers about which services are best suited to their needs.

FRANK KURIAKUZ ▶

Working on Wall Street in sales and trading last summer while running his fireworks business in



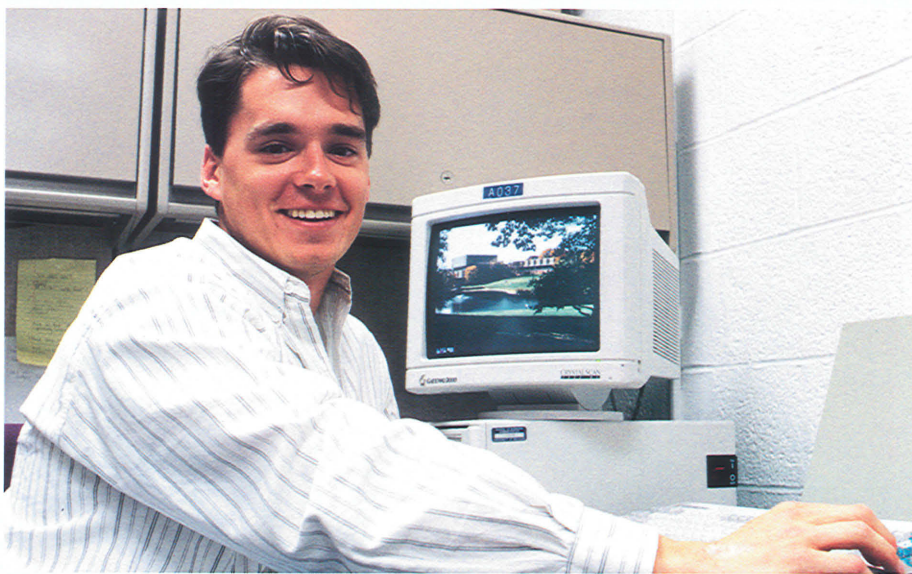
Gregory Fox

Always on the go, Jason Mahoney is never more than a phone call away from his business.

Michigan gave second-year BBA student Frank Kuriakuz an opportunity to rack up quite a few frequent flier miles. He ran most of the business by telephone and fax machine but during the busy weeks before the Fourth of July he needed to fly back to Michigan often.

Frank started his business — Firework Network Corp. — five years ago because he knew the products well, and fireworks have a high profit margin. He imports fireworks from Hunan province in China to supply wholesalers and retailers in the Metro Detroit area, and is currently looking to expand into the Southwest and East Coast since these regions have large markets and more than one season for fireworks. (Fireworks are used in New York for both New Year's Eve and the Chinese New Year as well as the Fourth of July.)

Frank counsels budding entrepreneurs not to be intimidated. "Don't walk away from an idea and say 'I can't do it. I don't know much about it,'" he advises. "If you make mistakes, you learn," he says. "Assess the risk and dive into it. Also, be resourceful, and remember —



Gregory Fox

The screen saver Jay Stocki created is a 21-photo slide show of U-M campus scenes.

anyone can be a contact."

Frank practices what he preaches. When traveling through Asia on a Michigan study tour, he met with some shoe and garment manufacturers who sent him product samples. He then forwarded the samples to retail buyers he met last summer in New York, and he is now in the process of putting together a deal to import the Asian products and distribute them on the East Coast.

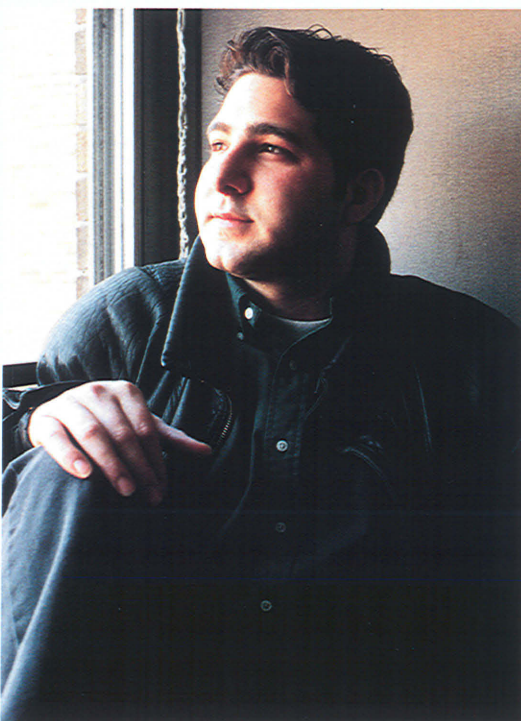
JAY STOCKI ▲

A strong entrepreneurial spirit, along with the business plan he wrote in Professor Andrew Lawlor's corporate strategy class, inspired MBA student Jay Stocki to create Fan Ware, his company that markets a University of Michigan screen saver and mouse pad.

The screen saver, for which he wrote all the software, is a 21-photo slide show of U-M campus scenes. Marketing is a big part of the business. Jay promotes his business by advertising in the U-M alumni magazine, by passing out flyers at football games and by word of mouth promotion (he offers free Michigan pens and T-shirts to individuals who recommend other customers).

Not surprisingly, the biggest customer for his mouse pad (which displays the U of M logo) is the University of Michigan. Jay has targeted computer labs across campus, which house approximately 20,000 computers, to see if he can persuade them to replace their old mouse pads with his product. (The mouse pads are also sold through campus bookstores.)

Jay says the biggest lesson



Gregory Fox

Frank Kuriakuz began importing some of his fireworks from China two years ago.

he has learned is “be ready for competition.” Originally, he hoped to expand the screen saver idea to other universities, but competition has now come in with similar products. There is even competition at Michigan. As a result, the business will probably dissolve after Jay graduates. He is considering two exit strategies, however: selling his mailing list to a competitor, and licensing his software to competitors at other schools.

KEITH CAMILLI ▼

Keith Camilli’s thriving antique business began in the Marquette dump, where as a 14-year-old, he used to search for old bottles, which he discovered had value as collectibles. Now you can find booths housing Keith’s Antiques & Collectibles in two Pennsylvania antique co-ops located in renovated barns. (One co-op includes 60 antique dealers, the other 90.)

Keith’s wares are varied, and include political buttons, old advertising, sports cards and comic books, but his “core competency” remains old bottles. “I like the really old bottles from the pre-1900s,” he says. “Particularly the medical bottles with the old labels.” His most valuable find to date was a bottle from a brewing company dating back to the 1870s, which he sold for \$100.

Keith, who received his MBA in April, now runs his business by proxy, hiring people to staff his two booths. His parents help out with some of the operational matters, but he remains active in the business. (He spent some of his spring vacation buying inventory in Pennsylvania.) He is now working in consulting with Z.S. Associates in Evanston, Illinois, pondering

whether to continue the business, and considering developing a catalog of bottles for doctors.

JUAN GONZALEZ ►

An active tennis player, first-year MBA student Juan Gonzalez served himself a challenge when he decided to quit his job as a civil engineer to organize the first professional tennis tournament in his home country of Venezuela. To do so, he created his company, Break Point Eventos, in December, 1991, and gathered financial support from private companies and European Chambers of Commerce located in Caracas.



Juan Gonzalez promoted the first professional tennis tournament in Venezuela.



Keith Camilli sells his antiques in two antique co-ops located in Pennsylvania.

With corporate sponsors such as Hyundai, Perrier, Xerox, and Domino’s Pizza behind him, Juan met with Mike Miles, CEO of the Association of Tennis Professionals (ATP Tour), and received approval to hold the tournament in Venezuela. It took 11 months for him to find sponsors, establish media relationships, organize caterers, hire

umpires and change the surfaces and illumination of the tennis courts to meet the ATP Tour requirements.

The current political and economic conditions in Venezuela have forced Juan to put his business on hold because many companies have cut their budgets, making it difficult to get corporate sponsors for tournaments. But Juan will keep the possibility of another tournament in mind as he heads home to Venezuela for the summer to work as an intern for Procter & Gamble.

JOEL SMITH ►

After successfully test-marketing “The Microbiology Companion,” a microbiology study guide, at the U-M Medical School, second year MBA/JD student Joel Smith knew he had a winner. In less than two years he has created a nation-wide distribution network for the study guide written by his partners, Joel Topf and Sarah Faubel, students at Wayne State Medical School. Together they formed Alert and Oriented Publishing Company in October, 1993, and

the book is now sold at approximately 45 of the 120 medical schools across the country.

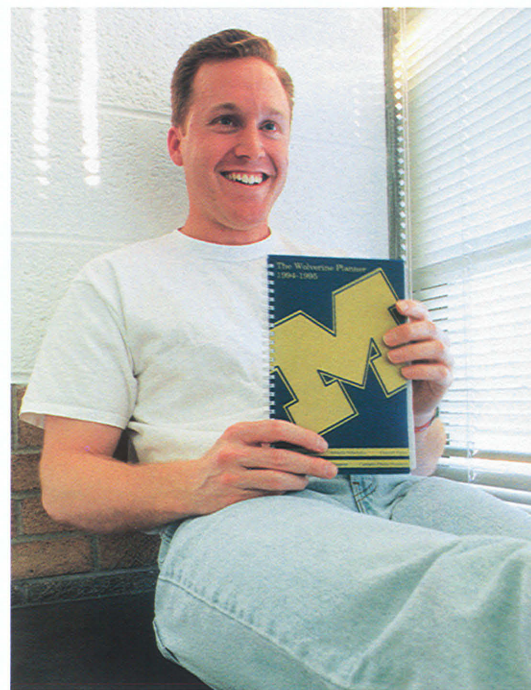
Joel's partners originally wrote the book because they found the available microbiology texts difficult to learn from and use as reference materials. Using Microsoft Word, they put together easy-to-follow charts and graphics, and added some medical school humor (a song about the parasite *Loa Loa* sung to the tune of "Luis, Luis"). Joel convinced them that their book would sell, and set out to create the network of medical students they now use to promote the study guide. He asked one of his friends at Michigan to put fliers about the study guide in the med-school mail folders and make an announcement in her microbiology class in exchange for a free copy of the book and \$1.00 for every copy sold in the book store. Fifty percent of the second-year students bought the book, and Joel knew he could duplicate his word-of-mouth method at other schools. "I started hammering out more contacts," he explains. "I got names of friends of friends of friends to use as potential contacts."

Alert and Oriented Publishing Company also markets a poster as a biochemistry flow chart study guide which was developed by another

Wayne State medical student, and Joel and his partners plan to have other products, such as pharmacology flash cards and a study guide for fluids and electrolytes, on the market by next year. He attributes their success to the ease of desktop publishing which has allowed them to publish and distribute their book while minimizing overhead costs. However, the tremendous growth they have experienced in the past year has forced them to contract with a distributor in order to keep up with bookstore orders. After two years of reinvesting every penny they made, Joel estimates they will finally have some money left over after the next printing with which to pay themselves.

STEVE DELLINGER ▶

Steve Dellinger, MBA '95, is one of two current partners in Student Ideas Company — which was founded in 1988 to publish the Wolverine Planner, a calendar produced "by students, for students." Ownership of the two-person partnership, which every year combines a second-year MBA student with a recent graduate, is transferred annually. Steve's partner this year is Andrew Isgrig, MBA '94.

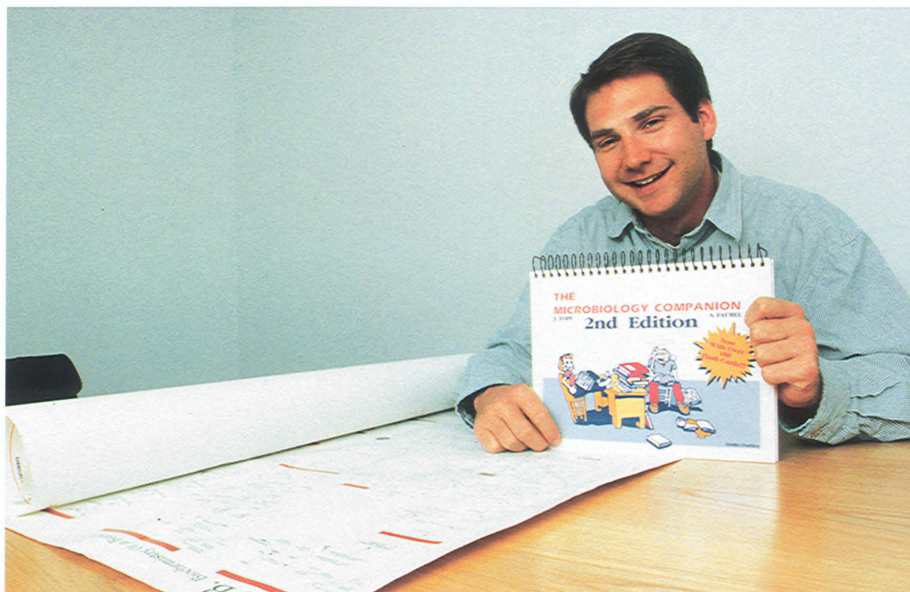


Gregory Fox

Steve Dellinger holds a copy of the 1995 Wolverine Planner he produced this year.

