

Dividend



University of Michigan Business School

Summer / Fall 1996

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Bernard Yeung, • associate professor of international business, has been awarded an NTT fellowship to do research on "Pricing of Securities and Its Impact on Investment." The fellowships provide release time from teaching to devote more time to research, as well as an expense account to support research activities.



Gregory Fox



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•4 An NTT research fellowship has been awarded to David Hirshleifer, professor of finance, for his research proposal on "Overconfidence, Investor Underreaction, and Corporate Financial Policies." Although there was an intention to award only one fellowship in 1996-97, the quality of the two proposals prompted a dual award.

NTT Grant Establishes New Program in Asian Economics

The Nippon Telephone and Telegraph Company (NTT), one of the largest companies in Japan, has made a gift of \$1.5 million to the University of Michigan Business School to establish the NTT Program in Asian Finance and Economics.

The gift, which includes both a research fellowship and a visiting professorship, was made as a major part of NTT's celebration to mark the tenth anniversary of its privatization.

The new program is directed by E. Han Kim, professor of finance at the Business School, and Takaaki Wakasugi, professor at the University of Tokyo. Professor Kim's work in corporate finance is well-known world wide, and Professor Wakasugi is one of the most prominent finance experts in Japan. In addition to his work on the NTT program, Professor Kim will continue to serve as director of the School's Mitsui Life Financial Research Center.

"The importance of the Asian economies is, of course, great and growing," said Dean B. Joseph White in accepting the gift. "NTT's gift makes a significant addition to the School's ability to both learn and teach about key aspects of how these economies work."

NTT's gift makes a significant addition to the School's ability both to learn and to teach about how Asian economies work.

Two research fellowships have already been given under the new program. Although there was an intention to award only one fellowship in 1996-97, the quality of the two proposals prompted a dual award. One fellowship went to David Hirshleifer, professor of finance, for his research proposal on "Overconfidence, Investor Underreaction, and Corporate Financial Policies." Bernard Yeung, associate professor of international business, was awarded the second fellowship to do research on "Pricing of Securities and Its Impact on Investment." The fellowships provide release time from teaching to devote more time to research, as well as an expense account to support research activities.

Alternating with the research fellowships is a one-year visiting professorship for scholars from top Asian universities. The visiting professor of Asian finance and economics will teach Asian finance and economics at the University of Michigan Business School during the academic year 1997-98.

The NTT program will serve as a bridge between Asia and America through research and teaching, commented Professor Kim. "While business principles and underlying theory are the same in the U.S. and Asia, differences in regulations, institutions, and culture make research on Asia very interesting and important. For example, many U.S. companies want to do project finance in Asia, but what works in the U.S. may not work in Asian countries. To do business in Asian countries, we need to understand these differences."

An important mission of the NTT program is to provide opportunities for Asian scholars to learn about American financial techniques, and at the same time, to help University

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William Davidson Institute Welcomes New Director

Dr. Jan Svejnar is known internationally for his work in the field of transitional economies. He was one of the chief architects of the economic reforms of the Czech Republic, and continues to serve as an advisor to the Czech President.

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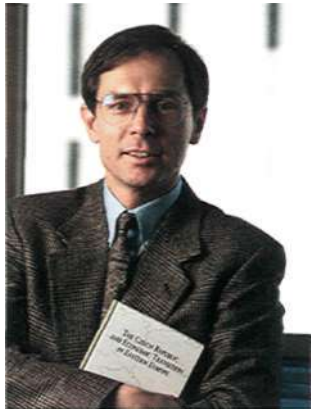
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News about C.K. Prahalad's work with Indian CEOs, and other programs the School is initiating in India.

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Attend 5th Reunion Online!

If members of the class of '91 are unable to come to campus for 5th Reunion October 18 and 19, Dividend is providing a way for you to connect to your classmates online.

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Dean: B. Joseph White, Associate Deans: Edward A. Snyder, George Siedel III, Janet A. Weiss
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Recycled paper in the spirit of conservation.

William Davidson Institute Welcomes New Director

Dr. Jan Svejnar, who is known internationally for his work in the field of transitional economies, joined the William Davidson Institute as its executive director July 1. He is recognized for path-breaking work in enterprise behavior and the labor market dynamics of transition, and has brought an outstanding background in economics to bear on studying the transition from centrally planned to market economies in China as well as in Central and Eastern Europe.

Dr. Svejnar, who is also the Everett E. Berg Professor of Business Economics and International Business, succeeds Edward Snyder, the Institute's first director, who is now associate dean of the University of Michigan Business School.

Dr. Svejnar's work in economic development covers a range of major issues in the field, including the effect of government policy on firms' economic performance and the behavior of multinationals and joint ventures. One of Svejnar's strengths is his ability to combine scholarly work with expertise as a practitioner. He was one of the chief architects of the economic reforms of the Czech Republic, and continues to serve as an advisor to Czech President Vaclav Havel. He also serves on the advisory board of Czech Telecom and as a consultant to the European Bank for Reconstruction and Development.

Along with his scholarly work, Dr. Svejnar has also given his attention to the training of graduate students. He conceived and launched a highly successful graduate program that trains economists from former Soviet bloc countries, the only American-style Ph.D. program and research

center in economics in Central and Eastern Europe. Known as the Center for Economic Research and Graduate Education (CERGE), the program is based at Charles University in Prague and was integrated a year after its 1991 founding with the Economics Institute of the Czech Republic's Academy of Sciences.

One of Svejnar's strengths is his ability to combine scholarly work with expertise as a practitioner. He was one of the chief architects of the economic reforms of the Czech Republic, and continues to serve as an advisor to the Czech President, Vaclav Havel.

Professor Svejnar was formerly the Distinguished Service Professor of Economics at the University of Pittsburgh and serves as director of the Czech Economics Institute and as chair of the executive and supervisory committee of CERGE. He holds a B.S. from Cornell University, and an M.A. and Ph.D., both in economics, from Princeton University.

Hans Brechbuhl, who has been leading the Davidson Institute during this interim period, will continue as its managing director.

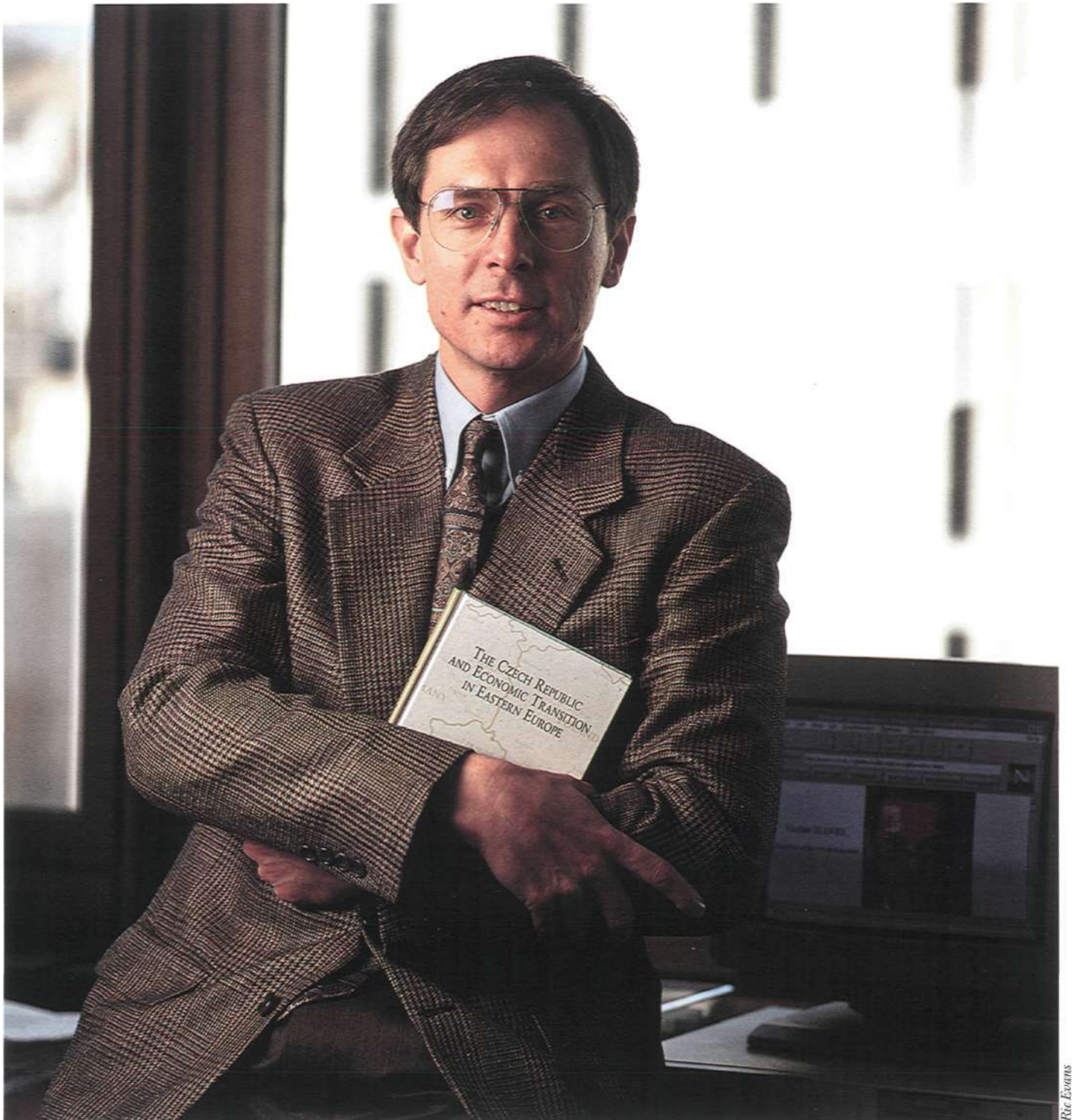
Also joining the Davidson Institute and the University of Michigan Business School in July is Katherine

Terrell, who is associate professor of business economics and international business as well as a faculty associate at the Davidson Institute.

Professor Terrell has made substantial contributions in labor, development, and comparative economics, with a particular focus on improving the understanding of the relationship between government policies and the growth of developing and transitional economies. Her work has received attention in both the academic community and among international development agencies, including the Organization for Economic Cooperation and Development and the World Bank. Her research addresses development issues in Africa, Eastern Europe, and Latin America.

Dr. Terrell's research on the nature and economic impact of unemployment in the Czech Republic and Slovakia has yielded important insights on an issue of central importance in transitional economies. She has studied the effects that both government policies and type of firm ownership have on wages and employment, and has examined what drives wage differentials between men and women in the developing world. In addition, she has done work that looks at the impact of government policies on the performance of firms and industries, examining experiences in both Poland and Senegal.

Professor Terrell also comes to us from the University of Pittsburgh, where she was associate professor of economics with a joint appointment between Pittsburgh's Graduate School of Public and International Affairs (GSPIA) and its department



Jan Svejnar, the new director of the Davidson Institute, is known internationally for his work in the field of transitional economies.

of economics. At Pittsburgh, she was director of GSPIA's Economic and Social Development Program and a member of the faculty advisory committee to the director of the university's Center for Latin American Studies. She has a B.A. from Mary Baldwin College, an M.A. in Latin American studies from

George Washington University, and a Ph.D. in economics from Cornell University.

Professors Svejnar and Terrell have collaborated frequently on research, including their work on two books, *The Czech Republic and Economic Transition in Eastern Europe* and *The Industrial and Labor Market*

and Economic Performance in Senegal: A Study of Enterprise Ownership, Export Orientation, and Government Regulation.

Svejnar and Terrell also have another important partnership. They are married and have two children, Laura Christina, who is 10 years old, and Daniel Martin, who is 14. •

Outreach to India



Pictured in the Indian countryside while taking a break from the seminars they are teaching are Professor S. Ramachander of ACME, the Madras-based Indian Academy for Management Excellence (left); Ray Reilly, U-M professor of business administration who is director and a core faculty member of the Global Program for Management Development offered jointly by U-M Executive Education and ACME; and C.K. Prahalad (right), U-M professor of corporate strategy and international business, who conducts a once-a-year forum attended by more than 40 CEOs of Indian companies.

Participating in Professor C.K. Prahalad's once-a-year CEO Forum, organized by the Madras-based Academy of Management Excellence, has become the one pilgrimage that every Indian CEO now craves, says the Indian magazine *Business Today* in a cover story about Prahalad (see accompanying story).

The Forums, which each take two full days, are attended by more than 40 CEOs of Indian companies, and have been offered for three consecutive years. They are designed to help create vibrant Indian companies that can take on the global challenge, and focus on such crucial subjects as the creation of Indian

multinationals, how to rethink the portfolio of businesses of large companies, how to acquire new competencies at low cost, and the competition for capital as well as talent.

"I see Indian CEOs a lot more sober and thoughtful," commented Prahalad in an interview in the March 15 *India Today*. "While the companies are making profit, they all realize that they are looking at much more strategic issues than financial success — strategic vulnerability and financial success can co-exist. I see a regeneration of interest in strategy, portfolios, quality of management, market entry, costs, styling, and productivity. . .