Almost 3,500 copies of the Wolverine Planner are sold annually for \$5.95 in campus bookstores, Border's Books and through mail order flyers. The planner contains schedules of athletic events, diagrams of the football stadium and Crisler Arena, a directory of important campus phone numbers, maps, and pictures of campus scenes and events.

Student Ideas Co. also produced the 1994-95 Business School Student Directory. Advertisements are used in both the directory and the Wolverine Planner, but Steve says he avoided using too many ads in the Planner because "it is sold based on quality more than price. We walk a fine line between needing ads to defray costs, and not wanting to overwhelm the publication with ads." Steve and Andrew are now mulling over the question of whether to bring another student into the partnership, or to turn it over to the Business School's Entrepreneur Club. "It was tough this year to find the up-front money needed to produce the planner on time, and the Entrepreneur Club may be able to provide more funds in a timely way." ■



Gregory Fox

Joel Smith and his partners sell "The Microbiology Companion," a microbiology study guide, at approximately 45 of the 120 medical schools across the country.

“Basically I Was Interested

One day Sam Wyly, then a sophomore in college, gave some advice to his dad, a newspaper publisher who sold insurance on the side. Sam pointed out that more money could be made in the insurance business (at which his dad spent about 6 hours a week) than in the newspaper business (at which he spent about 60 hours a week).

“Sit down, Son,” said Sam’s dad. “There’s something you don’t understand. I LIKE putting out this newspaper!”

Wyly told this anecdote to illustrate an important piece of advice: “Don’t be an entrepreneur to get rich,” he counseled students attending his talk at a Dean’s Seminar held recently at the School. “Most entrepreneurs are not rich. But they are doing what they want to do.”

Wyly, MBA ’57, was the Business School’s first Paton Scholar, and in fact was recruited by William Paton, legendary Michigan professor of accounting. He told the students that after getting his MBA he worked five and one-half years in computer services at IBM and Honeywell before leaving his job as area manager to found University Computing Company in 1963. “I left Honeywell to start a business because I wanted to be independent — not to get rich,” said Wyly. “Basically I was interested in freedom.”

But he got rich as well. UCC, a computer software and services company, grew its

profits at 100% for five years. However, UCC’s original business concept — a computer utility — was badly mangled by the advent of minicomputers in the early ’70s. The company rebounded by becoming one of the creators of the software products industry. Later, UCC merged into Computer Associates for \$800 million.

Sam explained to the students that two things stand in the way of budding entrepreneurs: the fear of failure and the fear of what other people think. Commenting on



Sam Wyly spoke at a recent Dean’s Seminar held at the School.

Gregory Fox

in Freedom”

his days at the Business School, he said one of his most memorable courses was the one he took in small business, adding that he learned things “not in the book” from Professor Paton. When asked if there was anything he wished had been in the MBA program while he was a student here, he emphatically replied “MAP” (Multidisciplinary Action Projects),* and when asked for his definition of success, he said, “The quality of the journey.”

In the 1970s, Sam’s telecommunications pioneer — Data Transmission Company (DATRAN)— was unable to raise its needed \$500 million of venture capital in the dark bear markets of the mid-1970s. “We lost eight years and \$100 million with DATRAN,” Sam told the students wryly. “But we learned a lot by losing.”

DATRAN was one of the three (along with MCI and Carterphone) entrepreneurial efforts which broke up the USA telephone monopoly and set in motion the competition in technology and marketing that has revolutionized the telecommunications world.

**MAP (Multidisciplinary Action Projects) is one of many innovations at the University of Michigan Business School designed to enhance the traditional MBA program. It provides first-year MBA students with an opportunity to apply core course concepts and theory to an actual business process, and develops student skills in operation analysis as well as improving their understanding of how various disciplines interact in an actual business environment. Each MAP team works under the guidance of an interdisciplinary group of faculty members.*

Sam and his brother Charles founded Earth Resources Company, an oil refining and silver mining company which grew to \$700 million in revenue and \$25 million profit in 12 years and was sold in November 1980 (the month that oil peaked at \$40 per barrel). Sam co-founded USACafes, a restaurant licensing business which grew from 20 to 600 “Bonanza” restaurants in 20 years. He also co-founded Sterling Software, which now sells computer software in 50 countries and enjoys revenues of \$600 million and operating profits of \$100 million. The Wyllys also bought Michaels Stores, a speciality retail chain, in 1984. Michaels’ revenues have grown from \$10 million to \$1 billion in the ten years since.

Sam is now chairman of Sterling Software and Michaels Stores and is chief investment officer of Maverick Capital, which has earned a compound return of over 20% after tax for 13 years, while growing from less than \$30 million to over \$300 million in assets managed after substantial distributions. “Being an entrepreneur makes me a better investor; being an investor makes me a better entrepreneur,” says Sam.

Sam and Charles have contributed work and wealth to a number of charitable, church, and educational efforts which benefit the young, the old, and the poor. They have endowed Louisiana Tech with the Jay Taylor Chair of Journalism, the Don Thomson Chair of Business, and the 16-story Wyly Tower of Learning. Sam has served on the board of the Public Broadcasting System and as a trustee of Southern Methodist University. In addition, several hundred people have become millionaires working in companies created and managed by the Wyly brothers. ■

**Sam Wyly, MBA ’57,
says that two things
stand in the way
of budding
entrepreneurs: the
fear of failure and
the fear of what
other people think.**

Pancho Castano Buys Domes for a Living

With advanced structural software and a remarkable connection system which involves numbering key elements and assembling them at the site like a jigsaw puzzle, Castano's company has thrived.

The elegant roof structures built by Geometrica, a company founded by Francisco (Pancho) Castano, MBA '92, have been a hit in Mexico.

In fact, people come to the Plaza Valle shopping center in Monterrey (pictured opposite page), just to see the latticed dome his company built over the central rectangular patio there, and the space it creates has now become a popular site for social events as well. "All of a sudden this shopping center is glamorous," says Castano, "and the owner is one of our best promoters."

With advanced structural software and a remarkable connection system which involves numbering key elements and assembling them at the site like a jigsaw puzzle, the company has thrived. It has been involved in building covers for gymnasiums, hangars, manufacturing plants, border stations, and service stations.

Geometrica's original domes are marketed under the trademark *Freedome*TM. As the name implies, these structures can be used to cover areas of any shape, some never before possible. They are designed using the "space frame" concept. The interaction between the elements in the entire building are taken into account and used to optimize the structure's span, weight and cost. The resulting forms are economical and beautiful, and often weigh less than half of more conventional structures. No welding is involved, since the connection of the tubes consists of an extruded aluminum hub with serrated slots into which the formed ends of the tubes are slid.

Castano decided to start his company after a long conversation over pizza at Dominick's. There he and Alan Foster, adjunct professor of finance who teaches corporate financial management, went over the business plan Castano had written in David Brophy's class. "I decided then to go for it," says Castano. "But it was definitely the riskiest option of the several I was consider-



Francisco (Pancho) Castano, MBA '92

ing after I finished my MBA."

So in 1992 he formed Geometrica to manufacture and market long-span roof structures throughout North America. "We decided to begin our construction in Mexico," he says. "Since antiquity, Latin owners and builders have used domes. The construction industry in Mexico is comfortable designing with these structures."

During his student years at the Business School, Castano says he took three courses that were particularly memorable and important for his business. "Finance professor David Brophy helped immensely with two of the hardest parts of starting a business: writing the business plan and selling it," he says. "The class in corporate financial management taught by Professor Alan Foster has been instrumental in helping us keep our eye on the cash, which can evapo-


Builds Elegant

rate without trace in a growing business. Finally, Professor Michael Ryan's class in industrial marketing taught me about how to think, not only about sales, but about customer satisfaction — the purpose of the company."

Castano, a U.S. citizen born and raised in Mexico, has a civil engineering degree from Monterrey Institute of Technology (ITESM), a master's degree in structural engineering from the University of Waterloo, Canada, and ten years of experience in the design, fabrication and construction of space frames. He learned about space frames from Dr. Douglas Wright, president of the University of Waterloo, who had developed some of the original theories for the design of space frame structures back in the 1960s. Wright always talked about the unexploited potential for these structures, and was one of the first people to whom Castano showed the business plan for Geometrica. (He was also one of the first to sign on as an investor.)

When *Dividend* first interviewed Castano, business was growing faster than he had ever imagined. On the other hand, he explained that a characteristic of the business is that orders are very large and therefore few. "It's easy to have long, dry spells," he said. "This is very scary because in order to meet the larger volume we have had to grow our overhead beyond what we would like." Needless to say, the current peso crisis has made matters even more difficult, although the company is keeping its head above water.

Castano's wife, Cintia, who has a degree in architecture and wrote her thesis on space frames, now does the company's architectural work and image design. In addition, Ken Good, a graduate of Michigan's architecture school and an expert on computer programming, is developing a new version of the software that will allow design of Geometrica structures to be done in one fourth of the time it now demands. The company currently employs over 50 people in the U.S. and Mexico and will soon start marketing its unique products north of the Rio Grande. ■



People come to the Plaza Valle shopping center in Monterrey just to see the latticed dome Geometrica built over the central rectangular patio there.

Taking Capitalism



"The beauty of money is that it is the universal language of self-interest," Mariotti says. "You can pack a lot of valuable lessons into the human brain simply by putting them in the context of creating wealth."

A gang of armed street toughs took more than Steve Mariotti's wallet during a daylight mugging in October, 1981: they took his self-respect. At the time, Mariotti, BBA '75, MBA '77, was a successful entrepreneur in New York City's rough-and-tumble import-export business—his first independent venture after leaving Ford Motor Co. where his skills as a financial analyst had earned him the moniker, "Stevie Wonder."

To deal with the anger he felt after the attack, Mariotti volunteered to teach for one month in New York City, specifically requesting "a bad school attended by bad kids." He believed that if he could interact face-to-face with youths like those who had beaten him, he could resume life as he once had known it. But then, something odd happened.

"The first day I went into the classroom the kids won me over," Mariotti recalls. "My anger just totally disappeared in 10 minutes." What Mariotti found was that many disadvantaged children were people remarkably like himself: calculated risk-takers who could function in an environment of uncertainty; in short, people with entrepreneurial potential.

"It takes an enormous amount of strength and character just to get up every morning and go through the everyday situations poor people face without becoming corrupt, violent, or involved in drugs," Mariotti says. "Children who live in poverty are under such incredible stress that it made anything I had ever experienced seem almost trivial by comparison. I found it uplifting just to be around them."

Within a year, he had sold his import-export business so he could focus exclusively on teaching. Over the next six years, Mariotti rotated through 11 schools in the New York Public School System, always asking to be placed in the worst ones.

"What I saw convinced me that the major problem with at-risk kids was that they were economically and psychologically isolated from the capitalist system and thus, from society," Mariotti says. He theorized that this isolation was at least partly responsible for

to the Streets

By Dennis Gilbert

the fatalistic attitudes and behaviors at-risk youth often display: attitudes expressed in rampant teen pregnancy, drug addiction, a disdain for education and a culture of violence.

Mariotti reasoned that the best way to integrate alienated youth back into society was to give them a stake in the capitalist system.

“The beauty of money is that it is the universal language of self-interest,” Mariotti says, conspiratorially. “You can pack a lot of valuable lessons into the human brain simply by putting them in the context of creating wealth.”

He designed a comprehensive, hands-on course in the principles of business based largely on what he had learned as a business student at Michigan under the mentorship of professors Paul McCracken, David Lewis, the late Ross Wilhelm, the late Tom Gies and especially LaRue Hosmer, the originator of Michigan’s entrepreneurial curriculum. Mariotti essentially adapted his MBA material to a seventh-grade reading level and used lots of cartoons, pictures, charts and graphs to illustrate his points.

As a class assignment, Mariotti’s students were required to draw up business plans and encouraged to start their own businesses. Many did just that. Most were simple enterprises, ranging from bicycle repairing to resale of inexpensive clothing items bought from wholesalers. Several were quite successful.

What impressed Mariotti most was the healing power of business ownership. Students’ self-images and self-confidence improved dramatically. They attended school willingly and with new interest. As entrepreneurs, they began to see the direct correlation between math and public speaking skills and personal profit.

Word of Mariotti’s student success stories began to spread, and his novel approach to business education became the focus of national media attention: all marveling at the teacher who was kindling the spirit of entrepreneurship in one of America’s most crime-ridden inner cities.