"The other side of bringing MNCs to India is taking Indian companies overseas. After all, an Indian company competing with an MNC here [in India] has to be extremely efficient and world class just to survive — if they can do it here, they can just take these skills and leverage them worldwide. So the underlying requirement for being competitive locally is increasingly no different from that at the global level. Therefore I expect a tremendous increase in the export performance of the companies successful domestically."

Two other programs supplement the CEO Forums, and are designed to bring world-class management skills to other levels of the organization. The first of these is UMBS Executive Education's Global Program for Management Development, offered for the first time this year in Bangalore, India; and the second involves research-based workshops focused on the implications of globalization in a particular functional area.

• THE GLOBAL PROGRAM FOR MANAGEMENT DEVELOPMENT was offered to nine multinational participants and 27 managers from Indian companies, and was jointly sponsored by Executive Education at the University of Michigan Business School and ACME, the Academy for Management Excellence of India. The program included such topics as new thinking on business strategy, customer focus, value orientation, organizational capabilities, managing international interdependencies, and business operations management. The goal of the joint venture between the University of Michigan

Business School and ACME is to build mutually beneficial relationships among the program participants, their respective institutions, and the faculty of the two business schools.

• THE FIRST RESEARCH-BASED WORKSHOP focused on the challenges faced by Indian brands as the Indian marketplace opens up to newer and stronger competition from global brands. It was taught by Rajeev Batra, professor of marketing at the Business School, and ACME's Professor S. Ramachander. The two professors presented research

obtained from a survey of Indian consumers and interviews with managers and executives on the relative strength of Indian and global brands. Participants, who represented about 30 Indian companies, analyzed techniques for defending their brands and making them global through brand building, brand extension, and brand valuation. The workshop was jointly sponsored by the William Davidson Institute and ACME. Future workshops now in the planning stages include one on internal controls and another on experiences with managing joint ventures in India.

"There are bound to be tensions in the course of India's economic reforms," Prahalad told *India Today*, "and possibly a few steps sideways and maybe half a step backward, but there is too much pressure inside the country for them to be stalled. The real beneficiaries of the reforms have been the middle class, both rural and urban. . . From a 10-year perspective, what we are accomplishing is extraordinary. Ten years ago we could not get a proper shirt [in India]. Today it's a non-event. Don't try to erase a long history of deprivation in just four years. That is not an appropriate test of the liberalization process." •

The Man Who Sees Tomorrow

Business Today, the Indian equivalent of *Business Week*, featured Professor Prahalad on the cover of its March 7-21, 1996 issue with the cover line "*Business Today* presents the core of C.K. Prahalad, the most influential management thinker and teacher in the world today." The magazine then devoted 10 pages to a discussion of CK's ideas as well as an interview with him.

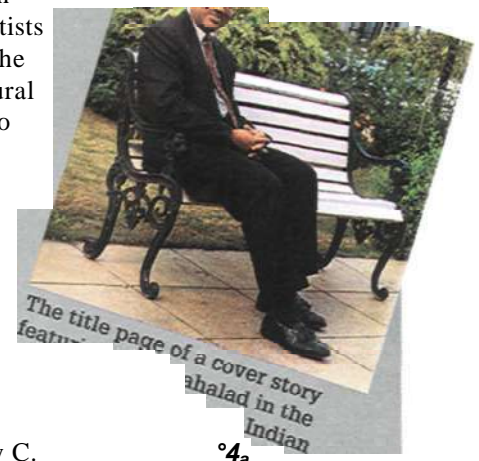
Prahalad is a major factor in the University of Michigan Business School's outreach to India as part of its overall program of working with transitional economies. "If you think of world markets as being on a continuum," says Prahalad, "with free markets on one end and command economies on the other, India is at an advanced phase of the transition into a fully market-based economy."

On his most recent visit to India, Prahalad gave a one-day conference for chief executives of that country's leading information technology and software companies, during which he made a compelling case for an overhaul of the structure and business strategies of the software industry. One of his messages is that Indian companies have the capability to be challengers rather than defenders in the emerging global market if they develop new skills and adopt new approaches to face the emerging discontinuities which are creating problems and opportunities for both well-established and emerging Indian multinationals.

Also during that visit, Prahalad was the recipient of the annual award given by the Indo-American Society (IAS) for his contribution to the promotion of Indo-American goodwill, understanding and friendship. Awardees have been people who created the most

understanding between the two nations, and have included ambassadors, artists and writers, who have the capability to build cultural bridges between the two nations, as well as businessmen who, through trade, have built important relationships. Jack Welch, CEO of General Electric, was the recipient of the award in the previous year.

Prahalad, the Harvey C. Fruehauf Professor of Business Administration and professor of corporate strategy and international business, and his colleague Gary Hamel, Michigan Ph.D. 1990, who is now professor of strategic and international management at London Business School, are experts in the dynamics of the global marketplace and the strategies and structures of companies that thrive in today's volatile environment. They 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 best-selling reprints, and "The Core Competence of the Corporation" is the most reprinted article in *HBR*'s history. Their most recent book is *Competing for the Future*, published in 1994 by Harvard Business School Press and now translated into thirteen languages.



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Erb Environmental Institute

Established With \$5 Million Gift

A \$5 million gift from Fred A. Erb, BBA '47 and Barbara M. Erb, has created a new Institute at the University of Michigan, intended to study and understand the roles and relationships among businesses, governments, and not-for-profit organizations as they interact and affect the environment.

The Frederick A. and Barbara M. Erb Environmental Management Institute will be jointly administered by the University of Michigan Business School and the School of Natural Resources and Environment.

Core to the Institute's basic mission are the activities of CEMP — the Corporate Environmental Management Program that was launched in 1992 as a joint venture between the two schools. CEMP is designed to develop leaders — executives and managers, whether they work in the private sector, government, or an environmental non-profit agency — with the skills and knowledge necessary to create environmentally and economically sustainable organizations. CEMP provides a three-year curriculum leading to both an MBA from the University of Michigan Business School and a Master of Environmental Studies degree from the School of Natural Resources and Environment.

Since its inception, CEMP has been developing course materials appropriate to educate business students to become better informed about environmental issues, and natural resources students to achieve a greater understanding of the business world. These materials include case studies as well as short courses taught as one-time offerings

New Institute Will Seek to Understand Interactions That Affect the Environment

when specialists in various fields are available. Guest teachers for these short courses have covered a wide spectrum of viewpoints, ranging from Michael McCloskey, chairman of the Sierra Club, to Mike Wood, director of business strategy for the Ford Automotive Group. In addition, students take courses in strategies for environmental management and strategies for sustainable development. The program, which graduated its first degree recipients this year, offers both classroom and experiential education through courses and internships.

In addition to furthering the objectives of CEMP, the Erb Institute will aim to address the interdisciplinary issues involved in solving environmental problems. Garry Brewer, who has been named director of the Institute, notes that the University of Michigan is an international leader in virtually every relevant environmental aspect connecting science, technology, and business. The Erb Institute will draw on that strength to pursue the following objectives:

- To ATTRACT high quality University of Michigan faculty and environmental practitioners to collaborate and focus on realistic environmental problems and opportunities.

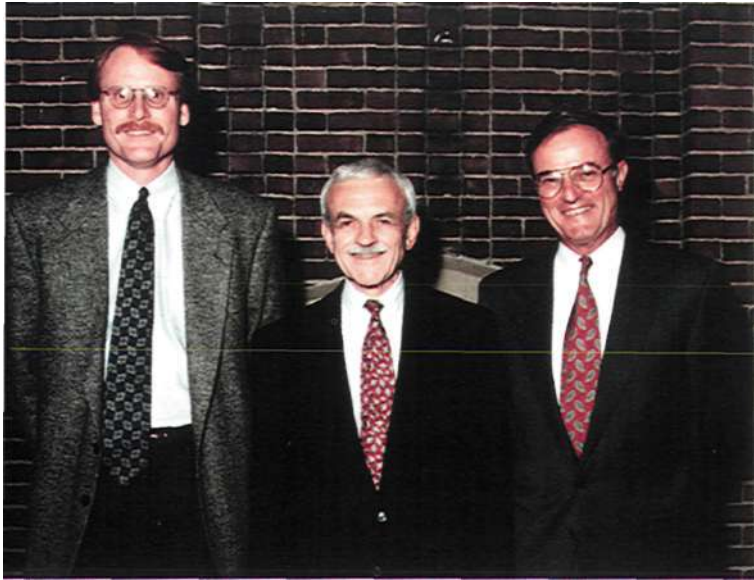
- To WORK DIRECTLY with leaders in government, business, and not-for-profit organizations having a stake in and responsibility for environmental matters.

- To PROMOTE the activities of the Corporate Environmental Management Program in offering a wide ranging curriculum of courses leading to both the MBA and Master of Environmental Studies degrees, and to support experiential education through on-site internships and team projects in the business and non-profit sectors.

- To PROVIDE academic enrichment through seminars, executive education, lectures and special conferences, and to support multi-disciplinary research on business and the environment.

A 1992 faculty survey conducted by the U-M Provost's Office discovered that there were more than 450 faculty in 68 units and 13 schools and colleges at the University of Michigan involved in environmental work, both basic and applied. In answering the survey, faculty members said that environmental studies must be interdisciplinary, that the amount of such work is increasing, and that the common feature of environmental issues is that no one individual, or even discipline, can possibly confront them alone.

The Erb Institute expects to have the flexibility and potential for drawing these faculty together in their common pursuits and for promoting the many initiatives in which they are involved. Such



Celebrating the founding of the Erb Institute are (left to right), Stuart Hart, director of CEMP, the Corporate Environmental Management Program whose activities are core to the mission of the Erb Institute; Fred A. Erb, BBA '47, whose gift of \$5 million created the Frederick A. and Barbara M. Erb Environmental Management Institute; and Garry Brewer, newly appointed director of the Institute.

Pharmacia & Upjohn Foundation Gives \$500,000 to CEMP

The Pharmacia & Upjohn Foundation has announced that it will support the programs of the Corporate Environmental Management Program with a \$500,000 gift, part of a \$1.5 million commitment made by the Foundation to the University of Michigan.

The Pharmacia & Upjohn gift to CEMP will provide support for a graduate fellowship for a CEMP student and will support interdisciplinary faculty research on problems and opportunities in Corporate Environmental Management.

According to Stuart Hart, director, the gift will make it possible for CEMP to expand such key elements of the program as executive education, summer internships, research projects, seminars by visiting practitioners, and conferences on emerging environmental topics.

Donald R. Parfet, president of the Pharmacia *Be* Upjohn Foundation, also serves as chair of the Corporate Advisory Board of the Business School. The Foundation also made gifts to the Medical School for work in molecular medicine and to the School of Public Health for a research professorship in biostatistics.

Start-up funding for CEMP was provided by Jo Ann (BS Ed '62) and Stuart Nathan, BBA '62, whose gift launched the program. Other gifts to CEMP that have been instrumental in its growth and development have included support from Dow Chemical Company, the McGraw Foundation, DuPont, Consumers Power, Gemini Consulting, and Church and Dwight Company, as well as from Stephen Frank, Elliot Pearlman and Richard Ainsworth.

initiatives include the University's Project for the Integrated Study of Global Change, the National Pollution Prevention Center, the Hazardous Substance Research Center, and new joint degree and training programs between the International Institute and its area programs, the School of Natural Resources & Environment, and the departments of biology and anthropology.

Fred Erb began his professional studies at Cornell University in the field of engineering, and subsequently earned the BBA degree from the University of Michigan in 1947.

When he joined the Erb Lumber Company in 1947, it was a modest establishment with one store, seven employees, and a sales volume of \$170,000. When he sold the business in 1993, it had 45 locations and a sales volume of over \$300 million. After the sale of Erb Lumber, he formed Edgemere Enterprises, Inc. to manage his other businesses, including the real estate portion of the former Erb Lumber Company.

Erb was also co-founder, principal, and chairman of Byrne Plywood Company, a major Birmingham wholesale distributor to the automotive industry. He sold his interests in Byrne in 1992. He is one of the founders of Amurcon Corporation as well, a development and manage-

ment company headquartered in Southfield, and Amurcon Corporation of Virginia, headquartered in Richmond. He serves on the board of governors of the Cranbrook Institute of Science and on the board of trustees of the Schwartz Value Fund, both located in Bloomfield Hills. He has previously served on the board of Michigan National Bank and on the boards of various southeastern Michigan corporations.

Garry Brewer, the director of the Erb Institute, joined the University of Michigan in 1992 as Dean of the School of Natural Resources and Environment. He was formerly at Yale University, where he had a joint appointment with the School of Management and the School of Forestry and Environmental Studies, and held the F.K. Weyerhaeuser Chair, which was given by the Weyerhaeuser family jointly to the School of Management and the School of Forestry.

The Corporate Environmental Management Program (CEMP) is directed by Business School corporate strategy professor Stuart Hart. He received his master's in environmental management from Yale and his Ph.D. in planning from the U-M. He has written and spoken widely on sustainable development and ways the environment can become an integral part of company strategy. •

Why Are We All So Frazzled?

The first recipient of a fellowship in the new Society of Scholars has developed powerful insights into the sociology of work time based on her field study of software engineers.

Do you feel frantic? Frazzled? Do you wonder how you will ever have time to get everything accomplished? If so, you have plenty of company. Why *do* so many people today feel so pressured about time? Leslie Perlow, the first recipient of a postdoctoral fellowship in the new Society of Scholars at the University of Michigan Business School, set out to try to find some answers to this question, which she characterizes as "the time famine."

Her research uncovered three primary sources of the time famine — first, a pattern of constant interrupts at work; second, a crisis mentality; and third, a system of rewards based on individual heroics. Furthermore, she found that these three elements powerfully interact to influence a group's time at work.

Perlow, who has a Ph.D. in organization studies from the MIT Sloan School of Management, bases her findings on a field study of software engineers who were developing a new product at a Fortune 500 company. She chose to study this group, in particular, because of the immense pressure they were under to get their product to market and the time famine they experienced as a result. She wanted to look at how



Leslie Perlow is pictured above. She is working on a book, tentatively titled *Victims of Success: Individuals, Families, and the Organization*.

engineers use time, why they use it in the way they do, and what the effects were for themselves, others with whom they work, and the product development process as a whole. Her dissertation on this research was entitled *The Time Famine: The Unintended Consequence of Seeking Success at Work*.

One of the reasons Perlow is delighted now to be a part of the Society of Scholars program, is that the fellowship provides her with the opportunity to turn her dissertation into a book. The Society aims to nurture the development of a new generation of creative researchers in academic fields related to business. One of its goals is to provide financial and intellectual support for outstanding scholars at the beginning of

Two New Society of Scholars Fellows Arrive in September

their academic careers, and that has certainly proved to be the case, says Perlow. "Everything here has exceeded my expectations," she says. "People have been tremendously constructive and helpful.

"The Society of Scholars fellowship has given me an opportunity to stop, to reflect on the work I have already done, and to launch a second scholarly project before I get swept up in the business of being a professor," she adds. "I have found wonderful mentors here to guide me in the process."

To do her research, Perlow spent an average of four days a week for nine months observing engineers at work in their cubicles, in labs, in meetings, in hallway conversations, and in social activities. She also interviewed each member of the group for one to two hours, and "shadowed" all 17 members of the group for at least half a day. That meant following the individual around observing everything he or she did, and writing down each activity as it occurred. On randomly chosen days she asked three or four of the engineers to wear a digital watch that beeped on the hour, and at each beep to write down everything they had done during the previous hour.

When she analysed the 35 logs of the 12 software engineers, it became clear that interactions fragmented each work day. But she found the problem was not the interactions, which the engineers felt were mostly helpful either to themselves or to someone else, but the *fragmentation* of time that the interactions created. The pattern of constant interrupts rendered it impossible for them to settle down with any confidence that they would have a significant block of uninterrupted time to devote to "real engineering."

The result was that engineers needed to come in early, stay late, and work weekends in order to ensure "quiet time" when they could work uninterrupted. However, only

- ERIC GUTHEY received his Ph.D. in American Studies from Emory University; then spent a year at the Center for American Studies at Odense University, Denmark. His dissertation, titled "The Legend of Ted Turner and the Reality of the Marketplace," yokes biographical and historical research, media and cultural criticism, and business, economic and regulatory analysis to the task of understanding the significance of Turner's life history. He looks at how that life history relates to American conceptions of cultural identity, the phenomenon of media celebrity, transformations in communications technologies, and trends towards the globalization of information and commerce.

Guthey says he is looking forward to his fellowship, particularly because it will allow him to approach the various business aspects of his project in an informed and comprehensive manner. One of his colleagues commented, "Eric is able to see Turner in a broad perspective, from the invention of the telegraph onward, and he will produce a major synthesis that connects Turner to the history of technology, the law, and the myth-making of popular culture."

- JONATHAN PARKER is about to receive his Ph.D. in economics from MIT. The driving belief underlying his research is that, in order to understand the dynamics of macroeconomic prices and quantities, one first has to study the problems of individual agents, understand what constrains and drives their behavior, and finally to aggregate these microeconomic decisions to derive correct aggregate equations. His dissertation is entitled "Individual Consumption Behavior and Macroeconomics."

During his tenure with the Society of Scholars, he says he wants to seek new insights into economics by analyzing the economy-wide implications of models of individual firm and household behavior. To date, much of his research has focused on household consumption, and he hopes to use the opportunity provided by the Society of Scholars to expand his knowledge about firm and managerial behavior and to incorporate models of business strategies into his research. Parker has been awarded a National Science Foundation Fellowship, a Sloan Doctoral Dissertation Fellowship, and a World Economy Laboratory Research grant.

about a quarter of the interactions that so fragmented their time were judged by the engineers to be urgent — the others could be postponed without negative repercussions for everyone involved. After reviewing these findings, Perlow suggested that the engineers set aside certain hours for "quiet time" when interruptions were banned, and this suggestion was implemented with positive results.

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Another finding was that crises repeatedly diverted the engineers from their priorities of the day. One man explained that every week he made a "to do" list, but found that by Monday morning he was already off schedule. He said, "I ended up feeling so bad about it, I just decided the list wasn't worth it." Another commented, "I can hardly get my coat off before the crises start. . . every morning my priorities seem to shift." Because there was never time to prepare for deadlines, each deadline was confronted only when it had become a crisis, and this mindset prevented engineers from addressing non-crisis status work until it too was perceived as a crisis.

In a world that revolved around crises, those who stayed around and solved them emerged as "heros" and became role models. Perlow found that long hours were interpreted as a sign of commitment. Managers noticed the hours that engineers worked and used these observations as a criterion in ranking them. The longer one worked, the more one was perceived as contributing and therefore the more highly one was regarded. Managers did not calculate and compare costs and benefits of engineers' work styles.

The Vicious Work Time Cycle

"Since the assumptions that governed how time is used at work were never articulated or questioned, there were no incentives to be more efficient (therefore less present) or to be more conscientious about others' time (therefore making it easier for everyone to get their work done)," comments Perlow. "The three sources of the time famine perpetuated each other in a vicious cycle, and therefore it's the *interrelationships between* these three components that are integral to an understanding of a collective's use of time at work."

Perlow, who says it's a running joke in her research team that "we work all the time," gives a cogent summary of the development of successive generations of time management. As articulated in Stephen Covey's book, *First Things First*, first came lists, then schedules and planners; third came prioritizing the things we need to do. The fourth generation is summarized by the idea that we may not even have the right things *on* our lists. She has added a fifth generation which involves the recognition that some of the time famine is created *interactively* — a pattern of constant interrupts fragments time; because time is fragmented, issues tend not to be addressed until they become a crisis; then individual heroics are needed to confront the crisis. To capture how collectives use time at work requires a more integrated approach to the study of work and time than currently exists, Perlow comments, adding that she plans to focus on this issue more extensively in future studies. •

Fellows in the Society of Scholars are appointed for a three-year term, and must have received a Ph.D. degree (or equivalent) between January 1 three years prior to their appointment and September 1 of the year of their appointment. They have a three-year, non-tenure track appointment as assistant professor, and are expected to be in residence in Ann Arbor during the academic years of the fellowship, to teach for the equivalent of one academic year, and to devote their energy to their scholarly work. Scholars trained in basic disciplines who seek to become familiar with business issues are encouraged to apply to the Society of Scholars, as are scholars engaged in interdisciplinary research who seek opportunities to establish a research record in an emerging area. For application materials, write to: Society of Scholars, University of Michigan Business School, Ann Arbor, Michigan, 48109-1234.



AFRICA CORPS EXPANDS ITS SCOPE

"Africa is a major emerging marketplace," says Brent Chrite, director of the University of Michigan Business School's African Business Development Corps, "but the lens through which we view the region is tinted by the Western media, and unless you look hard you think it is an economic basket case. We're committed to going beyond the headlines to really determine the economic potential of the region."

Now in its third year, the Corps, which is affiliated with the William Davidson Institute, has grown not only in scope and content, but also in the number of interns involved, up this year to 13 from 7 three years ago.

Another highlight of the year is a \$25,000 gift to the Corps from Michael Thoyer, BBA '60, a senior partner with the international law firm of Morgan, Lewis & Bockius. After receiving his master's degree in international law in 1963, Thoyer spent a year as a guest lecturer at the University of Ghana. For the next 30 years, he remained an Africa watcher, and last fall returned to Africa with his wife, Judith, AB '61. There he met with executives at South African firms, who told him how impressed they were with the Michigan MBA student interns who had worked on projects for their firms. Their comments helped convince Thoyer to make a personal gift of \$25,000 to the Corps. "I

A SAMPLING OF PROJECTS

I IN SOUTH AFRICA, one project has been established with Deloitte & Touche to help the national government with the reconstruction and development plan, which is the major public policy framework that the government is using. An African partner has been assigned by Deloitte & Touche to work with the federal government, and is now based in Pretoria, where the administrative arm of the government is located. He has worked with the Africa Corps ever since its inception.

Another firm in South Africa, the Educational Opportunities Council, a non-governmental organization, has worked with the Africa Corps for two years. Its mission is to redress the legacy of apartheid on educational opportunities for the indigenous populations of South Africa. Two other companies working with the Africa Corps in South Africa this year are Phoenix Venture Partners, a consulting group, and a merchant bank called MSELE-South Africa.

IN NAMIBIA, several projects are planned with Barden International. Members of the Africa Corps assisted both Barden and GM on leasing deals with the Namibian government as well as on a project involving a partial assembly plant in Botswana. (Don H. Barden, chairman and president of Barden International, is a member of the University of Michigan Business School's Visiting Committee, and has been involved with the School for a number of years.) Another project in Namibia is a venture with Besser Manufacturing, a local Namibian brick manufacturing company. Four students worked on different components of these projects. One of the students is a joint MBA/law student who is also an engineer; another is an attorney with experience on Wall Street who is also an engineer. The other two MBA students have experience in the finance world. These four worked with start-up projects, providing analysis of due infrastructure, as well as doing competitive and industry analysis that will help with the different start-ups.

M IN ZIMBABWE, the Corps is working for the second year with the Finhold Group, a holding company for one of Zimbabwe's largest financial organizations. Walter Bruckner, a second year MBA student, worked with the Data Center, the computing company charged with delivering information technology services and systems to members of the Finhold Group. He is helping the management staff of the Data Center establish a protocol so that project work could be more effectively designed, managed, and implemented.

believe Africa is on the verge of a major economic takeoff after a long quiescent period," says Thoyer, "and I believe the African Business Development Corps is the right program, at the right time and the right place to facilitate that process.

"One of the biggest needs Africa has is for well-trained managers who understand the ways of world markets," he continues, "and one of the Corps' goals is to provide just such opportunities. Our MBA students can share their knowledge of Western business disciplines with African entrepreneurs, and in return, our students will get the education of a lifetime. Even if they never get involved in Africa again, the experience of spending three to four months there as business interns can't help but make them better business people, and better leaders in a global marketplace."

Student interns this year are participating in projects in three countries — including South Africa, Namibia, and Zimbabwe (for more details on the projects, see accompanying sidebar).

The beauty of the projects in all three countries, explains Chrite, is that they offer students a wide array of professional opportunities which are each aimed at the same critical objective; to assist public and private enterprises to compete in an increasingly competitive regional and international marketplace. From macroeconomic privatization activities to local and informal economic sector projects, our interns are immersed in the revitalization of Southern Africa.

The variety of project offerings allows students to assist black entrepreneurs attempting to offer products and services to the huge (but historically ignored) Soweto region or to work with international consulting groups in an effort to assist the South African government to privatize or restructure state enterprises. In addition, students may work with indigenous financial and consultant firms and local public agencies.

Such a mix offers our students a chance to get experience in a wide variety of public and private enterprises that meet their individual needs and desires and at the same time allows the Africa Corps to remain true to its mission, which is three-fold. First, it aims to provide graduate business students with an opportunity to contribute to the development of business and commerce in the emerging democracies on the African continent; second, it seeks to develop mutual and long-



Members of the African Business Development Corps gather around Brent Chrite (seated, left) and Michael Thoyer, BBA '60 (seated right), a senior partner with the international law firm of Morgan, Lewis & Bockius who gave \$25,000 to the Corps this year. Standing are, left to right, Melanie Meyer, who worked this summer with the merchant bank MSELE-South Africa in Johannesburg; Walter Bruckner, who spent the summer at the Finhold Group, one of Zimbabwe's largest financial groups; Gail Lee, who worked in Johannesburg, South Africa with Deloitte & Touche; and Eric Gilkesson, who worked with Barden International in Namibia.

term commercial opportunities for both U.S. and African businesses in the region; and third, it expands the scope of international activities at the University of Michigan Business School by forging long-term, sustainable relationships between the African business community and the School.

Before students leave for Africa, they attend a comprehensive four-day orientation program designed to acquaint them with some of the economic, cultural, social, and political issues faced by the region. The variety of locations visited by the Africa Corps emphasizes the point that Africa contains a mix of countries, each of which is a complex national entity with its own history, its own colonial legacies, its own structural and economic difficulties as well as its own currency and market fluctuations.