Mariotti capitalized on the public relations windfall by launching the nonprofit National Foundation for Teaching Entrepreneurship to Handicapped and Disadvantaged Youth (NFTE) in 1987. With the creation of NFTE, Mariotti began searching for benefactors to help him spread the program beyond New York City and into other inner city schools. He pitched NFTE to every individual on the Forbes 400 list. One responded with a \$60,000 grant. NFTE was on its way.

In 1988, Mariotti left teaching to devote himself full-time to running NFTE. Today, NFTE is a \$5 million enterprise with branch operations in 16 cities across the U.S. as well as in London, Glasgow and Paris. More than 7,000 students, some as young as first grade and many of them on welfare, have completed NFTE’s 80-hour mini MBA courses. The operation employs about 100 part-time instructors nationwide, and has received financial support from about 800 contributors.

Less than one percent of NFTE’s funds come from government sources, a point of pride with Mariotti. (He believes education should be privately funded and no one should have to support it if they disagree with its purpose.) The rest originates from individuals, corporations and foundations representing a broad spectrum of political viewpoints. Donations are used to underwrite everything from teacher training to scholarships to NFTE’s “BizBag”—a canvas tote bag containing 18 basic items students need to start up a small business.

Random House will publish a book about NFTE in November, tentatively titled *The Young Person’s Guide to Starting, Financing and Managing a Small Business*. Co-authored by Mariotti and Tony Tovel, the book will contain about 20% of the lessons taught to NFTE students.

Mariotti estimates that roughly 14% of NFTE graduates maintain some type of business after the 80 hour course. That may not seem like a lot, he observes, but it is still nearly 10 times the business start-up rate for

Steve Mariotti, BBA ’75, MBA ’77, is president and CEO of an organization that is leading a national movement to liberate children from a culture of poverty. And, he says, “I love every single day of my work.”

Continued on page 38

Jerry Campbell, MBA '66, Runs Highly Successful Bank in a "Contrarian Way"



Gregory Fox

▲ Jerry Campbell, MBA '66, is pictured at the Business School, where he talked with students during a Dean's Seminar.

Republic Bancorp is a company on the move. Its CEO, Jerry Campbell, MBA '66, runs the bank like an aggressive high-tech firm. It's growing like one, too. Just 10-years old, Republic earned 1.94% on assets in 1993, enough to make it the most profitable bank in the Midwest. In June, 1994, *USBanker* called it the top midsized bank in the entire country. Republic has \$1.4 billion in assets with 90 offices in 20 states. In 1993, Campbell received the Michigan Entrepreneur of the Year Award from *Inc.* magazine. He was at the Business School recently to talk to students at a Dean's Seminar.

In theory, Republic Bancorp is based in Ann Arbor. In reality, Campbell runs it from a converted house in Owosso, near Flint, where he lives. The house perfectly reflects what Campbell refers to as the bank's "contrarian nature." While other banks are expanding their services into mutual funds and lobbying to sell insurance, Republic has gone the other way, working its niche of residential home mortgages and working it hard, and sticking to its "limited menu."

In a January, 1994 interview with *Corporate Detroit* magazine, Campbell said, "We're a real small menu, small niche kind of business. On the lending side, we primarily do single-family mortgage, and SBA loans, which have some of the same attributes, in that they're secured by the federal government. We package them up and sell them.... We take somebody with a little white house and green shutters, a nice little garage attached, and we allow them to borrow for 15 or 30 years cheaper than a Triple A corporation, GM or whomever... that's our whole business. That's all we do."

Republic has flourished by turning traditional bank culture on its head. The secret of its success includes aggressive marketing, a narrow lending focus, tightfisted cost controls and a furious work ethic. The bank is "entrepreneurial in nature, was started by entrepreneurs, and is entrepreneurial in growth form," says co-founder David Laro. In 1993, Republic stock appreciated 26 percent. A share purchased at the end of 1988, with reinvested dividends, almost tripled in value in just five years.

Campbell taught at Wayne State University from 1965 through 1969, serving as an instructor of finance, banking and investment courses. He then left teaching to work at Bank of the Commonwealth (acquired by Comerica), and soon after that became president of a small bank in Owosso.

Over the course of a decade, through careful management and shrewd acquisitions, Campbell built the Owosso bank into Pacesetter Financial. During his association with Pacesetter, Campbell directed the firm's corporate development and acquisition activities, was primarily responsible for acquisition of seven Michigan banks, and was also responsible for administration and liaison with the CEOs of five subsidiary banks. The total assets of Pacesetter were \$1.25

Continued on page 38

Alumni Activities

Alumni Board Meets in New Videoconferencing Center

Members of the Alumni Society Board of Governors spent part of their spring meeting in the new Videoconferencing Center located in



Gregory Fox

the Kresge Business Administration Library (see picture above). There they heard presentations about the School's new distance learning initiatives, and were able to experience a distance learning class environment.

Minneapolis Alumni Meet

A reception at the Minneapolis Club for alumni of the University of Michigan Business School featured Dean B. Joseph White as speaker.

Pictured at the Minneapolis Club reception, left to right, are Jeanne Wilt, MBA '89, Director of Alumni Relations at the Business School; Michael D'Agostino, MBA '90, regional manager, Apcoa, Inc.; James Pierpont, MBA '67, senior vice president and director of corporate finance, Dain Bosworth, Inc., and his wife, Judith, who were hosts for the event; and Kathy Vaaler, MBA '89, manager, expense planning, Target Stores.

Please Give Us a Hand

One of the important sources of pride for the University of Michigan Business School is the number of distinguished graduates we can claim as our own. So if you are interviewed or profiled in the media, we would appreciate it if you would identify yourself as a graduate of the University of Michigan Business School.

Alumni Directory Is in the Works

Have you tried to get in touch with a classmate, only to find that the last address you have in your telephone directory is five years old? Your troubles will soon be over, as the new edition of the University of Michigan Business School Alumni Directory is in the works.

The Directory is being produced by the Bernard C. Harris Publishing Company, Inc., which will be mailing a questionnaire to you to gather information. The volume, when it is published, will include current name, address and phone number, academic data, and business information. (If there is anyone who prefers not to be listed in the Directory, he or she should contact the Alumni Office in writing as soon as possible.) The finished Directory is scheduled for publication in March, 1996.



Alumni Activities



◀ David Alger, MBA '68, president and CEO of Fred Alger Management, a \$3-billion money management firm, speaks at a joint meeting of the Business School Society of New York and the Harvard Business School Club of New York.

Jeff Dodge

Alumni Clubs Meet in the U.S. and Abroad

Below you will find news of the most recent programs held around the country and abroad by Business School alumni:

■ NEW YORK

David Alger, MBA '68, president and CEO of Fred Alger Management, a \$3-billion money management firm, spoke at a joint meeting in New York City of the Business School Society of the U of M Club of New York, and the Harvard Business School Club. This was the first collaborative event with another business school alumni club. Alger, who received his undergraduate degree from Harvard, shared his outlook on the volatile growth equity markets in 1995 and beyond. He is the author of *Raging Bull: How to Invest in the Growth Stocks of the 90's*, and has appeared on CNN, FNN, and CNBC.

Members of the New York Club also helped with the Business School's Recruiting Forum in October and the Admissions Forum in January in New York; and at their February meeting heard Paul Bernard, President of Paul Bernard & Associates, speak on "Career

Strategies for the 1990's."

The Business School Society of New York is always looking for top tier speakers and new locations for events. If you have ideas, please get in touch with Scott Stieler, MBA '92, co-chair of the group, at (908) 665-5211.

■ BOSTON

Alumni in Boston have met several times to discuss the organization of a Business School Society there. They are now planning to host Dean B. Joseph White at a reception on September 14, and are asking Boston alumni to make sure they are on the mailing list for this and future events. Also, anyone interested in helping to plan the 1995-96 season should get in touch with Robert Alpert, 3603 Stearns Hills Road, Waltham, Massachusetts 02154-7117, telephone (617)647-3265.

■ SEOUL, KOREA

More than 50 people turned out on April 3 to attend a special reception in Seoul, Korea, coordinated by Dae Won Moon, MBA '78, president of Korea Xerox Company, Ltd.

Dean B. Joseph White and Professor of Finance E. Han Kim, director of the

Mitsui Life Financial Research Center, spoke about the current state of the School and the opening of the Global MBA program, a new management education program being offered by the Business School to selected executives of the Daewoo Corporation, a Korean conglomerate with \$40 billion in sales and more than 100,000 employees.

■ **CLEVELAND**

The Business School Committee of the U of M Club of Cleveland hosted Cleveland Mayor Michael White at the annual U of M Club spring dinner in May.

■ **EUROPE**

Professors Noel Tichy and Andrew McGill conducted a seminar on “Managing Revolutionary Change” at the Third Annual European Symposium held in Paris on June 9. The Symposium also provided the occasion to celebrate the inauguration of the Business School’s new European center in Paris. The next day, the European Michigan Business School Alumni Club (EMAC) held its annual meeting.

■ **WASHINGTON, D.C.**

After conducting a survey of alumni interests, the Business School Society of the U of M Club of Washington, D.C. decided to hold an event focused on entrepreneurship. So the speaker at the March meeting was Gene Samburg, who holds a patent on a popular security and alarm system used in office buildings. His topic was “The Successful Entrepreneur.” Officers of the Washington, D.C. group have been participating in a series of strategic planning meetings to determine the direction of its programming as well as to develop a list of potential advisory board members.

Alumni Awards Presented To Westover and Hermelin

The Alumni Society Board of Governors presented their annual Alumni Achievement Award to David B. Hermelin, BBA '58, and the Alumni Service Award to Frank T. Westover, BBA '61, MBA '62.

Hermelin’s illustrious career in business includes such successful leadership positions as founding partner of Hermelin, Colburn, Colburn, Blumberg & Steinberg insurance agency; co-owner of the Palace of Auburn Hills and the Pine Knob entertainment centers; and chairman of the boards of Phoenicia American-Israel Flat Glass Ltd.; Active Aero, Inc.; and USA Jet. In addition, he serves on the board of directors of First of America Bank Corporation S.E.; Arbor Drugs, Inc; and Village Green Management company.

Westover, who received the Alumni Service Award at the annual scholarship dinner held April 7, has been a three-time national chairman of the Business School Annual Fund, has participated in countless Chicago area phonathons, and served on the School’s Development Advisory Board. In recognition of his service to the University, he received a University Service Citation in 1990. He now serves on the Chicago Area Major Gifts committee and, along with his wife, Barbara, has endowed two graduate scholarships at the Business School.



Gregory Fox

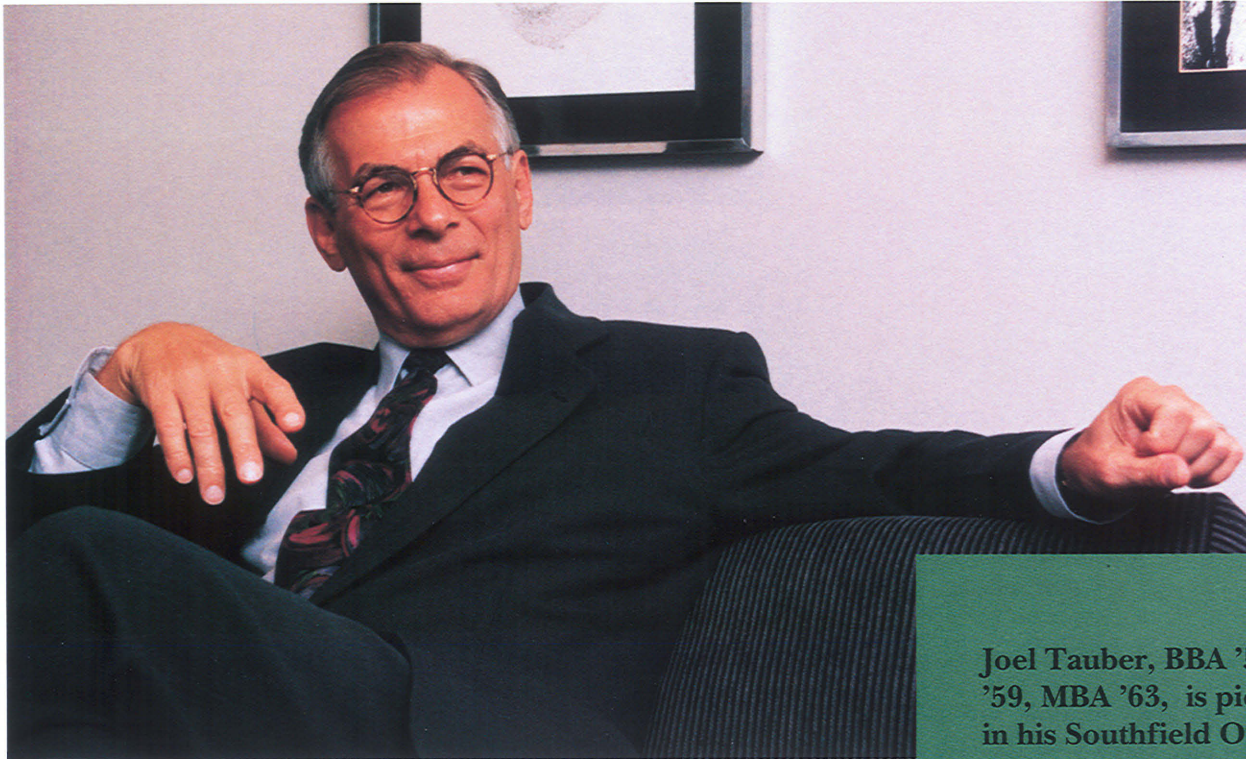
▲ Frank T. Westover, BBA '61, MBA '62, receives the Bert F. Wertman Alumni Service Award from Mike Wilson, BBA '84, member of the Alumni Society Board of Governors.