At the same time that there are these important regional variations, there are also certain transcontinental problems that many of the countries have in common — such as crushing debt service obligations, the lack of a skilled work force beyond basic numeracy and literacy, and lack of access to the kind of technological resources that many of us now depend on to compete. Add to that corruption, exploitation of ethnic histories by outside powers, and the animosity between peoples in a region, and you have a complex interrelationship of factors that affect the conditions for competitiveness of each area.

"All of the students that have gone to Africa with the Corps now have a more com-

plete and realistic view of the potential of the region as well as its difficulties," says Chrite. "And when they become leaders and executives of their companies, and are making decisions about where to invest and where to expand and what new markets to penetrate, they will think of sub-Saharan Africa as a viable alternative to other emerging marketplaces."

This year 40 students applied for the 13 internships available, and Chrite is delighted by the diversity of student interest and participation. The 13 interns include both MBA and BBA students, male and female, black, white, and Indian-American, as well as an MBA student from South America who is fluent in Dutch. "No other business school has a program like this," he says. "Other schools have study tours, but our Africa Corps gives students the chance actually to work in the region." (One student who was an intern in Zimbabwe last year has decided to return there to work full-time.)

In the future, Chrite hopes to expand the scope of the Africa Corps by arranging for reciprocal programs. He dreams of an Executive Education program uniquely structured to meet the needs of middle and upper level managers in different kinds of enterprises in sub-Saharan Africa; of exchange programs; of an increased number of courses on Africa offered at the University of Michigan. But for now, he is happy with how far the African Business Development Corps has come in just three years. •

Harold Bailer, Age 80, is Finishing His MBA

By Dennis Gilbert

Ihe last time Harold

Bailer was an MBA student at the University of Michigan, the entire Business School consisted of eight rooms in Tappan Hall. Classes were offered exclusively from 8 a.m. to 12 noon Monday through

Friday. There were precisely two black students enrolled, and Bailer was one.

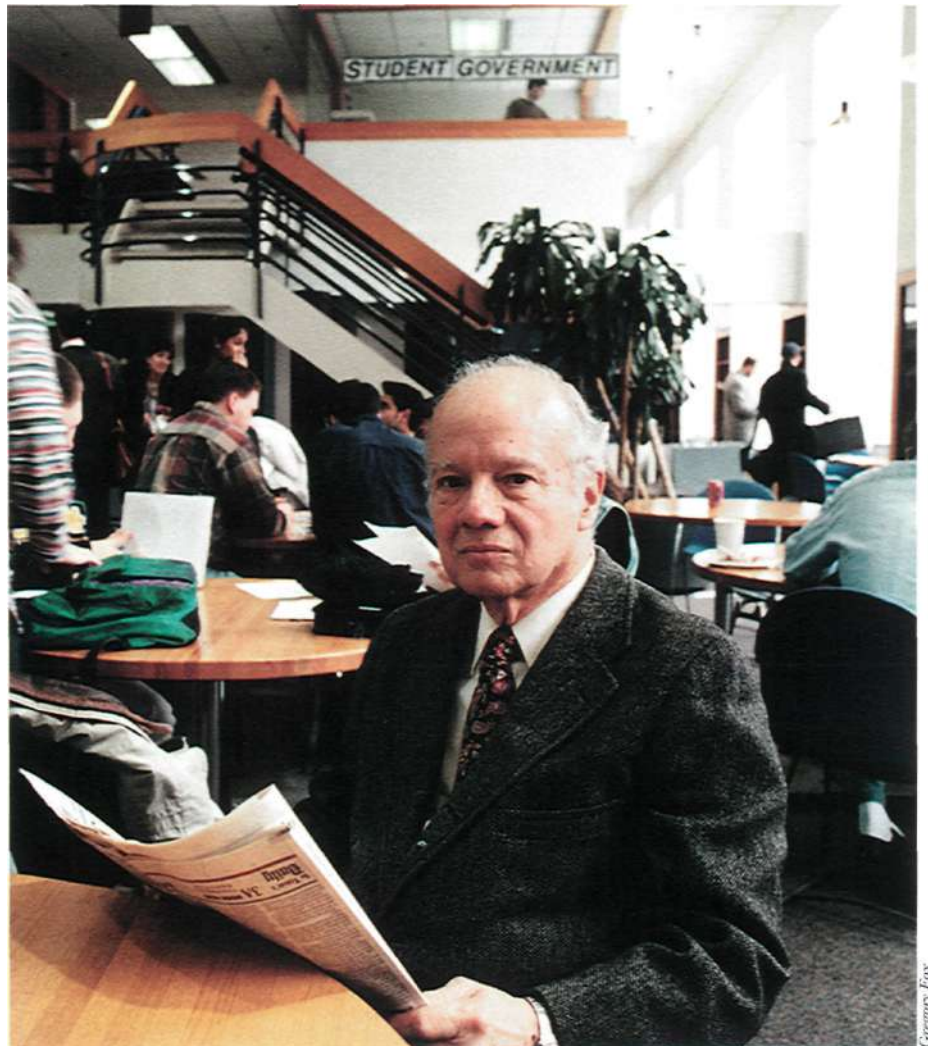
Nearly six decades later, Bailer, 80, is back in class, and after three years as a part-time student, he's within one course of graduating with the MBA he walked away from in 1938.

Why is he doing it?

"Just for the hell of it," says Bailer, matter-of-factly. "I'm not going to be able to do anything with the degree. Who's going to hire an 80-year-old man? It's not as if I have extra money to blow, either, because I don't. There's no reason for doing it except that I want to."

That independence of mind has been a dominant theme throughout Bailer's remarkable life. He grew up in an integrated neighborhood in Detroit and graduated with honors from Northwestern High School.

From 1932 to 1936, he attended Wayne State University, paying his



Harold Bailer is pictured in the Business School student lounge.

"At that time, the best job blacks could hope for at either store was running the elevators, and at Kern's, you couldn't even do that," Bailer recalls. "Because I am light skinned they thought I was white. That's the only reason I was allowed to sell."

Bailer got his certificate in business administration from Wayne State in 1936 and decided to pursue an MBA at Michigan. He did so against his father's wishes.

"My father got his medical degree from Northwestern University, and my mother was a public school

Within One Course of Degree at Michigan

"A lot of things have changed at the School since I was here the first time, and I'm not just talking about physical facilities and program growth. I'm talking about the way people of different races interact. I'm pleasantly surprised to see the blacks and whites, men and women, treating each other as equals on a respectful and professional basis. It's refreshing after what I've seen in my life."

teacher who had graduated from the University of Chicago," Bailer says. "They valued higher education, but job opportunities for highly educated blacks were almost non-existent. My father wanted me to get a job, but I wanted to go to Michigan. Even back then it had a good reputation. Michigan, Harvard, Dartmouth, and Stanford were the only two-year MBA programs in the country."

Bailer secured a \$100 scholarship from Michigan, enough to cover his annual tuition. He also worked 8 to 10 hours a week at 35¢ an hour doing research for an economics professor. That covered his portion of the rent on an apartment he shared with a friend. For food, he worked as a waiter afternoons and evenings.

As he entered the second year of his MBA program, Bailer took stock of his job prospects. The economy was in a funk, and many MBA graduates could not find work. Of the jobs that were offered, most paid poorly. Several months earlier,

Bailer had taken a pre-employment exam for the Detroit Civil Service Commission and had notched the second best score city-wide. When the city offered him the remarkable sum of \$1,560 a year to write and administer tests, he jumped at it, 15 credit hours shy of his MBA.

Nine months later, he transferred to another Civil Service post, this time as chief accountant for two federally subsidized Detroit housing projects: one for whites, the other for blacks. After two years, he left to become a cost accountant and job estimator at a 250-person manufacturing plant in Detroit. Three months later, he lost that job.

"I was quoting what we'd learned in business school, and they didn't take too kindly to that," Bailer laughs. Management issued an ultimatum: If you're so smart, you run the plant. If you can't, then shut up. "I realized then that if I really wanted to be a manager I needed to get management experience," says Bailer, who soon landed the job of assistant chief cost accountant at a

much larger production plant, also in Detroit. Six months later the plant was shut down by a strike and he was out in the street. He found a one-year consulting job setting up an automated factory cost accounting system at a metal tube manufacturing plant in a rural Michigan town. Bailer would use this initial experience with nascent computer technology to fashion a career for himself.

After the consulting came a series of administrative and leadership positions that led Bailer from Detroit to Ann Arbor to Pittsburgh and finally, to New York City where he lived and worked for nearly 50 years. During his stay in New York he became a recognized public figure in the civil rights struggle and a leader in the Urban League. Along the way he held senior finance positions at U.S. Steel, Lever Bros., General Cable, and Rayco. A man of indefatigable energy, he even took a hand at running a milk delivery business as a sideline venture in Pittsburgh in the late '40s.

By 1963, Bailer had become controller of the New York City Transit Authority, which then had sole responsibility for all bus lines, subways and commuting railroads, and employed 40,000 people. The position required a person who understood both corporate finance and computer systems. It was tailor-made for Bailer.

As controller, he became enmeshed in a petty political turf war that turned against him. Rather than be a functionary in a well-paying job

Continued on page 46



Making Change Happen

An Interview with Professor Dave Ulrich

Editor's Note: In this interview, University of Michigan Business School Professor Dave Ulrich draws on his extensive experience consulting with Fortune 500 companies to throw some light on how to move from theory to practice in making change happen. He has consulted and done research with more than half of the Fortune 200 companies, and was cited in the October 25, 1993 issue of *Business Week* as one of the world's top 10 faculty in executive education. His research assesses how organizations change, formulate

strategies for competitive advantage, and integrate human resources into strategic goals.

vJ. Why do you think we worry about change?

A. What's scary is that we cannot anticipate, manage, control, or completely predict our future. My colleague Steve Kerr sums it up by saying "don't be surprised that you're surprised." Winners and losers will both be surprised by

change. The difference between them is that the losers will form committees and task forces to study the change. Winners will have the ability to adapt, learn, and respond. Losers will spend time trying to control and master change rather than respond quickly to it.

\A HOW many change initiatives actually succeed?

£ Some research has shown that about 25% of change efforts — by that I mean re-engineering, quality

initiatives, downsizing — are meeting their desired goals. So the question becomes, how do we move that percentage upward? And there are two levels to that. One is to examine the underlying culture and mindset that would need to be changed to sustain a new initiative. Many change efforts are like fad diets that don't work because they don't deal with fundamental issues. It's important to examine the *shared mindset* or identity of a firm. A shared mindset represents what a firm is known for by its customers, e.g., Nordstrom for service; Disney for fun; Harley for the image. Changing this mindset becomes critical for long term change.

J. You said there were two levels. What is the second level?

A. Finding the elements that are common to successful change and putting them into practice.

J. What are those elements?

A. In 1992, General Electric's Management Development Center at Crotonville commissioned a team to examine research and theory on change and to synthesize this research into the key factors of successful change. This team, of which I was a member, studied over 100 articles, chapters, and books on change and identified seven critical factors. No manager should try to lead change without this list. (Editor's note: See accompanying box for the list.)

vi If so much is known about change, and if the key success factors can be identified, why is it so difficult actually to make change happen?

A. Because you have to turn the seven key success factors from an academic exercise into a managerial tool.

Q That's probably easier said than done.

THE CHANGE PILOT'S PRE-FLIGHT CHECKLIST

1. Leading Change

Having a champion who publicly, visibly, commits to change.

2. Creating a Shared Need

Making sure that everyone knows why we're changing.

3. Shaping a Vision

Defining what we want to accomplish by changing.

4. Mobilizing Commitment

Getting key people involved and owning the change.

5. Managing Systems and Structures

Adapting our management practices to align with the change.

6. Monitoring Progress

Measuring and tracking the effort.

7. Making It Last

Maintaining commitment and getting action.

This checklist was developed at General Electric with Dave Ulrich and Steve Kerr.

A. Right. But Dale Lake, president of Human Systems Development, has offered some insight on that question. He is a pilot, and learned early in his flight training the importance of rigorously completing the pre-flight check list before each and every flight. After having spent hundreds of hours in the air, nothing in the pre-flight check list surprises him. But he has learned that checking *every* item, *every* time improves the chances for a successful flight. Using this metaphor, the seven factors of change can be

turned into a "pilot's check list" for managing change.

Q So how do you use that list?

A. It's vital to give attention to *every* factor on the list. Sometimes, people do *pieces* of the seven, but not all of them. For example, a company might benchmark Motorola University as an important part of the change process. But it really represents number five of the key ingredients — adapting management practices to align with the change —

and if you haven't done the first four steps as well, the change process won't be successful. None of those key seven factors can be left out, but the probabilities of implementing *any* initiative improve dramatically when these seven success factors are assessed, profiled, and discussed. Revisiting the seven factors keeps the change agenda moving forward.

V. Even so, lots of change initiatives don't really produce change. Why?

J. First, that's not surprising. What percent of people reach their target weight and maintain it? How many people stop smoking and never start again? Individual change is difficult; so is organizational change.

KJ. What are some of the reasons change efforts don't work?

A. I can give you the "top six" list. First is that *the change effort is not tied to strategy*. Change initiatives not connected to strategy often focus on action and on doing more. But doing more without strategic integration often leads to doing more of the wrong things. Changes become uncoordinated processes and piecemeal, fragmented solutions. Second is that *the change effort is connected to a fad*. Fads are activity based and often tied to the whims of a particular individual (executive or consultant). For example, a number of activities may be practiced to improve customer service, but if these diverse initiatives are not coordinated within the theme of customer service, they become disconnected and only randomly effective. Another reason a change effort may not work is that *implementors take a short term perspective*. But cultures and practices that took years to instill cannot be modified in days or weeks. Short-term change efforts don't work at the personal level — crash diets crash, New Year's resolutions languish, so it's not surprising that they don't work at an institutional level either. A short-term orientation needs to be replaced with persistent

patience combined with consistent, future oriented, and aggressive pressure for results.

U. What about the political realities produced by change?

I. That's another reason change initiatives may not work. *Changes generally realign the political boundaries* within an organization. Politics often may be characterized through resources and relationships; changes often fail because both are under-assessed. *Resources* require thinking about the investments needed for change to succeed. *Relationships* require thinking about who will be impacted by a particular change and making sure that either the change is in their interest or that they will not oppose the change. Another reason change efforts fail is that they begin with *grandiose expectations vs. simple successes*. Executives who accomplish great outcomes generally see the world as it is, not as they would like it to be, but they make changes which cumulate toward the world they want. Simple successes start with individuals taking ownership and action for change and doing something different which begins the change journey. The cumulation of lots of little actions can add up to significant change. Grand plans need to be translated into day to day behaviors and activities. Simple successes need to become integrated and focused. In a quartet, each part, sung alone, does not make harmony. In organizations, alignment of different activities creates unity of action or focus.

V. What about the sixth reason change efforts don't work?

A. The sixth reason is *having an inflexible change design*. The planning process is useful because it provides a discipline for thinking about creating the future. However, when the *plan* becomes the goal rather than the thought process *behind* the plan, it can impair change initiatives. Learning to adapt, change, and modify plans in real time is often

more important than the plan itself. Given a choice between mastering planning or learning, most executives would be better served by mastering learning. Many change efforts fail because attention to planning overwhelms attention to learning. Unpredictable events can make even the most thoughtful and careful plans obsolete. Jack Welch tells the story about GE in the early 1990s, when each business prepared and presented elaborate plans about how they would position products for the next year. These business plans were presented, debated, and integrated into a corporate strategic plan. Then Saddam Hussein emerged on the global scene with the Kuwait invasion. Almost all GE businesses were affected by the Iraqi conflict, and all the elegant plans had to be quickly revised.

VJ. I have heard it said that the only way to get change is when there is a major crisis. What do you think?

V. You want to create a need for change before a crisis hits. It's easy to change when in a crisis. The art of leading change is to create a need when there is no crisis.

i-2. How do you create a need when there is no crisis?

A. I don't think fear has to be the only motivator for change. The need for change can be driven by a short term crisis or it can be driven by short term opportunity (what's in it for me?), long term opportunity (what's in it for the organization?), and long term danger (if we don't change in the long term we're going to be replaced).

V. Will you talk a little more in detail about creating a need for change?

A. One element that's important is making sure you're convincing. I know of one CEO who told his employees that the company was in crisis at the same time newspaper

Ulrich's Newest Book Wins Executive Leadership Award

articles were reporting the company was making money, so he was not creating a convincing need for change. But suppose he had said, "look how much more exciting your job would be if we organized around teams." People are afraid that if they celebrate or are positive it won't create a need for change. I don't subscribe to that view.

V. Suppose you're not successful in creating a need for change. How can you tell?

A The dark side of change is employee cynicism. If you are trying to create culture change through top/down directive initiatives, they are often seen as isolated events, where employees are dipped in the culture for a period of time (the duration of the training) but are not fully converted to it. In one company, middle managers who constantly were exposed to new corporate programs began to call them "AFPs" (Another Fine Program), as they failed to realize the programs were intended to change the *mindset* within the company. When you start change and don't complete it, employees try to buffer themselves from the next great initiative and you get the "corporate nod," which means the employee is thinking "this too shall pass." One way to tell if employees are not buying in is if they just do what they are told, without taking any initiative.

V. Suppose you suspect you are getting the "corporate nod." What can you do about it?

A Go back to the check list. It's very important to do ALL the steps of the check list. The back end of the check list is just as important as the front end. And if you don't do all the steps of the check list, people will not find the change convincing.

vJi But won't there always be some employees who will be cynical?

A Building sustained commitment to change involves two steps: first, identifying key individuals who are absolutely essential for the change — thought leaders who control resources and can mobilize others — and second, thinking about the total population of those affected by the change. Those affected can be categorized into four groups, each requiring a different strategy.

Q What are the four groups?

A About 15% are risk takers/innovators. They'll adapt to change and even lead change without any prompting. Another 35% are the early adopters of the change process. Another 35% are late adopters. These individuals are more skeptical and have to be convinced that the change is salient to them. They lag behind in the acceptance of the change and need to be taught, engaged, and informed. The last 15% are the cynics who will never respond to a change initiative.

vi What do you do about that last 15% who are cynics?

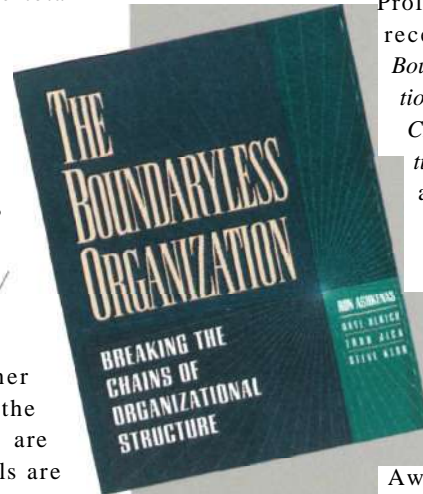
A About 80% of management's time in leading change seems to go toward trying to change that 15%. It should be the other way around. Less than 20% of the time should go toward those people.

vJ. How do you identify the 15%?

**v* They are not dumb, so they don't self-nominate. You have to give them opportunities to show that they're not buying in.

KJ. And once you've identified them, what do you do about it?

£v You get rid of them, or you sideline them, or you "build a fence around them." That sends a message to the rest of the organization that you're serious about change. •



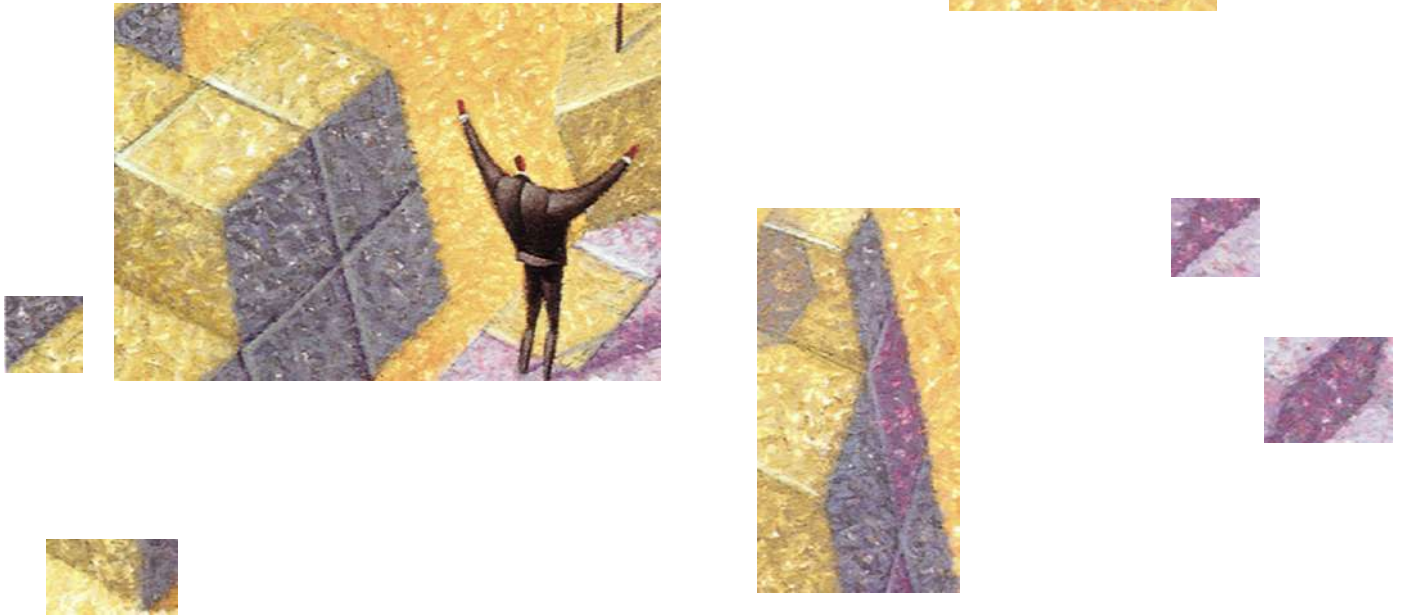
Professor Ulrich's most recent book, *The Boundaryless Organization: Breaking the Chains of Organizational Structure*, co-authored with Ron Ashkenas, Todd Jick and Steve Kerr, and published by Jossey-Bass, is the winner of the Executive Leadership

Award for 1996, given

by Accord Group Johnson Smith & Knisely. The award was established in 1986 with a two-fold purpose. First, to stimulate innovative thinking and research on the subject of executive leadership and second, to recognize and reward outstanding contributions to the understanding of executive leadership applicable to today's business environment.

Ulrich is co-author of several other books, including *Organizational Capability. Competing from the Inside Out* and *Human Resources as a Competitive Advantage: An Empirical Assessment of HR Competencies and Practices in Global Firms*. He has also published over 50 articles and book chapters, is editor of the journal *Human Resource Management*, and serves on the editorial boards of five other journals.

At the University of Michigan Business School, Professor Ulrich is on the core faculty of the Executive Program, as well as academic director of the Human Resource Executive Program and co-director of the Advanced Human Resource Executive Program. His teaching focuses on how organizations become competitive, and considers issues such as strategic change, organization design, culture change, human resource practices, and leadership.



Developing a Curriculum in Managing Change

When CEOs and other top managers come to the University of Michigan Business School, they are often asked by students to describe the skills they see as most necessary to a successful career, or to talk about what subjects they wish they had studied more as business students. Almost invariably, they answer "studies that help develop people skills."

The Organizational Behavior and Human Resource Department offers students a variety of courses designed to develop skills in managing people, and in addition, have identified three sets of electives that can develop their capabilities in different ways.

First, the Department offers courses devoted to developing capability in the management of change (see accompanying list). Another series prepares students to enter the strategic human resource function. Third, the Department offers a set of courses and skills vital for general managers in all kinds of organizational settings — including courses on interpersonal dynamics, managing professional relationships, and executive power and influence.

Following are several "thumbnail sketches" of classes offered in the change curriculum:

- **ACTION SKILLS FOR MIDDLE MANAGERS** - This course helps students learn to read and work the

organizational context in ways that enable effective action. Teams of 13 students participate in a complex behavioral simulation. They assume roles and manage "Foodcorp," an international consumer products firm. Through the simulation they are able to see and feel the impact of both effective and ineffective middle management. The course is designed so that students get direct feedback on their management performance, as well as getting direct training on essential middle manager skills, such as effective issue selling, creating motivating visions, and building coalitions that get work done. Such skill training has direct relevance to accomplishing change in organizations.

- **CRISIS MANAGEMENT - This** course focuses on the stages of a crisis, how the "pain curve" develops, how to do a crisis audit, and the value of learning to *manage* a crisis (as opposed to simply letting it happen to you). Students in the class are organized into teams, each of which is given a crisis to manage, along with a telephone-sized book of clippings detailing the press coverage of their particular crisis. The team has a week to prepare their case in depth.

On the assigned day, the presenting team makes the corporate case and defends the company's actions, after which the remaining students challenge the advocates in assigned roles as adversaries. This "clash of the teams" is being observed by the CEO or former CEO who had to handle the crisis, and who is a visitor to the class that day. The CEO then speaks frankly to the students about the issues as he or she saw them, how the crisis was actually handled, which moves he or she later regretted, and what strategies were most effective.

- **BARGAINING AND INFLUENCE BEHAVIOR -** The central issues of this course deal with understanding the behavior of individuals and groups in competitive situations, and are based on the premise that while a manager needs analytical skill to discover optimal solutions to business problems, a broad array of negotiating skills is needed to get these solutions implemented and accepted. Students assume the role of managers and experiment with various approaches to influencing a simulated situation. The course provides a low-risk environment with personal feedback to enable each student to develop an effective negotiation style that feels natural and comfortable. As a result, the learning in this course is highly individualized.

- **LEADERSHIP, VISION & CHANGE -** The dynamics of leadership in the process of making organizational

change is the focus of this course. The emphasis is particularly on the role of vision — what it is, where it comes from, how it is used and abused. The course includes cases in leadership focused on companies that offer provocative examples of leadership challenges — and includes visits from senior level executives and/or videos of executives discussing cases during previous visits to the course.