Gregory Fox

▲ The Alumni Society Board of Governors presented its annual Alumni Achievement Award to David B. Hermelin, BBA '58. Presenting the award is Margaret Mordy, MBA '95, Global Blue representative on the Alumni Board.

The Joel D. Tauber M Will Develop a New



Gregory Fox

Joel Tauber, BBA '56, JD '59, MBA '63, is pictured in his Southfield Office.

A new institute designed to give the resurgence of American manufacturing an additional shot in the arm is being established at the University of Michigan with a \$5 million gift from Michigan manufacturing executive Joel D. Tauber, BBA '56, JD '59, MBA '63. The Joel D. Tauber Manufacturing Institute, approved by the U-M Board of Regents in February, will develop a new breed of executives combining advanced capabilities in both engineering and business management. Industry analysts agree that overcoming the traditional, long-standing separation between engineering and business is a vital next step in improving efficiency and competitiveness in manufacturing.

“When I was invited to take over a manufacturing business almost 30 years ago, I had to develop my own training program, because what I learned at business school didn’t prepare me to understand the whole organization,” said Tauber. “I worked with people in various parts of the organization—on the business side and on the manufacturing side—and I came to realize that a comprehensive approach was a crucial and much more effective way of preparing for this kind of business.” He now heads three companies based in Southfield, Mich., with combined annual revenues of \$460 million.

The Tauber Institute will combine the strengths of the top-rated U-M Business School and U-M College of Engineering, and also will include active partnership with private industry. The U-M’s location in the cradle of American manufacturing gives

Manufacturing Institute Breed of Executives

students and researchers easy connections to important industries. An industrial advisory board will provide guidance and support for the program.

“People with knowledge of both manufacturing and other disciplines of business are in short supply,” said Dean B. Joseph White of the U-M Business School. “Graduates of the programs associated with the Tauber Institute will be the ‘bridge people’ companies need. Graduates of this program will be equally comfortable on the factory floor and in corporate headquarters. They will be prepared to play a major role in the continuing resurgence of U.S. manufacturing companies.”

“Joel Tauber’s support of Michigan’s manufacturing agenda is of central importance to our curriculum,” said Glenn F. Knoll, interim dean of the College of Engineering. “The Tauber Institute’s combination of business and technical knowledge will prepare Michigan engineers to meet the global challenges of America’s manufacturing industry. Joel Tauber’s vision for Michigan’s contribution to manufacturing excellence is assured by his extraordinary gift.”

Multiple degree programs will allow students to develop specific capabilities and advance individual career goals. The Master of Engineering in Manufacturing degree gives engineering students the business skills they need to advance in management. The M.B.A. with Manufacturing Concentration adds engineering education to traditional management training. Two joint degree programs, providing complete training in both management and engineering, will also be offered. The Engineering Global Leadership Honors Program, a five-year program for undergraduates which leads to both bachelor’s and master’s degrees, includes a business management core along with significant study of a foreign culture.

“Companies hire M.B.A.’s and spend six months to two years on training before they

“Michigan is one of only a handful of universities with sufficient depth in both business and engineering to develop this type of collaboration.”

*B. Joseph White, Dean
University of Michigan
Business School*

can go into manufacturing operations,” Tauber said. “Graduates of this program will be custom-trained and will have outstanding capabilities. That saves companies training costs and gives them people ready to move directly into manufacturing. There has been a real shortage of this kind of talent.”

Michigan is one of only a handful of universities with sufficient depth in both business and engineering to develop this type of collaboration, according to White. He said the multiple degree approach is expected to become a new standard for hybrid education and training programs.

The Tauber Institute also will support applied, practical cross-functional research. Research projects will be developed jointly by business and engineering faculty who will form close, long-term relationships with selected companies.

The Tauber Institute succeeds the Michigan Joint Manufacturing Initiative. MJMI, which Tauber was involved in developing, accepted its first students in 1993 and is already the largest program of its kind. ■

American Competitiveness and the Truck

Sloan Foundation Gives \$2.2 Million for the Study of Vital Issues Associated With the Trucking Service Industry

The University of Michigan Business School, in partnership with the University's College of Engineering, has been awarded \$2.2 million by the Alfred P. Sloan Foundation to find ways the trucking industry can better support the efforts of American businesses to improve competitiveness.

The researchers point out that virtually every product moves in a truck at some point in the chain that links producers to customers. Furthermore, the trucking service industry generates 80% of the nation's freight revenue and directly affects product costs, inventory investments, and the ability of businesses to respond quickly to changing markets, as well as consuming a large portion of the nation's energy resources.

The trucking service industry is a crucial and often overlooked link in boosting the performance of business, as success increasingly hinges on speed and efficiency. "Changes in the way business works have put the trucking industry into a more crucial and more sensitive position than ever before," said Business School Dean B. Joseph White. "Trucking service provides vital support for the basic mandates of business today—things like reducing inventories, cutting production cycle times, and using more external suppliers."

"We are excited by the enhanced potential of this new collaboration," said College of Engineering Interim Dean Glenn F.

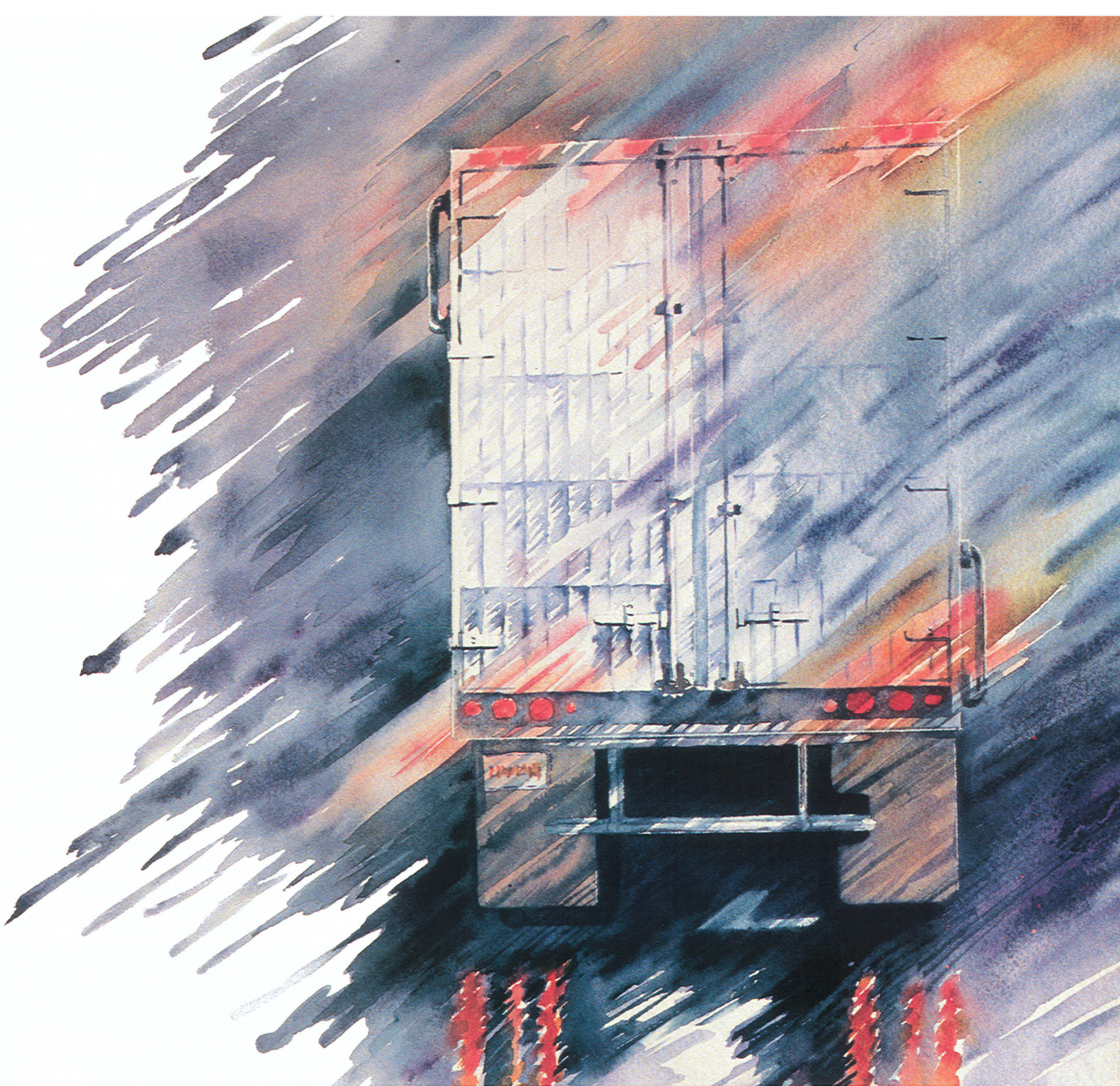
Knoll. "We look forward to making solid contributions to American trucking and competitiveness."

The Sloan Foundation grant will support a pilot study conducted by Michigan faculty and graduate students that will identify major issues facing the trucking industry. In addition to this field work, an advisory board of industry leaders will be created to assist with the development of the industry study. Among the first issues the new program will explore are the demand for short and predictable cycle times and a profile of workforce needs for today's trucking industry. Ultimately, Michigan will incorporate the study's findings into both management and engineering curricula and will share the research results with government regulators, industry and academia.

"The trucking industry plays a pivotal role in the U.S. economy," said Robert W. Haessler, research program co-director and associate professor of operations management at the Business School.

He noted that the internationalization of business puts new demands on trucking just as surely as the need to improve cycle times and reduce inventories, and cited Japan's short shipping distances relative to those of American companies, as well as the growth of cross-border networks resulting from NAFTA.

"An efficient and effective trucking service industry with a supportive infrastructure is critical to ensuring and improving



the nation's competitive position in world markets," said Chelsea C. White III, research program co-director and professor of industrial and operations engineering in Michigan's College of Engineering. "Our findings will be vital both to U.S. companies and the government, enhancing government understanding of policy development related to the industry."

The program is another in a growing list of cross-disciplinary partnerships at the University of Michigan, this one combining the capabilities of its Business School,

College of Engineering, and Transportation Research Institute. A private-industry advisory board also will work with the program. "This kind of interdisciplinary approach is vital to research and training, and the Sloan Foundation grant is another significant step in Michigan's furtherance of this approach," Dean White said.

The Sloan Foundation supports ten centers nationwide, including the new center at Michigan, for the study of industries that are key to overall improvements in U.S. competitiveness. ■

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MONG OURSELVES

Jack Kemp Delivers First J. Ira Harris Lecture

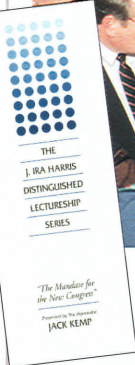
"The Mandate for the New Congress" was the topic of the inaugural lecture of the new J. Ira Harris Distinguished Lectureship. The lecture was delivered by the Hon. Jack Kemp to an overflow crowd in Hale Auditorium.

Kemp served for 18 years in the U.S. House of Representatives (1971-89), representing the suburbs of Buffalo, New York. He was one of the first advocates in Congress of federal enterprise zones, pioneering the concept that through a combination of tax credits and other incentives, businesses could be lured back to economically disadvantaged urban areas.

Kemp was tapped by President Bush to be his Secretary of Housing and Urban Development. While at HUD, he successfully implemented numerous management reforms that limited undue political influence in HUD decision making. He also worked with Congress to win approval of the first comprehensive federal housing bill in 13 years — the National Affordable Housing Act of 1990. Included in this legislation was his Homeownership and Opportunity for People



Jack Kemp was surrounded by students the minute he finished his lecture.