- **ORGANIZATIONAL CHANGE - This** course explores the complex role of change agents, and aims to provide students with the perspective and skill base necessary to lead a change effort, or to conduct a successful intervention. The course focuses on how change occurs within a business, and is framed in the context of tools and methods to manage change initiatives. Each class consists of three components — 1) a framework, 2) a methodology or tool, and 3) a case. This design helps students make meaningful connections between why change happens and what might be some appropriate methods of leadership.

- **ORGANIZATIONAL DIAGNOSIS AND CONSULTING - This** course focuses on the process of consulting, which includes the undertaking of consulting projects. When students are entering their client organization, they learn in class about "organizational entry"; when they are diagnosing their client's problem, they study diagnostic techniques in class. Students learn about establishing client relationships, contracting, elements of organizational diagnosis, research and theory pertaining to the effective diagnosis and change of systems, change-agent techniques, intervention strategies, organizational development processes, and feedback processes. The interplay between field work and course materials makes this course important for students interested in the process of change and the ins and outs of consulting engagements. •

Courses That Build Competence in Managing Change

Offered by the Department of Organizational Behavior and Human Resource Management
1995-96

- Bargaining and Influence Behavior
- Managing Creativity
- Organizational Change
- The Human Side of Corporate Competitiveness
- Designing for Quality Excellence
- Action Skills for Middle Managers
- Developing and Managing High Performance Teams
- Managing through Networks
- Network Tools for Consulting
- Managing Innovation
- Workforce Diversity: Organization Development
- Workforce Diversity: Personal Development
- Organization Design
- Successful Crisis Management
- Action Skills for Managers
- Leadership, Vision & Change
- Social Psychology of Organizing
- Organization Diagnosis & Consulting Work in the 21st Century
- Developing the Customer-Driven Organization

Does success influence an organization's ability to change? Is it dangerous to be a change agent? What insights have we gained from the work that's been done on change? Six faculty members share their thoughts in a wide-ranging discussion on:

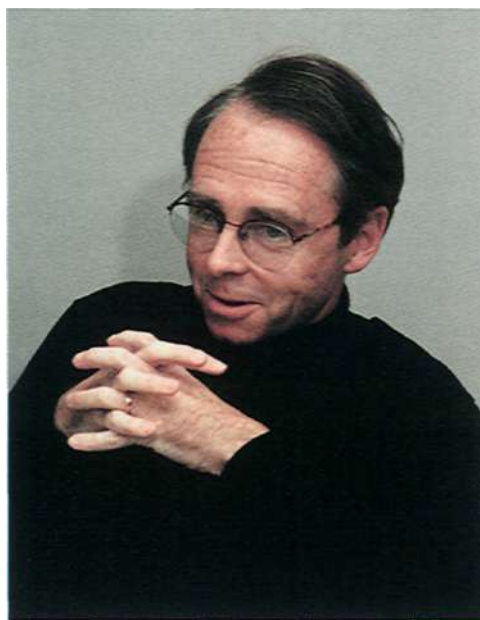
Managing Change

A Dividend Round Table

Dividend - Let's begin with the basics. What do you think drives the need for change?

Tichy- Globalization, particularly globalization of capital markets. It's already happened in the United States. The capital markets have fired John Akers at IBM, Stempel at General Motors, Lego at Westinghouse, Robinson at American Express. If you're not going to add market value to the company, you're going to go home, and that's triggered massive change. It's happening in Europe as well — Daimler Benz is driving a massive transformation because the capital markets in Germany are now becoming globalized, and Deutsche Bank isn't going to provide cheap capital. I think we're going to see a global playing field with a standard of performance on both growth and operating return on assets that is going to make everyone have to join the Olympics.

Sastry - Most conventional theories about how organizations change argue that performance pressures drive the change process. Against that is this idea that if organizations *only* respond to performance pressures, they're always going to be



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"Success is the Achilles heel of organizations. The whole culture gets self-satisfied, arrogant, overly confident. Either you've got to get into trouble to break that mindset or it takes extraordinary mobilization of a leadership group."

— Noel Tichy
*Professor of
Organizational
Behavior and Human
Resource Management*

behind. And that's why researchers today are looking at both the theoretical and practical dimensions of the question: how do we shake up organizations to help them reconceptualize what they're doing, before the crisis hits.

Tichy - I don't think you have to be in a deficit to say there's a need to sustain top performance. There are

leaders out there who keep their Olympic players on the playing field.

Cox - I see cases of desperation — "we've got to change or we'll go under" — but to me the more interesting scenario is the proactive company that says, "Although we're successful today, we can't necessarily project that success into the future. Therefore we need to change in

order to sustain and enhance our position, given a changing world."

Sastry - What do you think makes the difference between the two?

Tichy- Leadership, leadership, leadership.

Quinn - That really says something about our academic theory because it's all based on central tendencies or normal behavior. The kind of leadership we are talking about always involves the exceptional case. Proactive, transformational leadership means taking high risks. Managers spend their lives learning to not do that.

Cox - I think Noel's right about leadership, but to me it's a certain kind of leadership — a certain kind of thinking that distinguishes organizations that invest in change even though the ship is not sinking, and that kind of leadership is rare.

Tichy - Success is the Achilles heel of organizations. The whole culture gets self-satisfied, arrogant, overly confident. Either you've got to get into trouble to break that mindset or it takes extraordinary mobilization of a leadership group.

The Relationship Between Success and the Ability to Change

Sutcliffe - I think I'm more pessimistic about successful organizations recognizing opportunities for change. In the small amount of research we've completed under the NSF grant so far, there are several companies that were exemplary in terms of quality, so we did intensive case studies on them. Two of them are doing extremely well right now — they've gone from \$800 million to \$2.5 billion in the last couple of years, and their quality efforts have completely disappeared. They've abandoned every kind of process quality that they'd originally even thought about, and are back to

MEMBERS OF THE PANEL:

Noel Tichy has worked extensively with CEOs helping them transform their companies. He is co-author, with Stratford Sherman, of *Control Your Destiny or Someone Else Will: How Jack Welch is Making GE the World's Most Competitive Company* and of *The Transformational Leader*, a study of the change agenda of twelve organizations, which he wrote with Mary Anne Devanna of Columbia University, and is currently completing a book on "leadership at all level" companies, which focuses on how leaders need to develop other leaders as their core responsibility. He is professor of organizational behavior and human resource management, and director of the Global Leadership Program at the Business School.

Anjali Sastry received her undergraduate degree from MIT in physics, and her Ph.D. from MIT in management. Her research uses techniques from the field of engineering — such as systems dynamics, control theory, and simulations — to study the way organizations change. She is assistant professor of organizational behavior and human resource management.

Taylor Cox is the author of *Cultural Diversity in Organizations: Theory, Research, and Practice*, which has recently won the prestigious George R. Terry Book Award, given by the National Academy of Management. One of his chapters gives suggestions for the design and implementation of organization change processes to enhance the capability to manage diversity. He is associate professor of organizational behavior and human resource management.

Robert Quinn has written extensively about change and leading change. He is the author of *Beyond Rational Management* and co-author of *Becoming a Master Manager*. He teaches a course at the Business School entitled "Leadership, Vision and Change" and has two new books in the works, *Deep Change: Exploring the Power of Internally Driven Leadership*, and *Changing the Organizational Culture* (with Kim Cameron). He is professor of organizational behavior and human resource management.

Kathleen Sutcliffe is looking at companies involved in TQM to understand why TQM approaches are more or less effective in different circumstances. She and her co-researcher have been awarded a \$420,000 grant from the National Science Foundation to test and extend a theoretical framework underlying Total Quality Management. She is assistant professor of organizational behavior and human resource management.

Dean B. Joseph White has plenty of challenges when it comes to leading a major business school in an era of such rapid change. He has experience in both academia and the corporate world. After receiving his MBA from Harvard and his Ph.D. from the University of Michigan, he joined the Business School faculty in 1974. In 1981 he joined Cummins Engine Company, Inc. as vice president, and returned to the Business School in 1987 as associate dean. In 1991, he was named Dean.

doing inspections at the end of the manufacturing cycle. It seems that when organizations are all of a sudden having a tremendous amount of demand and the market is going crazy, they forget these initial change efforts that they were going to adhere to. That's an important factor.

Tichy - Let me understand the case example. These companies have had a huge amount of top line growth, — from \$800 million to \$2.5 billion — and profitability has gone up too?

Sutcliffe - Gone up too.

Tichy - Stock price?

Sutcliffe - Gone up too.

Tichy - Can they sustain it?

Sutcliffe - From my assessment? Maybe for about five or six years until the Japanese can take over the technology.

Tichy - So maybe the quality issues you're looking at are not relevant to their success.

Sutcliffe - In the short term that may be true, but for the long term, I don't know. And in the meantime? We haven't done all the analyses yet, and those are good questions to ask.

Sastry - One possible way to integrate these viewpoints is to think about the culture and the systems within the organization. Is the change compatible with the culture and integrated into the culture? Obviously leadership is extremely important in shaping culture and putting systems in place. I think that we as scholars need to learn how to integrate our understanding of people at the top with our understanding of how you can characterize the organization as a whole.

What is a Realistic Time Frame for Change?

Dividend - (to Sastry) You've built a model of change within organizations, is that right?

Sastry - Right. I do simulations.

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— **Anjali Sastry**
*Assistant Professor of
Organizational Behavior and
Human Resource Management*

Dividend - What does your model show?

Sastry - I'm using it to explore how we think about change. First of all, from the point of view of theorists, how do we explain our models of change? Do they make sense? Can we tell stories about how organizational change works? We are using the model as a way to make sure we're telling the stories right and formalizing our assumptions. We've found that decision makers within organizations have trouble when they're trying to forecast how a complex system will operate. Scholars have the same problem when they're trying to forecast how complex organizations operate. Change is a much longer process than we traditionally think it is. Companies that succeed in turbulent environments have to focus inward and forestall doing radical change for a while in order to fully implement past changes. Often we do research in organizational change with a one-year window, and that time-frame doesn't let us capture the whole process of change. So that's one of my findings.



D.C. Ganga

Sutcliffe - In some of the interviews I did people would say, "We've got to get this change behind us." The implication was that there's a time-line or time limit — it's over and that's it.

Cox - Change to me today is just a way of life — an ongoing, never ending kind of thing. But one of the barriers that I see to change is turnover in leadership — not having that sustained attention over time. Every leader has his or her own conception of what the vision ought to be, and if you don't have continuity of vision over a long enough period of time, I don't see how you can really move the organization. Because it takes many years.

Tichy - Absolutely. If you're going to assume continuous change, you've got to let people live through cycles — including going into the trough and coming back out again. In some companies, if you go into a trough, the leader is gone.

White - I have a question for all of you experts. If you were to extract out insights from all the work that's been done on change in organiza-

tions, what would they be? What do we know after 50 years of work on this subject?

Sastry - I've been thinking about this a lot lately as I've been reviewing the literature. We now have many more models and explanations than we used to — the world is more complex. In the old days we had a vision that organizations progress through stages, and it was clearly delineated what the leader or manager would do at each stage. We realize now that's completely simplistic, and that we need to take into account much more complexity than those theories ever did.

Sutcliffe - Managers in an Executive Education program I taught last summer were discussing change and instituting change and they said, "Top management gives us these exhortations, but they don't give us anything specific about how we're going to do the hard stuff." When we talk about leadership at the top, I think about the people who are trying to implement change at lower levels and how difficult that is on a daily basis.

The Danger of Stepping Outside the Box

Quinn - If I were to boil down what I experience in corporations, it's huge levels of denial, intimidation, and lack of trust. Most top management teams are not teams in any sense of the word. The transformational leader has to step outside the box. That's a very dangerous place to be. Someone is always there to undermine you. Why would anybody risk his or her career? One answer is: "I care about this organization enough to risk my career so that this vision can be fulfilled." That answer comes from a moral, not a political, paradigm. Most managers do not evolve beyond the political perspective. Thankfully, there are a few who do. Some of the few fail and some succeed.

White - I am optimistic, because what

we have is an enormous marketplace of ideas and a lot of consumers — people in leadership positions, people in organizations trying to figure out how to make their way. What do they have to draw upon that they didn't have 50 years ago? They have diversity frameworks to draw upon. They have total quality frameworks to draw upon. They have twisted ropes with three strands to draw upon. They have a moral framework. I think that's a tremendous amount of progress. It strikes me that this economy has shown an unbelievable ability to change and adapt during an extremely tumultuous economic period over the last 30 years.

Cox - I still see in organizations an unwillingness or an incapacity really to take advantage of what has been learned. In my work I get close

enough to the core of change activity in organizations to say that there's an awful lot of poorly implemented change or unimplemented change occurring in companies despite all we've learned, and that becomes very frustrating.

Quinn - Why do you think that is?

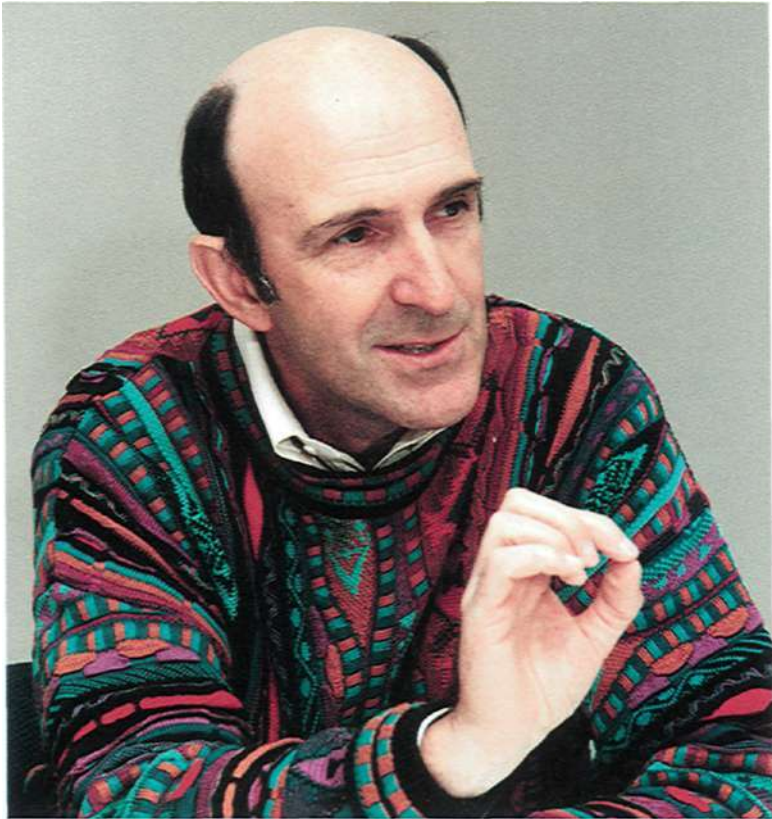
Cox - It seems to me that one of the things change agents have to do is put themselves at risk. How many people are really that concerned about the organization versus their own individual well-being to put themselves on the line and say, "I may get cut off at the knees here, but it's worth it to me to try to do something that I believe in for the organization." How many people really think that way or are that way? I think that's rare — and that's part of the problem.



D.C. Coatings

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 Behavior and Human Resource
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Untangling a Failure Story

Sastry - I think we REALLY miss opportunities to learn from failure. Time and again, at the individual level as well as the organizational level, when something fails you just want to put it in the closet and shut the door and never look at it again. Actually, to untangle a failure story takes a huge amount of perseverance and also, tools for thinking about complexity that we might not all have.

Sutcliffe - One of the things we're finding in our NSF research is that organizations that can get past the blame stage can really learn from a failure and then use that knowledge in their adaptation process. We are finding three sorts of cases: first — those organizations that put the failure away and don't look at it at all; second — organizations that go onto the blame path; and third —

organizations that say "yeah we failed and let's figure out what's going on." This last group seems to be really learning and trying to develop new practices to enhance change.

Quinn - Can you elaborate more on that last piece?

Sutcliffe - They are using the insights they gained from analysis of the failure to develop new practices — to do things differently, or they are using the insights to get into new products, or new sendees.

Quinn - This is systematic? Or an accident that happens?

Sutcliffe - In one organization it was an accident that then turned into a systematic thing. So now they have a particular failure process where they look at what happened.

Sastry - I was wondering, Noel, if you have any insight into the interaction between leadership and this ability to look at failure?

Tichy - I was just thinking of Gary

Wendt, who heads up GE Capital, which has a phenomenal growth record. His first job after getting a Harvard MBA was working for a land development company in Texas which promptly went belly up. So he's sitting there with the checks in the drawer figuring out who he can't pay and who he can, and having to live through that. Then he went through a real estate disaster in the early '70s in another company before he went to GE, and he was the one who bailed GE out of its real estate problems in the '70s. His problem is how to teach people those lessons in a big company like GE if they don't have failures to learn from. You can't *teach* it. It has to be learned from experience.

Quinn - There's an interesting paradox. If you take an incredibly strong CEO and put him in a bad situation, he may expend enormous energy and effort to impose his will on a system and drag it forward. The paradox is often that that in turn

imposes a climate of intimidation. The thing is so complex. You no sooner implement one solution than you've sowed the seeds of a problem in another domain a year or two down the line. It's really challenging.

Cox - I think one of the reasons people get "out of the box" and lead change is they want to leave a legacy — I think a lot of CEOs feel that. But can it be broader than CEOs? If we can actually accomplish attention to legacy on a much broader level than just a handful of people that lead organizations at the top, that would be a powerful driver, motivator, facilitator of change. Another question has to do with the connection between the kind of thinking that students hear when they go into Quinn's course on Leadership, Vision and Change and what they encounter when they actually go

into the job market. It's not the norm in organizations today — to be visionary, to really understand how to do change and so forth.

Quinn - We had an interesting research finding in the Ford LEAD program. After a week in the program, we sent the participants out for six months to make a change in the system, and then we analyzed what they did. Some of them had made quantum kinds of changes. When we looked at the data and asked was there anything that differentiated these people, the answer was that these people were the oldest people in the program. The interpretation was that these were people who had dropped out of the political tournament. They'd already reached their "peak," and when we said, the company needs change agents, you can make a difference,

they wanted to make a difference. So they went back and said what the heck, and they took the risks. I'd say to them afterwards, "What you're telling me is you just went back and did what was right." And they said, "Yeah, that's what we did." "Well, isn't that what you do all the time?" The invariable reaction to that question was always — laughter. It's profoundly important that the nature of organizations today is not to do what's right — it's to do what's politically acceptable.

A Destabilizing Reality

White - I'd like to pose a question to all of you. There's a lot in the press these days about people feeling that things are going WAY too fast from their point of view — way too much change. People feel insecure. What's your commentary on that self-reported perception — it seems to be on so many people's minds these days.

Tichy - My view is that it's reality, and it's tremendously destabilizing. How do we equip human beings to live in an environment where no one's ever going to take care of them again? Every time I go into a workshop I start with two questions: (1) write down the market value of your company, and (2) write down what you'll be doing tomorrow morning if you no longer have a job with that company. If those two answers don't come right off the top of your head, you're not living in today's world, and I don't see us turning the clock back.

White - All of you spend time in classrooms with people who are 20 to 30 years of age, most of whom are about to enter the organizational worlds we've been describing. When one of those students comes to your office and says, what advice do you have for me? How can I do well for myself? How can I do well for my organization? What's your advice to them?

Sastry - I end up saying something very much like what we have been

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Michigan Business
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discussing here. Which is, you have to free yourself up a little to think outside the box — to imagine doing-different things, trying different things, learning in new ways. The irony is — especially for our BBAs — that they feel a great deal of pressure to conform — to perform in a certain dimension. Often the students I see are sort of uncomfortable — they feel they don't fit the mold. I once did a class on personality. And several students were *completely* upset because they felt they didn't have the "right" Meyers Briggs profile. As if there was ONE right one. What I talk about is that just as we need a breadth of theory to draw on, we also need a breadth of skills and ways of thinking about things. Usually I try to find out what they think they're good at, what they get

excited about and then talk about ways they could use that in their career.

Tichy - You can control your own career, and there are four levers that I tell them to look at. First, what are your core competencies? Second, what are your values and life goals? Third, what is your personal style? Fourth, what is your knowledge of and access to the job market? Then I point out that you can influence all four of those and take some control over your career.

Cox - Today's students have a very complicated set of issues that they're trying to balance in terms of mindset. I tell people you've got to be true to yourself first of all. The other thing I try to tell them is to be change agents themselves. To be

willing to stand for something — take some risks. If the organization is not where you think it ought to be, be one of the people who stands up and says, "I'm going to do what I can in my little sphere of influence to make it different."

White - What if one of them has the courage to say to you, "Why should I do that?" What's your answer?

Cox - I think there's a need in every person to be able to look back and say "I made a difference — I made a contribution to something that I care about." The idea that "I stood for something and went after it" is important ultimately to personal satisfaction and to a personal sense of feeling good about yourself.

White - Anything more to add — advice to young people?

Sutcliffe - I guess to try not to be afraid.

White - You think they don't need to be afraid? That fear is unwarranted?

Sutcliffe - We all face fears, but I think they need to try to be unafraid — I don't know how one does that, but I encourage students to take small actions. You can sit back and ruminate about your fears, concerns and uncertainties, etc., but taking

one tiny small action can help you get out of that. I've seen people — students — worrying because they haven't gotten internships yet. They're worrying about it and talking to their friends, but they're not taking one tiny small action to actually get the internship.

White - In our little world here there's a parallel. One of the things I learned 20 years ago is that when a faculty colleague would come and say, "I'm having a terrible problem publishing" — after a while I learned to ask a question, and the question was "How much are you writing?"

(Laughter)

White - I'm serious. Your point is absolutely right. There's something about life that to a degree involves batting averages.

Alumni Activities

Global Blue Rally Sends Class of '96 Off With a Bang

On May 4, 1996, Hale Auditorium didn't look or sound like it did a scant 24 hours earlier. Bunches of blue and yellow balloons floated above the seats, banners graced the walls, and the



Ken Todd (left) 1996 Global Blue Alumni Network president; speaker Ralph Johnson, MBA '92, now with McKinsey & Co.; and Laura Rosenthal, new director of alumni relations at the Business School, were in a celebratory mood at the Global Blue sendoff for 1996 graduates.

sound of energetic rock 'n roll wafted out into the hallway, courtesy of Nick Dynamite and the Detonators, a rock band comprised of UMBS students. The Class of '96 was sending itself off with a Global Blue rally to beat all rallies.

Farewell speeches were made by Dean B. Joseph White; Laura Rosenthal, new director of Alumni Relations; and Ken Todd, president of the 1996 Global Blue Alumni Network. Ralph Johnson, MBA '92, who is now a consultant with McKinsey & Co.,

returned to the Business School to share a few words of wisdom and encouragement. C. K. Prahalad, professor of corporate strategy, also spoke. It was his challenge to students in 1985 to find a way to maintain the relationships cultivated during graduate school, that led to the founding of the Global Blue Alumni Network.

The segment of the rally that received the most laughs was the ceremonious presentation of items for the Class of '96 Time Capsules. Each class section had its own "sealed capsule" (otherwise known as a cardboard box) which will be opened at the 5th class reunion in 2001. The usual photographs, bottles of favorite beverages, and menus from group hangouts were deposited in the various section boxes. So were oddball objects that represented the kind of in-jokes that form a common bond: a talking alarm clock, Tyrkisk Peber (pepper-drop candy from Denmark), boxer shorts adorned with frogs, a lip imprint made with bright lipstick on a napkin, and a roll of Saran Wrap.

The Global Blue Alumni Network has grown strong in the eleven years since its inception and implementation by the Class of '85. The MBA Class of '97 has plans to keep up the tradition. According to Matt Brookshier, current president, the group has identified three areas of relationships on which to focus in the coming year: first, to organize activities to promote students networking with each other; second, to develop ways for students to network with alumni; and third, to help the alumni organization strengthen its current network.

Other plans for this year include assisting the BBA government representatives to establish Global Blue in the undergraduate program, continuing with the successful "Day in the Life" program which allows students to "shadow" employees at various companies for one day, and planning next year's Global Blue rally and Yearbook/Video.

Alumni Activities

What's New With the Alumni Clubs?

- EUROPE

Members of the European Michigan Alumni Club from Germany, Switzerland, and The Netherlands participated in a day-long cruise on the Rhine River in May. The cruise was organized by Gunter Dufey, UMBS professor of international business and finance, who taught a course on "The Changing European Business Environment," for UMBS students during the month of May at the facilities of WHU-Koblenz,

Germany's first-ranked business school. One of the presenters in the course was Ann Waichunas, MBA '78, treasurer of Guardian Industries in Europe, who, along with colleagues, made a case presentation of the company's new investment in Eastern Europe. Guardian Industries has close ties to UMBS as a sponsor of the William Davidson Institute.



Some of the officers of the Business School Club of Northern California are: (left to right) Amreen Madhani, membership chair; Eva Chang, president of the Club; and Jodi Klein, vice president. All are from the MBA class of '93.

- NORTHERN CALIFORNIA

The University of Michigan Business School Club of Northern California, in partnership with the Cal Business Alumni Association (Haas School, UC Berkeley), sponsored a dinner seminar featuring Jeffery Wildfogel, Ph.D., in Palo Alto in May. "Creating Your Future Program for Career, Business, Sports and Life" was the topic of discussion. Wildfogel is a consulting assistant professor of psychology at Stanford University and president and founder of The Mental Edge, a consulting and training company. The Club also attended a Giants game and held a tailgate party in July with the Golden Gate Chapter of the U of M Club.

- NEW YORK

An Internet Symposium for the

Michigan Business School Society of the U-M Club of New York was held in February at the @ Cafe in New York city. An Internet overview and the opportunity to "surf the net" allowed UMBS alums to learn how the internet works. A hands-on demonstration followed a cocktail reception and dinner. In March, the group took part in a mock auction at Sotheby's along with alums from Harvard, Kellogg, Stern, Wharton and other business schools. The program included everything from learning the bidding process to attending the preview exhibition and actually bidding on objects.

- PARIS

The River Cafe, situated along the Seine, was the location for the Paris Alumni/Friends Dinner on April 24. Stephane Blondeau, MBA '93, hosted approximately 20 University of Michigan alums and guests, along with Dean B. Joseph and Mary White.