Everywhere
(HOPE)

initiative, which aids residents of public housing projects in managing and ultimately purchasing their housing sites.

During his lecture, Kemp said the key to prosperity for all people is through a pro-growth tax code. He said the rich should pay more taxes, but he believes the way to generate tax revenues is through tax rate cuts and elimination of the capital gains tax. He said the rich are wasting their talents trying to shelter their income rather than by "trying to build more widget factories."

"Of course we should get them to pay more. I'm all for getting the rich to pay more taxes. But buying tax-free municipal bonds is not what drives an economy. The question is not 'How do you make the rich poor.' It's 'how do you make the poor rich?' And you can't do it unless you have a tax system that lets people have access to capital."

Since leaving HUD in early 1993, Kemp has co-founded Empower America with former Education Secretary William Bennett,

former U.N. Ambassador Jeanne Kirkpatrick, and former Representative Vin Weber (R-MN). The goals of Empower America are "to advance social and economic policies which empower people, not government bureaucracies, and to expand entrepreneurial capitalism here and around the world."

"It's not the color of the skin that counts, the culture, the climate, or the geography," said Kemp. "It's what we do with the talents and how we unleash the talent and what kind of system can help people reach their potential. Potential is unlimited. Look at me," the 5-foot-10-inch Kemp said to a laughing crowd. "I'm a phys-ed major!" His parents had discouraged him from football because they felt he wasn't big enough.

Kemp spent his younger years as a professional football quarterback, leading the Buffalo Bills to the American Football League Championship in 1964 and 1965 and winning the League's Most Valuable Player each of those two years. He also played for the San Diego Chargers and

helped found the AFL Players Association.

The J. Ira Harris Distinguished Lectureship Series is made possible by the J. Ira Harris Fund, which also sponsors the J. Ira Harris International Fellowship Program and provides support for Recruiting Forums nationwide. The lecture series will feature business and public policy leaders speaking on significant social, political and economic issues. Through this generous gift, alumnus and prominent investment banker J. Ira Harris has enabled the University of Michigan Business School to enhance the educational experience of students and faculty throughout the University.

Prof. Snyder Becomes Associate Dean

Edward A. Snyder, professor of business economics and director of the William Davidson Institute since 1992, has been appointed associate dean of the Business School. He has been a member of our faculty since 1984, and replaces former Senior Associate Dean Paul Danos, who has accepted the position of Dean of the Amos Tuck School at Dartmouth.



Professor
Snyder

Snyder, who earned both his master's and doctorate degrees at the University of Chicago, will be responsible for the School's professional degree programs and related support activities. He will also have lead responsibility for faculty appointments and faculty development, and for the School's research support activities, and international affairs. His appointment will be effective July 1.

Associate Dean George Siedel, the Thurnau Professor of Business Law, will continue his leadership of Executive Education, and will also assume operational responsibility for the School's information resources, including Computing and the Kresge Library. He will also have lead responsibility from the Dean's office for the School's strategic planning and for faculty planning.

Hans Brechbühl, director of operations of the Davidson Institute since 1993, has now been named its managing director. He will lead the Institute during the search for Snyder's successor, and will then share leadership with the new academic director, to whom he will report. Before joining the Davidson Institute, he was an officer in the U.S. Army, stationed for six years on the Czech-German border, where he served as a Company Commander. He earned his B.S. in engineering from West Point, and he holds an M.A. from Harvard in regional studies, concentrating on Russia and Eastern Europe. He is fluent in German and proficient in Russian.

The Hon. Shirley Chisholm Gives MLK Day Address

The Hon. Shirley Chisholm, who was the first black woman elected to the House of Representatives, a presidential hopeful in 1972 and the co-founder of the National Political Congress of Black Women, delivered the Martin Luther King Day address to a capacity crowd in Hale Auditorium in January.

She urged the audience not to give in to disaffection and selfishness. "We're dangerously close to becoming those moderates whom Dr. King called 'more devoted to order than to justice,'" she said. "Eternal vigilance is needed. We must be moved to direct action to address the ills of society with fervor."

"Leadership must begin on college campuses," she said. "Yet you cannot be a leader if you cannot talk to different people and reconcile different groups."

In his closing remarks, Dean B. Joseph White asked Chisholm how people who are fiscally conservative but socially liberal can be active when they have lost faith in government and government programs. Her reply was concise:

"You've got to keep trying," she said, adding that when she was a young woman she felt alienated from virtually every aspect of society and government. "But my deep conviction and confidence in myself pushed me forward," she said. "If I hadn't kept going, I wouldn't be here. You've got to keep pushing."



Students wanted Ms. Chisholm to sign their MLK Day Programs.

MBA Applications Are Up by 18.5%

Applications for the MBA class of 1997 at the University of Michigan Business School are in, and the applicant pool is one of the strongest in history. Applications reached a total of 3,315, an increase of 18.5% over a total of 2,800 last year.

This marks the second year in a row that MBA applications have increased, after declining during both 1992 and 1993. "The applicant pool is up in volume, and the quality of the applicants, measured by factors such as quality of work experience, leadership factors, and undergraduate grades and GMAT scores is much higher than before," said Judith Goodman, assistant dean for admissions and student services. "While the average length of work experience is not necessarily longer, it is clear that more applicants are getting

significant responsibility early in their careers. Also, we are finding that more applicants have significant international exposure."

The admissions staff noted that the on-campus admissions interview, which is "highly recommended" but not mandatory, is growing in importance. Approximately 1,800 admissions interviews were conducted in Ann Arbor this year, and an additional 1,200 interviews were conducted off campus by alumni.

The School has a network of 60 alumni who conducted interviews in the US, Europe, Japan, and Mexico. In its efforts to expand its network of alumni conducting interviews, the Admissions Office ran a training session for members of the class of '95 who were interested in participating in this important effort.

C. K. Prahalad Gives McNally Lecture in Hale

"The continuity of the corporation is a value in itself," Professor of Corporate Strategy C. K. Prahalad told the overflow crowd that gathered in Hale Auditorium March 6 for the 1994-95 McNally Lecture, "but companies cannot have continuity unless they change continuously."

Expanding on his theme, "Competing for the Future: Challenges to Internal Governance," Prahalad identified three types of companies on the "road of business" — drivers, passengers, and roadkill. Drivers include such companies as Southwest Airlines and Wal-Mart, which have changed the rules of the game.

For managers, there is unprecedented opportunity and high peril at the same time, said Prahalad, because the nature of competition has changed. Some demands of the new competition, he explained, include the ability to customize a product at low cost; the ability to scale up in volume and scale down very quickly; and the pressure for innovation ("you can't keep selling the same product"). Also, the customers, the competition, and the market will all be global.

"Corporations need a forgetting curve and then a learning curve," said Prahalad, commenting that foreign competitors may have nothing to forget so they can start with a learning curve.

All of these changing dimensions are going to demand different qualities from managers. Some of them include interpersonal and intercultural competence; language skills; the ability to work at a distance; the capacity to manage ambiguity and stress; expertise and perspective; and physical stamina ("you're going to travel a lot").

Tomorrow's managers also will rely less on traditional financial and quality control skills and more on fostering vision, understanding, and cross-cultural competence within corporations. "Technical skills look very sexy up front," Prahalad said. "But the deep understanding of human behavior stays with you for a long time. It is all about people."

Prahalad's new book, *Competing for the Future*, co-authored with London Business School Professor Gary Hamel, was published by Harvard Business School Press in 1994 and already has been translated into nine languages (including the Japanese edition, which has been translated by five University of Michigan Business School alumni — see page 35).

Professor Prahalad is an expert in the dynamics of the global marketplace and the strategies and structures of companies that thrive in today's volatile environment. He and Professor Gary Hamel have co-authored seven *Harvard Business Review* articles, two of which, "Strategic Intent" and "The Core Competence of the Corporation," have won coveted McKinsey prizes. Both articles are among the *Harvard Business Review's*

bestselling reprints, and "The Core Competence of the Corporation" is the most reprinted article in *HBR's* history.

Prahalad is Harvey C. Fruehauf Professor of Business Administration and professor of corporate strategy and international business at the University of Michigan Business School.

He is co-author, along with Yves Doz, of *The Multinational Mission: Balancing Local Demands and Global Vision*. He has consulted with many multinational firms, among them Eastman Kodak, AT&T, Cargill, Honeywell, Philips, Colgate Palmolive, Motorola, TRW, Whirlpool, and Ahlstrom. He is also a world-class teacher.



The Brass Ring, symbol of excellence at the U-M Business School, was the logo of the 1995 Student Pledge Campaign.

Business Students Say "Invest in Excellence, Enhance Your Degree"

"Invest in Excellence. Enhance Your Degree" was the theme of the 1995 Student Pledge campaign.

At the kickoff event in the Student Lounge March 14, Tim O'Day, MBA '80, now senior vice president at Leo Burnett, talked about the importance of the campaign. He was a key participant in the first student pledge campaign in 1980.

Also speaking at the kickoff event was David Brophy, associate professor of finance and director of the Office for the Study of Private Equity Finance. He encouraged students to take the necessary steps to protect the value of the Michigan

degree. One step is to make the donations necessary to ensure that Michigan's programs and facilities do not slip relative to its competitors. Many speakers described Michigan's lack of private funding as compared to its competitors.

Second-year MBA student Bert Getz, Jr., who is co-chair for the MBA's along with Beth Ford, co-chair for the BBA's, told the assembled crowd that this year's goal is one of maximum participation.

The campaign proved to be a great success. More than \$114,000 was pledged.

Daewoo-Michigan Global MBA Program Inaugurated in Korea



The latest Global MBA program was kicked off on two continents April 3. Forty students in the Daewoo-Michigan Global MBA program appeared live via satellite from Yong-In, Korea, on the television screens at the Distance Learning Center in the Kresge Business Administration Library, Ann Arbor.

Daewoo Group Chairman Kim Woo-Choong addressed the 39 men and one woman in the class in Korea, as well as those in the Ann Arbor audience, which included U-M President James Duderstadt and Paul Danos, associate dean of the Business School.

Chairman Kim cited the program's importance to Daewoo's globalization efforts and its significance as the "first such future-oriented corporate educational program in Korea," a program "which will develop a new generation of specialized managerial talent."

"We inaugurate today an important new partnership between the University of Michigan Business School

and Daewoo," said Dean B. Joseph White, who was in Korea for the inauguration. He cited Daewoo as a leader in "growth, globalization, and decentralization" and encouraged the new students to "participate actively to seek clarification and to challenge our faculty and each other to get the best experience possible."

The 16-month program will consist of a series of lectures through video conferencing, along with intensive four-day seminars with Michigan faculty who travel to Korea. In August, the students will arrive in Ann Arbor for two semesters in residence. The capstone of the program will be the completion of a MAP project for one of the companies within the Daewoo Group.

Also present in Korea for the kickoff were Jeff Holmes, program manager for the Global MBA; Byungkee Jeong, Daewoo program coordinator; Graham Mercer, director of long-distance learning

in Ann Arbor; Wayne Brockbank, Global MBA faculty director; and finance professor E. Han Kim, who is well known in financial circles both in Korea and around the world, and who was involved in all aspects of setting up the Global MBA with the Daewoo Group.

Entrepreneurs Speak at Black Business Students' 19th Conference

More than 50 alumni, as well as 150 current MBA and BBA students and African-American business leaders from around the country, gathered March 24-26 for the 19th annual conference sponsored by the University of Michigan Business School's Black Business Students Association.

The conference's events included panel sessions on a number of current business issues, a case competition, a reception hosted by Dean White, and a keynote address, as well as a number of social events.

One of the most popular panel sessions every year is entitled "Strategies for Growing the Business." This year's panel featured three alumni who addressed a wide range of issues that entrepreneurs and new business owners typically encounter.

The panelists included Dee Guillory, MBA '91, founder of D.G. Consulting, a marketing and new business consulting firm located in Cherry Hill, N.J.; Michael Thomas, MBA '89, executive director and

CEO of Executive Suite, which he acquired from IBM in 1992. His firm, located in Silicon Valley, provides management consulting services to several Bay Area companies; and Rick Robinson, MBA '89, president of Bright Futures Youth Success Seminars, who presented a sample business plan for a start-up venture, and spoke about protective measures that should be used by any start-up business to ensure that the owner's losses are minimized.

Saturday evening's keynote address was given by Chester C. Davenport, chairman of the board of Envirotest Systems Corporation, who described his experiences in leading two leveraged buyouts in recent years. He acquired a subsidiary of United Technologies for \$55 million in 1990 and a subsidiary of Electronic Data Systems for \$85 million in 1991. Envirotest is the leading provider of centralized vehicle emissions testing programs in the U.S., with a market share exceeding 70% and 1993 revenues of \$88 million.

The case competition was won by the team of Jerrold Smith, Carlos Brown, and John Washington, who analyzed a case that dealt with a restructuring of the corporation that markets Patagonia sportswear. The winners will represent the University of Michigan Business School next September at the National Black MBA Association case competition in Boston.

(Dividend's thanks go to MBA student Bernie McShea, whose article in the Monroe Street Journal was the basis for this story.)

Class Notes

67 Jim Schwark BBA '67

announces that his furniture company, Schwark Furniture, was named Michigan Furniture Retailer of the Year in 1994. He is president of the company, located in Shelby Township, Michigan, and is also serving as president of the Michigan Chapter of the National Home Furniture Association.

70 James D. Gerwin BBA '68, MBA '70

has been named general manager of U.S. Global Health, a health care venture providing Western-style medical care to tourists, business travelers and the Russian population. Established in September, 1994, U.S. Global Health operates locally through Columbia-Presbyterian/Moscow, a modern medical facility staffed by board certified U.S. physicians. U.S. Global Health is a joint venture between Pepsi-Cola International, Columbia-Presbyterian Health Service and the Fund for Large Enterprises in Russia (FLER). Jim is a 10-year Pepsi-Cola International employee who has held various project management positions with the company involving the U.S., Latin America and India. He lives in Chappaqua, New York.

71 Thomas C. Jones BBA '68, MBA '71

was named president of CIGNA Individual Insurance, a division of the Philadelphia-based insurance and financial services company, in February. The division, located in Hartford, Connecticut, had 1993 revenues of more than \$3 billion from the sale of life and health insurance and annuities to high net-worth individuals and corporations. Tom was previously president of CIGNA Reinsurance — Property & Casualty, and served as a member of the senior management team of two large international reinsurance companies, NAC Re Corporation and General Re Corporation before joining CIGNA. Tom began his career as the State of Michigan's Commissioner of Insurance.

73 H. Merritt Kinsey MBA '73

has been with Multifold International since 1984 in several capacities, most recently as general sales manager. Located in Milford, Ohio, the company is now operating in a new factory, servicing customers in over 50 countries for paperboard packaging machinery. He travels extensively to many worldwide locations, reviewing and designing proposals for custom-engineered equipment. He and his wife, Lois, have two teenagers, Adam (16) and Sarah (14).

77 Gabriel L. Shaheen MBA '77

has been elected president and chief operating officer of Lincoln National Reinsurance Companies, the largest life/health reinsurer in the world. Lincoln National is located in Ft. Wayne, Indiana.

79 James G. Glicker MBA '79

was recently named managing director of the Bertelsmann Music Group's (BMG) operations in Australia. BMG is better known to the public as RCA and Arista Records. Previously, Jim was senior vice president, worldwide marketing, for the RCA classical division, based in New York. He writes that he is enjoying the "good life" in Sydney with wife Robin, and their three

children, Alexandra (6), Jessica (4), and Drew (2), and would love to hear from alumni who live in or visit Sydney.

Randy M. Joseph BBA '79

is now the chief financial officer of the Advance Ross Corporation in Chicago. Advance Ross is the leading company in the refunding of value added taxes (VAT) in Europe. Randy writes that he and his wife have decided to venture from Chicago into the suburbs with their three children, Daniel (7), Amy (5), and Erica (1).

Richard A. Barr and Nancy H. Welber (Barr) BBAs '79, JDs '82

have both opened their own law firms in the Detroit area. Richard, who practices environmental, real estate, and business law, opened his firm in Bingham Farms. In addition, he just completed a term as president of a local food bank which provides food supplements to 1,000 families each month. Nancy opened her own law firm in 1993 in Farmington Hills, where she concentrates in estate and retirement benefit planning. Richard and Nancy are the proud parents of two daughters.

Robert L. Fregolle, Jr. BBA '79

and his family just completed a move to Frankfurt, Germany after he was promoted

Scott Elrod, MBA '58

Elected Chairman of American Sports Institute

Scott Elrod, MBA '58, has been elected Chairman of the Board of Directors for the American Sports Institute (ASI), a non-profit educational organization in the San Francisco Bay area. ASI has developed the Promoting Achievement in School Through Sports (PASS) program that is currently taught in 10 schools in the San Francisco, San Diego and Chicago areas. PASS, a daily, year-long humanities class, motivates students to do their best by using principles of sports to improve academic performance. Elrod is in good company with San Francisco Forty-niner quarterback Steve Young, who is also a supporter of the program.

Elrod, a competitive athlete in his own right, holds a No. 5 ranking in men's doubles on the Northern California Senior Tennis Circuit. In addition to being a partner in the Prospector Group, a venture capital company, he serves on several corporate and philanthropic boards.

Stephen W. Sanger, MBA '70

Takes Over as CEO of General Mills Inc.

In its May 8, 1995 issue, *Business Week* reported that Stephen Sanger, MBA '70, the No. 2 executive at General Mills Inc., would become CEO of the company on May 28, 1995. Sanger, who got his early training at Procter & Gamble Co., replaces H. Brewster Atwater, Jr., who is retiring at age 64.

Business Week reports that at the same time Sanger takes over, General Mills will spin off its \$3.5 billion Red Lobster and Olive Garden restaurant subsidiary, allowing Sanger to focus on its \$5.5 billion grocery business. The "born again" packaged food company will enter 1996 with its marketing strategy finally clicking and product development back on track, says Sanger, who has managed most of the biggest brands in his 21 years with Mills. Recent overhauls of manufacturing and distribution will lower costs and increase productivity. And with most of its capital spending behind it, the company will generate some \$300 million annually for stock buybacks, dividend payouts, debt reduction, and acquisition.

to regional sales manager - Eastern Europe/CIS for Procter & Gamble. Previously, he spent the last three years in Warsaw, Poland as national sales manager - Poland for P&G. His new territory includes all of the former Warsaw Pact countries and the former Soviet Union. Travels take him from Prague, Czech Republic to Almaty, Kazakhstan and from St. Petersburg, Russia to Zagreb, Croatia creating sales/distribution organizations and systems for several products ranging from Max Factor to Pampers. For the past two years, Robert has also hosted Michigan MBA's in P&G-Poland as part of the Michigan MBA Corps project and will continue with a similar project this summer in Romania with the Davidson Institute. Robert writes that this has been a "great way to keep in touch with Michigan and the Business School and help spread the good 'Meechigan' word to my new friends in the East." Thriving with Robert in this international environment are his wife, Lori (Michigan '78, Wayne Law '81) and their two children, Hannah and Bobby.

Robert Roth MBA '79

started his career working for Arthur Young & Company in New York. In 1982, he moved to Home Box Office (HBO), the pay-television division of what was then Time Inc. Robert currently holds the position of vice president and controller of HBO, now owned by Time Warner, Inc., and is based in New York City. On the personal side, Robert married his wife Linda in 1984 and they have two children, Jaclyn (4) and Benjamin (4 months).

80 Kenneth R. Frick MBA '80

has been named chief financial officer for Volume Services, leading concessionaire to the sports and entertainment industries. He is responsible for the foodservice management company's overall financial reporting, planning, forecasting and capital budgeting. Kenneth served as controller for the company since January 1993. Previously, he was involved in all aspects of finance and accounting for Volume Services and its then-sister company, TW Recreational Services. He, his wife Sally, and their two children live in Spartanburg, South Carolina.

81 Jagdeesh S. Shivdasani MBA '81

writes that he now works as senior account director for Radeus Advertising Pvt. Ltd. in Bombay, India. He is responsible for new business development and building a new team at Radeus. Previously, he spent 12 years with blue-chip multinational companies like Johnson & Johnson, Colgate-Palmolive, and SmithKline Beecham in consumer marketing, and Leo Burnett in advertising. Jagdeesh has one daughter who is seven years old.

Martin M. Shenkman MBA '81

has written a book entitled *Investment Strategies After the New Tax Act*, published by John Wiley. The book provides an analysis of the 1993 Tax Act (the Omnibus Budget Reconciliation Act of

1993), and focuses on practical tax planning in light of the new changes. He is an attorney practicing in both New York and New Jersey, specializing in tax and estate planning. He has published several other books, also available from Wiley, including *The Complete Book of Trusts and Real Estate After Tax Reform*. He writes that he has recently been appointed New Jersey state chairman for the Jewish National Fund endowment committee and has also joined the endowment committee for United Jewish Community in Bergen County, New Jersey.

82 John O. Young BBA '82

was promoted to executive director, marketing strategies, at St. Joseph Mercy Hospital in Pontiac, Michigan. His responsibilities include directing marketing strategy for the hospital and affiliated health care companies owned by Mercy in North Oakland County. He is also in his second term as marketing chair for the United Way of Oakland County.

Andrew C. Richner BBA '82, JD '86

was re-elected in November to serve another two-year term representing

Curtis Verschoor, BBA '51, MBA '52

Appointed Research Professor at DePaul University

Curtis Verschoor, BBA '51, MBA '52 has been appointed Ledger & Quill Research professor at the DePaul University School of Accountancy. He is the first research professor ever designated by the university. In his new role, Verschoor will study emerging trends and issues in the field of accounting and publish his research.

Before joining DePaul, Verschoor had been corporate controller at both the Colgate-Palmolive Co. and Baxter Laboratories and national director of education for Touche Ross & Co. He earned his doctorate in business administration from Northern Illinois University, and retired from teaching last fall after 20 years on DePaul's accounting faculty.

Detroit, Harper Woods and the Grosse Pointes on the Wayne County Board of Commissioners. He was also elected by his Republican colleagues to serve as minority leader on the Commission.

Dean H. Eisner
MBA '82

has been named to the newly created position of vice president for business development and planning at Cox Enterprises, Inc. He joined Cox in 1992 as managing director of international development and spent time in London before transferring to Cox headquarters in Atlanta as treasurer. Dean's previous experience includes working for CBS, General Electric, Sony, and AGB Market Information in London, the largest market research company in the United Kingdom.

Matthew C. McGuinness
BBA '82

was recently promoted to vice president/chief financial officer of El Pollo Loco Restaurants (El Pollo Loco means "the crazy chicken" in Spanish). The restaurant chain has over 200 locations, primarily in Southern California, with systemwide sales of about \$190 million annually. El Pollo Loco is a sister company of Denny's Restaurants; both are owned by the South Carolina-based Flagstar Corporation. Matthew and his wife Cynthia are expecting their first child in August, and he writes that they are "at once nervous and excited!"

83 Nancy Springgate (Kushner)
BBA '83

has formed the new accounting firm of James & Springgate, certified public accountants. Located in Kalamazoo, Michigan, the firm serves the accounting and tax needs of individuals and closely held businesses. Before this new venture, Nancy spent over seven years with Deloitte & Touche in Chicago. After completing the masters of taxation program at DePaul University, she returned to her hometown of Kalamazoo and joined the tax staff of Ernst & Young as a senior manager.

84 Kenneth W. Corba, C.F.A.
MBA '84

has accepted a new position as executive vice president and chief investment officer for Eagle Asset Management, Inc., located in St. Petersburg, Florida. Kenneth previously worked for Stein Roe & Farnham in Chicago as a portfolio manager, where

Dick Brenner, BBA '66, MBA '67

Manages Change at AT&T GIS



Shortly after joining AT&T Global Information Solutions (GIS) in 1992, Dick Brenner, BBA '66, MBA '67, vice president of human resources, was given the most daunting task of his long and varied career: reengineer the corporate culture of the newly integrated telecommunications-computing giant. Specifically, Brenner was charged with instilling in AT&T GIS employees a new set of "values" based on speed, customer satisfaction, innovation, problem-solving expertise, change management, and employee empowerment. Three years later, he is beginning to see the fruits of his labor: a 23% increase in sales between 1993 and 1994, and a noticeable improvement in employee morale.

Brenner has succeeded by taking the message of reform directly to AT&T GIS's 45,000 employees (associates) worldwide. The educational program, which he designed and implemented, teaches employees about the importance of change, how to manage it to achieve strategic goals, and how change relates to the company's new market-focus. Brenner also has redefined how job performance will be measured, redesigning the system for setting objectives, measures, and rewards in order to align them with the strategic direction of the business.

In addition to being AT&T GIS's corporate change-agent, Brenner serves as the UM campus executive for AT&T worldwide. He was vice president of human resources at Teradata, Inc., a leader in parallel relational data base computing, when it was purchased by AT&T/NCR (now AT&T GIS). Brenner also was an executive with Crowley Maritime Corp., Arcata Communications, Litton Industries, and Whirlpool.

he had about \$2 billion under management. He and his family will move to Florida this summer.

Mary Ann Caballero
MBA '84

has been promoted to executive director of osteoporosis and women's health initiatives at Eli Lilly and Company in Indianapolis. She previously served as director of the company's endocrine business unit. In her new role, Mary Ann will be responsible for the development and implementation of Lilly's osteoporosis strategy, as well as overseeing the efforts made by the company on a variety of women's health fronts.

James Dworman
BBA '84, JD '87

became a shareholder in the Troy, Michigan law firm of Dean & Fulkerson, P.C. last year. His practice is focused primarily on commercial law and litigation.

85 Jennifer Nolte Stevens
MBA '85

writes that she and her husband Mark had their first child, Suzanna Emily Stevens, on March 28, 1995. She is taking six months off

from her job at Pacific Telesis where she is responsible for sales/marketing communications in their Pacific Bell SMART Yellow Pages® Division. Mark is vice president at McMorgan and Company, a pension fund management company. They live in Larkspur, California.

Linda A. Brisson
MBA '85

has been promoted to vice president, surveillance at the College Construction Loan Insurance Association (Connie Lee). She will be responsible for the review and monitoring of the financial condition of past, present, and future Connie Lee clients. Linda was formerly manager of credit analysis at Sallie Mae, where she analyzed and structured financing for colleges and universities. She lives in Fairfax Station, Virginia.

Fr. Thomas D. Williams
BBA '85

became an ordained priest last November in Mexico City. He entered the Legionaries of Christ Novitiate in Cheshire, Connecticut after graduating from the business school, and went overseas in 1987 to continue his seminary formation in Spain and Rome. He

has returned to Rome, where he will continue advanced studies in philosophy while serving as rector of the General Directorate of the Legionaires of Christ. After one or two more years of study, he will likely be reassigned to continue the apostolic work of the Legionaires in the United States, Mexico, South America or Europe.

86 John Knudsen
MBA '86

was recently promoted to division manager, manufacturing and engineering at Jefferson Smurfit Corporation, and lives in Chesterfield, Missouri. He was previously general manager at the company's Houston container manufacturing plant.

Matthew M. Preston
BBA '86, JD '89

has become a partner in the international law firm of McDermott, Will & Emery, where he is a member of the employee benefits department in the firm's Chicago office. His practice is focused on qualified and non-qualified deferred compensation arrangements, as well as the design and maintenance of fringe and welfare benefits plans.

Peter Hoekstra, MBA '77

Sells GOP's Contract With America

A profile of Peter Hoekstra, MBA '77, in the March 27, 1995 *Business Week* focused on his selection as a chief sales strategist for the Republican Party's Contract With America. His assignment is to convince middle-class Americans and businesses to accept spending cuts in popular federal benefit programs as part of an overall deficit reduction strategy. *Business Week* notes that Hoekstra, a second-term Michigan Congressman in the House of Representatives, was the logical choice for the job since he is the only lawmaker with big business marketing experience. Before launching his political career, Hoekstra was vice president for product marketing with Herman Miller Inc., a \$1 billion furniture maker in Zeeland, Michigan.

Hoekstra is no stranger to major political challenges. In 1992, he won an upset victory over National Republican Congressional Committee Chairman, Guy Vander Jagt, in the Republican primary despite being outspent 13 to 1.

**Five Alumni Translate
Pralhad's Book into Japanese**

Competing for the Future, the new book by Business School Professor C. K. Prahalad and London Business School Professor Gary Hamel, has now been translated into Japanese by five Business School alumni.

Masaaki Yasukawa, MBA '93, writes that since October he and Toshiyuki Takahashi, MBA '92; Takahiro Tokunaga, MBA '93; Shiro Yaharo, MBA '93; and Prof. Ichijo of Hitotsubashi University (Michigan Ph.D. '93) have been working on translating the book into Japanese. It was published on March 29 by Nihon-Keizai-Shinbun-Sha, one of Japan's leading publishers. Yasukawa, who is manager of strategic products planning group of Seiko Epson Corp., writes "Though we are away from Ann Arbor, the book reminds us of Prahalad's exciting classes at Michigan. We all hope that the book will make Prof. C. K. Prahalad and the Michigan Business School much more famous in Japan."

Brian G. Connors
BBA '86

has been promoted to director at Alquin Group, Detroit, a change management and profit enhancement consulting firm with a client base of primarily middle market, closely held companies. He has developed a specialized expertise in providing financial and forensic accounting services to attorneys involved in all types of litigation. Brian is a CPA and has worked for Ernst and Young in auditing and consulting, and for Horace D'Angelo and Affiliated Companies, a consortium of real estate management and development companies.

88 W. Jeff Van Tassel
MBA '88

recently transferred to the Century City, California office of Price Waterhouse, and has been promoted to senior manager. He writes that he spent 1994 in Kuwait, assisting the Kuwaiti government prepare claims for damages resulting from the Iraqi invasion and occupation of Kuwait in 1990-91. The claims, totaling over \$60 billion U.S., have been submitted to the United Nations for compensation. Jeff currently provides expert witness testimony in commercial litigation matters, as well as providing other financial consulting services.

89 Bill Leskee
MBA '89

recently accepted the position of marketing manager with OSM & Associates, a large engineering and architecture firm in Minneapolis. In this position he will be involved with marketing strategy, direct

sales, corporate image, public relations and advertising and promotion. Previously, Bill worked for IBM in strategic business planning involving strategy development, market research, competitor analysis and business process reengineering consulting. He lives with his wife and two children in Minnetonka, Minnesota.

Andrew Davis
BBA '89

is working in Bank of America's investment portfolio area, examining credit risk for bond purchases. He recently graduated from University of California Berkeley's MBA program, and enjoys biking around the hills of San Francisco and skiing at Tahoe in his spare time.

John G. Ravis
MBA '89

has accepted a position as director, project finance with Raytheon Engineers and Constructors in Lexington, Massachusetts. In this position he will be responsible for arranging for and investing in projects in the power and process industries worldwide, as well as for infrastructure related projects.

Douglas Gross
MBA '89

has been promoted to vice president at Gemini Consulting, Inc. He has strengthened the services offered by Gemini to their automotive clients by implementing business strategies and large-scale organization redesign. He previously worked for IBM, and lives in Fort Myers, Florida.

90

Jack Wu
BBA '90

emigrated to Canada right after graduation, and has worked for Leo Burnett Co. Ltd. in Toronto for the past four and a half years. He was recently promoted to media supervisor and spends his time doing media planning for Kellogg Canada Inc. and Kraft General Foods.

91

Martin J. Sedwick
MBA '91

has been named manager - business coordination in the Timken Company's Europe, Africa and West Asia Bearing Business Group. Martin will be serving a three-year assignment at Timken France in Colmar where he and his wife relocated in January. He started with the company in 1991 as a senior financial markets analyst in Canton, Ohio. He has also served as principal - corporate finance and, most recently, a member of the Accelerated Continuous Improvement (ACI) core team at the Columbus Railroad Bearing Plant.

92

Mohan S. Mahadevan
MBA, '92

writes that after joining the financial analyst group at Cummins Engine Company in 1992, he moved to the Cummins Power Generation group last summer as business analyst manager. He is involved in international business development, and has worked on forming joint ventures in India and Europe. He now lives in Columbus, Indiana, and his son, Nikhil, was born in August, 1992.

Rachel B. Marotta
BBA '92

was recently named lease officer for PNC Leasing Corp. at PNC Bank. She will be working for the capital markets group within PNC Leasing Corp. Rachel joined the bank two years ago and progressed from the corporate banking development program to her current position. She lives in Mt. Lebanon, Pennsylvania.

93

Alex Espalin
MBA '93

recently graduated from the John F. Kennedy School of Government at Harvard University, where he earned a master of public policy degree with concentrations in business and government policy, and international trade and finance. Alex has



Four U-M graduates who work in Coopers & Lybrand's Detroit Office are (left to right) Jeff Sands, MBA '91; Tim Spolar; Tom Peck, MBA '93; and Tony Zambelli, BBA '82.

When You Need Eight-Cylinder Horsepower...

The Detroit office of Coopers & Lybrand L.L.P. (C&L) currently boasts eight University of Michigan grads in its 12-member Detroit corporate finance group. Its managing partner for Michigan and Ohio is also a University of Michigan business school graduate — **Stephen R. D'Arcy, BBA '76.**

"When people ask me why I went to Coopers & Lybrand in Detroit, I tell them it only makes sense," said **Jeff Sands, MBA '91**, a group manager. "If you're interested in movie-making, you live in Los Angeles; if you're into politics, you live in Washington, D.C.; and if you're interested in working with manufacturing companies on the cutting edge of technology, you live in the Motor City — the automotive hub of the world."

Other team members include: **Tony Zambelli, BBA '82**, who has gained extensive experience closing acquisitions, divestitures and financings, which he draws on to guide the corporate finance practice.

Bob Coury, MBA '88, has spent his career assisting owners of privately held companies to understand, manage and create shareholder value. **Chris Westfall, MBA '90**, is a former captain of the U of M golf team, which has contributed to his value as a "driving" member of the C&L group. His recent client responsibilities take him to Europe, which gives him a chance to have dinner with his wife once in a while, whose career has her temporarily living in London. She is helping to design Ford's new World Car as part of the Ford 2000 global design process.

Cliff Roesler, MBA '91, is a specialist in locating international buyers for U.S.-based manufacturers. Following four years as a cost containment and process improvement analyst, Cliff added a graduate degree in engineering to his MBA and economics degrees. His efforts with a Tier One auto supplier recently took him to Paris, Dusseldorf and Frankfurt.

Tim Spolar and Beth Ford, the two most recent U-M grads to join the corporate finance team, note that while the Detroit office is large enough to include dynamic clients in its practice areas, it is small enough to allow transaction exposure to its less experienced staff.

Tom Peck, MBA '93 senior associate of the corporate finance team, spent several years working in Frankfurt, Germany at Deutsche Genossenschaftsbank. He is married to Debra (Thelan), BBA '89, whom he met on a blind date arranged by a colleague in C&L's business assurance practice.

joined the Walt Disney Company in Southern California where he will work on business planning and development for new Disney attractions.

Marc H. Anderson
MBA '93

writes that he married "a Brazilian beauty" Christianne Vanessa Ouim Ribeiro in June, 1994. He will start a Ph.D. program in strategic management and organization at the University of Minnesota in September, but first he and his wife will vacation in Brazil during July and August.

Brian Sweeney
MBA '93

was promoted in December, 1994 to director of compensation and benefits for Dell Computer Corporation in Austin, Texas. He says that he can be found water skiing on Lake Travis every weekend from April through October.

Masahiko Takai
MBA '93

has been promoted to vice president and controller of the Mitsubishi Bank, Limited, Los Angeles Branch. He is responsible for filing financial, managerial and regulatory reports in Japanese and American accounting standards. He is also working on the merger between Mitsubishi Bank and Bank of Tokyo in California. He lives in Brentwood, Los Angeles with his wife, Yumiko.

94 Doug Schattinger
MBA '94

is living and working in Budapest as finance manager, marketing manager and general problem solver for Varga Studio, a rapidly growing Hungarian computer animation company with ongoing projects in Hungary and abroad. He writes that he would love to show off Budapest and/or his company's high quality animation products to classmates. Doug's e-mail address is doug@vargastudio.hu.

Greg Ryan
MBA '94

has joined Golostar Co. Ltd. and is currently assigned to their overseas management support group in Seoul, Korea.

Seven Michigan Ph.D.s Attend Dinner in Seoul



Tom Schriber, professor of computer and information systems, visited for several days in Seoul, Korea, while en route to a sabbatical semester in the department of decision sciences at the National University of Singapore. On one occasion during the Schriber visit in Seoul, a dinner was attended by seven University of Michigan Business School Ph.D.s.

Pictured above, they are, from left to right, Daihwan Min, now on the faculty at Korea University; Dong-Soon Kim, currently at the Korea Institute of Finance; Moon Kee (Daniel) Min, currently president of DongSung Inforcomm; Professor Schriber; Choon Y. Lee, now on the faculty at Kook Min University; Il Yong Kim, now on the faculty at Hong-Ik University; Kyuho Wang, currently director of the bulk carrier business division of Yukong Line Limited; and Sang Jun Park, now on the faculty at Kook Min University.

Not pictured is another Michigan Ph.D. alum, Sang Kee Min, brother of Moon Kee Min, who is on the faculty at Seoul National University.

PhD Notes

Eric Vetter
MBA '59, Ph.D. '63

recently retired as vice president of human resources at Boehringer Mannheim Corp. in Indianapolis. He returned to northern California (Sonoma County wine country) and is engaged in organization development consulting with his former company.

Charlie E. Mahone, Jr.
MBA '78, Ph.D. '81

was awarded tenure at Howard University School of Business, and is presently chairman of the department of finance, international business and insurance.

Melinda (Mindy) Laubscher
Ph.D. '90

has been promoted to worldwide manager of management and manufacturing development for National Semiconductor, located in Santa Clara, California. Melinda is responsible for the design and implementation of National's worldwide executive and management development training program. She will also direct work on

development and training for a factory of the future and other manufacturing concerns, such as worldwide factory operations and production control integration. On a personal note, Melinda proudly announces the graduation of her daughter, Erin, from high school in San Francisco.

Michael Guolla
Ph.D. '92

writes that he is now an assistant professor at the University of Ottawa in Ontario, Canada.

Deaths

John C. Mendel, BBA '58, died on March 29, 1995 of lung cancer. After graduating from Michigan, John received his MBA from Harvard Business School in 1960, and pursued postgraduate studies in the real estate research department at the University of California Berkeley. In 1963 he went to work for Mason-McDuffie Co., one of the West's leading real estate and mortgage banking firms. Before retiring in 1985, he held the position of CFO and was a member of the executive committee. In 1973 he was selected for the President's Executive Interchange

Deaths Continued

Program in Washington, D.C., where 45 business executives spent one year working for the federal government. He was active in community affairs, most recently serving on the board of trustees and executive committee of the Berkeley Repertory Theatre.

Winthrop Scofield, MBA '36, who served as Kalamazoo County treasurer in Michigan for nearly 30 years, died January 25, 1995 at the age of 85. Scofield took pride in the sound investments of the treasurer's office during his tenure, said deputy treasurer Jack Ginther, who worked with Scofield for about 20 years. Scofield was returned to office for four-year terms seven times by voters before he decided to retire and not seek re-election in 1992. He was in the forefront of modernizing accounting systems used by counties across the state as well as in computerizing operations in his own office. He served in the Army from 1942 to 1946, and was Comstock Township clerk from 1958 to 1962 before becoming county treasurer. He was very active in the community, serving as past president of the Michigan County Treasurers Association, Kalamazoo County Board of Education and Kalamazoo Accountants Association, past director of the Kalamazoo Child Guidance, and several other positions. He was also a former owner/operator of a 200-acre beef-cattle farm in Comstock.

Jerry Campbell's Republic Bancorp - Continued from page 20

billion at the time of merger with Old Kent Bank.

From 1984 to early 1986, Campbell was vice chairman and chief administrative officer of Universal Electric Company in Michigan, a \$100 million plus manufacturer of fractional horsepower electric motors. He left Universal after the firm was sold to a national conglomerate in 1986. He also found time to help organize three banks in Florida.

Since Republic's founding in 1986, Campbell has served as chairman of the board, president and CEO. He has imposed what he calls his "sleep well" philosophy, constantly warning his bankers against making dubious loans. "And here's how you're going to sleep well," Tom McLinden, former president of Republic Bank in Ann Arbor, recalls Campbell saying. "You're going to retain adjustable rate assets and you're going to keep your deposit obligations short." Republic is now one of the top thirty residential mortgage lenders in the country.

BBA Team Wins First Place Award - Continued from inside front cover

judges. A particular benefit for the Michigan team, explained member Adam Sonnhalter, was the balance of expertise they possessed. Two members were majoring in business and finance, one in computer and information systems, and one in marketing and business economics.

Institutions participating in the competition, which was held for the first time this year, included Carnegie Mellon University, Indiana University, New York University, Purdue, Texas A & M, the University of California (Berkeley), the University of Illinois (Champaign-Urbana), the University of Michigan (Ann Arbor), the University of Pennsylvania (Wharton), the University of Texas (Austin), the University of Virginia (Charlottesville) and the University of Washington (Seattle).

Commenting on the experience, team member Mark Betker said, "When we do a case analysis in class, we tend to focus on where the company is now rather than what they can do to improve. In the competition,

we were forced to be recommendation-oriented, which is what a real consulting situation would be like. According to the judges, one of the reasons we won was because our presentation was forward-thinking, offering the client solid recommendations for improvement."

"Cases give students analytical skills, particularly in framing and selectivity," said faculty adviser Bacdayan. "Since cases are usually extremely rich in detail, you cannot address all the details and therefore have to frame your analysis in terms of key questions. Then you focus on the details that relate to those key questions — such a process teaches you to see underlying patterns and screen out surface details. Once students learn to focus on key questions, the task of communicating becomes much simpler because they are not trying to 'chase too many rabbits.' This mix of analysis and communication skills is good for students' intellectual development."

Taking Capitalism to the Streets - Continued from page 19

African-American adults, 14 times the rate for Hispanics, and twice the rate for Caucasians. When college business students become involved as mentors, the retention rate exceeds 20%, Mariotti says.

What about the 80+% who don't sustain their initial entrepreneurial efforts?

"They still walk away with improved chances of getting a job because they have become financially literate," Mariotti says. "They know how to negotiate, how to market themselves, how to express themselves. Some may still start a business later on."

Mariotti admits that he relies heavily on his faith and on an iron constitution to keep him going. He needs it. Last year alone he logged 222 days on the road as a pitch man for NFTE.

"I never turn down a speaking engagement, and I will travel anywhere to meet anyone who has capital they'd like to invest in NFTE," Mariotti says.

Ironically, the man whose chosen profession is to teach impoverished youth about the empowering virtues of money earns an annual salary that is a fraction of what he would now be making had he remained in the import-export business, or a Ford financial executive.

"I see nothing wrong in making money," Mariotti explains. "In fact, one of the first lessons we teach a child is that you can do an enormous amount of good with accumulated capital. But one of the

dilemmas of running a charity is that because I don't own it, my personal income has to be limited. I've had to learn to measure my success in terms other than how much money I earn."

One other unavoidable fact Mariotti must face is that, since 1982, an average of one NFTE student a year has died a victim of inner city violence. Mariotti says that there are many other instances nearly as horrific: tales of desperate lives and desperate circumstances. But he refuses to let these incidents deter him from his purpose.

"Early on in this venture, I willed myself never to get discouraged," Mariotti says. "I cannot allow myself to give in to the sad realities of poverty in inner city America. My job is to carry forward the goals of NFTE, which is to teach every child who is born into poverty how to achieve a high sense of self-worth by starting a business."

Has the personal sacrifice been worth it?

"Without a doubt," Mariotti says. "I've personally taught about 1,800 NFTE graduates, so I've got 1,800 friends. I've got kids and teachers all over this country who know and respect me for what I'm doing. I'm president and CEO of an organization that is leading a national movement to liberate children from a culture of poverty. And I love every single day of my work."

Calendar

JUNE 8

Third Annual European Symposium and Alumni Meeting in Paris

Speakers: Professors Noel Tichy and Andrew McGill
“Managing Revolutionary Change”

JUNE 23

Emeritus Reunion Luncheon, Ann Arbor

AUGUST 26

Global Blue/Club Leaders Conference, Ann Arbor

SEPTEMBER 14

Kickoff of the Business School Society of Boston

SEPTEMBER 29

Black Business Student Association (BBSA) Alumni Reception National Black MBA Conference, Boston

National Campaign Committee Meets in Ann Arbor

OCTOBER 6

Visiting Committee Meets in Ann Arbor

OCTOBER 20

Hispanic Business Student Association (HBSA) Alumni Reception at the National Hispanic MBA Conference in Los Angeles

OCTOBER 27

Alumni Society Board of Governors Meets

OCTOBER 27-28

Reunion Weekend, Classes of '70, '85, and '90, '94, Ann Arbor

NOVEMBER 10

Corporate Advisory Board Meets

NOVEMBER 16-17

Real Estate Forum

The University of Michigan, as an equal opportunity/affirmative action employer, complies with all applicable federal and state laws regarding nondiscrimination and affirmative action, including Title IX of the Education Amendments of 1972 and Section 504 of the Rehabilitation Act of 1973. The University of Michigan is committed to a policy of nondiscrimination and equal opportunity for all persons regardless of race, sex, color, religion, creed, national origin or ancestry, age, marital status, sexual orientation, disability, or Vietnam-era veteran status in employment, educational programs and activities, and admissions. Inquiries or complaints may be addressed to the University's Director of Affirmative Action and Title IX/Section 504 Coordinator, 4005 Wolverine Tower, Ann Arbor, Michigan 48109-1281, (313) 763-0235, TDD (313) 747-1388. For other University information call (313) 764-1817.

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We would like to include more news about alumni in *Dividend* and hope you will help us by providing us with information about yourself. We'd like to know where you are working and other news about you, such as promotions, new business ventures, any business or academic honors, authorship of books or articles, or other information that would be of interest to alumni. If you would like to take the time to fill out the form below and send it to Editor, *Dividend Magazine*, School of Business Administration, University of Michigan, Ann Arbor, Michigan 48109-1234, or e-mail: PFSmith@umich.edu, 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.

Please tell us about Dividend.

We have provided this space for your comments about *Dividend* – what you like, what you dislike, and advice to the editor.

Quote UnQuote

“I am not sure when Americans know some of the details of the flat tax that they'll want to buy all those details. It tends to shift the tax burden away from the highest income taxpayers toward middle and lower income taxpayers.”

JOEL SLEMROD, *director of the Office of Tax Policy Research and professor of business economics and public policy in USA Today, April 17, 1995*

“Research by Victor Bernard and Jeffrey Abarbanell at the University of Michigan, and Jacob Thomas at Columbia, shows that 25% to 30% of a surprise earnings announcement on a stock's price comes well after the actual release of the information. Sometimes, says Bernard, it can take as long as six months for the full effect of the new information to be reflected in the prices. Reason? Says Bernard, who began his research as a firm believer in efficient markets and finished it an apostate: 'Analysts just don't trust that first earnings surprise. They want to be convinced. So they wait.'”

From an article entitled "Yes, You Can Beat the Market," published in Fortune magazine, April 3, 1995

“The fact is that even if our budget policies do not result in some sort of financial explosion, they do have consequences. The basic problem is that since the early 1980s the combination of financing requirements in the private economy plus Treasury borrowing to cover the deficit has exceeded the flow of new private domestic savings available to cover this financing.”

PAUL McCracken, *professor emeritus of business administration, economics and public policy, in an Op-Ed published in the Wall Street Journal, April 13, 1995*



Remember how, in the fourth grade, you realized if you didn't vote for yourself, who would? Women have to learn how to advocate for themselves.”

ELAINE ULLIAN, *CEO of Boston University Medical Center Hospital, speaking at the Business School's Annual Women's Forum, March 31, 1995*

“If there is a motto for doing business in Asia, it's 'never put anything in writing.'”

LINDA LIM, *adjunct associate professor of international business in U.S. News & World Report, November 21, 1994*

“We're not just preparing a lot of people for management jobs in the Fortune 500. Students want education not only in concepts and methods; they want to be able to turn their ideas into action, and develop specialized skills. So there is more teamwork, more fieldwork, and more real involvement with companies.”

DEAN B. JOSEPH WHITE *in a Business Week Online conference March 30, 1995 on the value of an MBA and the latest trends in business education*

“You'd be surprised at how many reach their 40s — and beyond — without figuring out what they want out of life.”

ALEX TROTMAN, *CEO of Ford Motor Company, speaking at Business School Commencement Ceremonies, April 28, 1995*

“My greatest fear is that the wheel of progress has halted because we no longer have our shoulders to the wheel. We can't rest on victories while a massive underclass grows and racial issues remain unresolved.”

THE HON. SHIRLEY CHISHOLM, *delivering the Martin Luther King Day address to the School in January, 1995*

“The question is not 'How do you make the rich poor.' It's 'how do you make the poor rich?' And you can't do it unless you have a tax system that lets people have access to capital.”

THE HON. JACK KEMP, *delivering the inaugural lecture in the J. Ira Harris Distinguished Lectureship Series to a huge crowd in Hale Auditorium in February, 1995*



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A Visit to Antarctica

Bert Getz, BBA '59 Visits Shelf Ice Named by Admiral Byrd After the Getz Family

Bert A. Getz, BBA '59, and his daughter, Lynn, have returned from the astro summer in Antarctica. They flew into the base camp of Adventure Network International, snuggled up against the Ellsworth mountains on the continent. From there they flew in a single engine Cessna 185 over 4,000 miles to visit the Emperor penguin rookery on the Dawson-Lambton glacier and the U.S. base at the geographic South Pole.

The reason for the trip was to visit the Getz Shelf Ice, which was named after Bert's family by Admiral Byrd in 1940. During this trip they saw and took pictures of the only known melanistic emperor penguin to have ever existed. The journey to the Getz Shelf Ice was lengthened by bad weather and mechanical problems, but the journey was finally made and they returned to the U.S. after five weeks on the coldest of all continents. To date there have been fewer than 40,000 ever to visit Antarctica and (to the best we know from records kept) Bert and his daughter were the first ever to camp on the Getz Shelf Ice. Bert is chairman and president of the Globe Corporation in Scottsdale, Arizona. ■