- DALLAS

About 45 Business School alumni and spouses were guests at a reception February 27 in honor of Dean B. Joseph and Mary White at the Dallas home of Cece Smith, BBA '66, and Ford Lacy.

- CLEVELAND

The U-M Club of Cleveland celebrated the 179th anniversary of the founding of the U-M in May, and honored Jules Belkin, BBA '53, with its Outstanding Alumnus Award. Belkin is president and co-chairman of Belkin Productions, Inc. and has been a major force in the popular entertainment and special events industry for the last 30 years. He was responsible for bringing many of the world's top performers to the Midwest, and his leadership role was instrumental in securing the Rock and Roll Hall of Fame and museum for Cleveland. Keynote speaker at the event, which was held at the Beechmont Country Club, was Kenneth C. Fischer,

executive director of the University Musical Society.

• JAPAN

Gunter Dufey, professor of international business and finance, was the guest of honor at a reception/dinner meeting held in April at the Kioicho Club in Tokyo. The 23 guests, many of whom were former students of Dufey's, listened to his brief presentation on European monetary unification, and then participated in a subsequent discussion focusing on differences between current economic trends in Japan and the European Union. They also used the occasion to catch up on each other's career moves and family changes; as is customary, many business cards changed hands. The meeting was organized by Takeo Suzuki, MBA '76, president of Fuji Logitech, who sponsored the event. Among the guests were Takaaki Wakasugi, professor at the University of Tokyo, who is also co-director of the Mitsui Life Financial Research Center at the U-M Business School; Mitsuru Misawa, Ph.D. '67, general manager of the Industrial Bank of Japan, and Professor Sakuma of Kanagawa University, who was a visiting scholar at the Business School in 1985.

• WASHINGTON, D.C.

Dean B. Joseph White gave a "state of the school" address at a luncheon held at the Hay-Adams Hotel in May. The Corporate Advisory Board, which was holding its spring meeting at the nearby MCI headquarters, was joined by alums to hear Dean White talk about the present and future of the University of Michigan Business School. At another meeting in May, Michael Losey, MBA '62, president and CEO of the Society for Human Resources Management, spoke on "The Future of Human Resources." The event was hosted by John Nannes, BBA '70, of the law firm of Skadden, Arps, Slate, Meagher & Flom.

• CHICAGO

The University of Michigan Business School Club of Chicago sponsored an afternoon of "friendship, food, and fine brews" on Sunday, June 30 at the John Barleycorn Restaurant & Pub. In July, members and their families enjoyed a lawn picnic and evening performance by the Chicago Symphony Orchestra at the Ravinia Festival in Highland Park. Event organizers made festive use of maize and blue balloons to decorate and identify the UMBS gathering.

A Very Big Meeting of Some of Our Very Best Friends

For the first time ever, three of the School's advisory boards met together in April to compare notes, meet each other, and exchange ideas. The meeting began with a report on the state of the School from Dean White and an overview of the School's strategic plan, presented by Associate Dean George Siedel. The three boards included the Visiting Committee, the Alumni Society Board of Governors, and the National Campaign Committee.

Board members then broke into small groups to discuss issues that had been developed in the morning session. Later, they gathered for a plenary meeting where each small group reported to the larger group on conclusions they had reached. Discussions and advice continued during the rest of the day, and covered such topics as stakeholder needs, distinctive capabilities of the School, strategic issues, faculty size and mix, and use of technology.

Pictured below are representatives of three of the Business School advisory boards that met together in April. From left, they are Paul Gordon, representing the Visiting Committee; Mary Kay Haben, chair of the Alumni Society Board of Governors; and Richard Rogel, chair of the National Campaign Committee.



Alumni Activities

Three Alumni Receive Recognition Awards

Mary Kay Haben, MBA '79; Sanford Robertson, BBA '53, MBA '54; and John McCarthy, MBA '51, received awards this spring given by the Alumni Society Board of Governors:

- MARY KAY HABEN, MBA '79, chair of the Alumni Society Board of Governors from 1993-1996, received the Charles H. Ihling Memorial Service Award, established to honor the memory of Charles H. Ihling, MBA '79, who died in 1991. The award recognizes a retiring or former member of the Board for extraordinary service as a Board member. Haben is now executive vice president of the Pizza Division at Kraft Foods Inc. She was formerly general manager of the Churny Company, a division of Kraft, and vice-president of marketing and strategy, also for Kraft. While a board member, Haben began the popular "Day in the Life" program, which allows MBA students to visit various companies and follow an employee (usually a UMBS alum) through a typical workday. Last year about 25 companies hosted 50 students.

- JOHN F. MCCARTHY, MBA '51, received the Bert F. Wertman Alumni Sendee Award, established in honor of Bert F. Wertman, a member of the Class of 1928, to recognize outstanding service to the School. McCarthy has generously given to the University of Michigan since his graduation. For the past 35 years, he has served on the board of directors of the University of Michigan Club of Cleveland, spending two years as president. He also serves on the alumni association board of directors, is an active member of the alumni programs committee, and has coordinated an MBA '51 reunion every five years and planned their 45th reunion, which is coming up in fall, 1996. Before his present position as

midwest representative at J.M. Rodgers Company, McCarthy was president of the Aquarius Sales & Consulting Company.

- SANFORD ROBERTSON, BBA '53, MBA '54, received 1996 Alumni Achievement Award at commencement ceremonies in May. The award recognizes an alumnus or alumna of the Business School whose professional attainments have brought distinction to themselves, credit to the School, and benefit to their fellow citizens. Robertson is the founder and chairman of Robertson, Stephens & Company, a San Francisco-based investment banking and investment management firm specializing in technology, health care, retailing/consumer products, real estate, and other emerging growth sectors. He also founded Robertson, Colman, Siebel, Weisel (now Montgomery Securities). He is currently part of the San Francisco major gifts committee, technology advisory group, and investments advisory committee. He has served on the visiting committee of the Business School as well as on our development advisory board, and the U-M president's advisory group.

Attention Alumni Looking for a New Career Opportunity

Check out the Alumni Career Network (ACN).

The ACN is a job bulletin exclusively for B-School alumni, published twice a month by the Offices of Career Development and Alumni Relations. In addition to many job listings, each issue contains career-related information to help you in your job search.

For more information or to order a subscription call (313)-763-1370.

MONG OURSELVES



Professor Crocker Appointed to Risk Management Chair

Keith J. Crocker has been appointed the Waldo O. Hildebrand Professor of Risk Management and Insurance at the University of Michigan Business School. He comes to us from Pennsylvania State University, where he was professor of economics.

"Professor Crocker is an excellent person to bring risk management into our curriculum in a way that is both academically rigorous and practically focused," commented Dean B. Joseph White. "He will work with colleagues from the law school and mathematics department to improve the University's insurance and actuarial science programs."

Professor Crocker's research focus has been in the analysis of insurance markets and in the area of contract design. A recent major research thrust is in risk categorization in insurance markets, which includes examining the insurance industry's practice of price differentiation based on risk factors. His current research includes work on employer-sponsored health insurance. His work has been published in top academic journals and has also provided timely and important insights for policymakers and the insurance industry.

Professor Crocker has also won two awards for the quality of his teaching. In



Keith J. Crocker, the newly appointed Waldo O. Hildebrand Professor of Risk Management and Insurance.

1993 at Pennsylvania State University, he won the College of Liberal Arts Alumni Association Outstanding Teacher Award, and in 1985, he won the Omicron Delta Epsilon Teaching Award.

The Hildebrand Chair was created through the outstanding leadership of William Dobson, MBA '48, of the Dobson-McOmber insurance agency. More than 40 individuals and companies

rallied around Bill Dobson's vision of giving risk management a prominent and enduring place in the University of Michigan Business School's curriculum. The Dobson-McOmber agency has earned an extraordinary reputation in Michigan and in the insurance industry.

The Hildebrand Chair honors another extraordinary person from the insurance industry. It was estab-

lished in memory of Waldo O. Hildebrand, a University of Michigan graduate who was the first full-time manager and later executive director of the Independent Insurance Agents of Michigan. His many contributions to the industry included leading an effort in 1939 to get the Michigan legislature to adopt an insurance agents' qualification exam, one of the first of its kind in the nation. He was also a U.S./Canada delegate at the first Pan-American Congress of Insurance Producers, held in Venezuela in 1967.

MBA Applications Hit Highest Number Ever

The University of Michigan Business School continues to draw applicants in record numbers.

As of April 2, the Admissions Office had received 3,468 applications, the highest number ever, and a five percent increase over last year. International applications hit a record of 29 percent this year, an increase of eight percent over last year. Demand for the BBA degree continues to be very strong. Approximately 600 applications were received for 280 spots in the class of 1998.



Gregory Fox

Silicon Graphics President Speaks at Commencement

Edward McCracken, chairman and CEO of Silicon Graphics, Inc. of Mountain View, Calif., was the top choice of students who were working with the Dean's office on selecting the commencement speaker. McCracken, pictured above at commencement, is co-chairman of President Clinton's National Information Infrastructure Advisory

Council and is on the executive committee of a group of the U.S.'s 13 largest computer companies, which focuses on U.S. technology and trade policies. He joined Silicon Graphics, described by *Business Week* as "the most magical computer maker on the planet," in 1984 following 16 years at Hewlett-Packard.

BBA Grad Gets Top CPA Award in the Nation

Dan Wisniewski, BBA '95, has earned the Elijah Watts Sells Gold Medal for securing the highest score in the nation in the highly competitive professional licensure test, the Uniform CPA Examination, which he took in November. He scored higher than any of the other 66,000 candidates in the demanding two-day-long test. The Sells award is presented twice a year by the American Institute of Certified Public Accountants (AICPA).

Wisniewski is currently employed by Ernst & Young LLP as a staff consultant in the tax practice of its Chicago office. Ernst & Young recognizes its top achievers by supporting the school, department, or business organization of their choice. Wisniewski asked them to direct the \$500 award for



scholarships to the University of Michigan Business School.

The AICPA is the national professional organization of CPAs with more than 328,000 members in public practice, business and industry, government and education.

Gil Whitaker to Look Into Applications of Technology in Higher Ed

A \$485,000 grant from the Andrew W. Mellon Foundation will fund a research project to seek out and develop cost-effective applications of electronic technologies in higher education. Gilbert R. Whitaker, Jr., professor of business economics and former U-M provost, is leading the project.

"The keyword is 'cost-effective,'" said Whitaker, who has been appointed a senior adviser to the Mellon Foundation. "In almost all instances, the introduction of technology to higher education—while it may have in-

creased productivity—has increased costs. Under the right circumstances, however, the potential of technology to reduce costs is considerable. The dollars saved could then be reallocated to enhancing more traditional face-to-face classroom teaching."

I am delighted that Gil Whitaker has agreed to lead this new Foundation initiative in higher education," said William G. Bowen, president of the Mellon Foundation. "It offers the prospect, in my view, of ameliorating the 'cost disease' that has afflicted higher edu-

cation while simultaneously improving educational outcomes. Gil's wide experience as an administrator, coupled with his training as an economist, qualifies him superbly for this role."

Certain learning situations seem to lend themselves best to technology, according to Whitaker. "For instance, it may be that electronic technology is cost-effective in learning situations that require intense practice in the use of basic concepts, such as double-entry book-keeping."

Universities and colleges might also cut costs if tech-

nology could substitute for professors on sabbatical or "beam" instructors of courses such as foreign languages to several different settings simultaneously. Well-designed computer simulations also might be effective "stand-ins" for expensive laboratory equipment.

Whitaker expects to experiment with technology in a variety of higher education settings including research universities, liberal arts colleges, community colleges and universities in developing countries. The Business School's MBA students will also participate in the research.

NBA Commissioner David Stern Receives Thirty-Seventh Annual Business Leadership Award

NBA commissioner David Stern once modestly referred to himself as "a facilitator," but his business savvy and marketing acumen have propelled a once-struggling league to the forefront of all professional sports. In his 12 years at the helm of the NBA, he has added six franchises, quadrupled revenues, dramatically increased television air time, and opened seven new league offices, six of them outside the U.S. For all those achievements, along with his commitment to public service, he received the 1995-1996 Business Leadership Award from the University of Michigan Business School.

In his talk accepting the Award, Stern called the NBA "the ultimate, self-activating, self-actuating brand." Professional basketball cannot be compared to any other product, said Stern, because of its tremendous brand equity. "The NBA is in the press every day and has the largest weekly, live television programming," said Stern, who showed video clips demonstrating how players bring the NBA even more attention by appearing in commercials, TV shows, and on the front covers of national magazines. He also showed clips from the NBA's star-studded "I Love This Game" promotional campaign.

Because Stern has grown the game exponentially while maintaining the sport's positive image, his accomplishments look miraculous when compared to other professional sports. So far he has avoided the divisive battles that have



NBA Commissioner David Stern receives the 1995-96 Business Leadership Award from business students (left to right) Judy Lew, vice president of MBA affairs; Azam Saeed, president of student government; and Amy Finkbeiner, vice president of BBA affairs.

plagued baseball, football, and hockey. Last year he successfully negotiated a collective bargaining agreement, keeping the NBA's record of continuous full seasons unblemished. While enjoying a reputation as a tough negotiator, he has maintained harmony in the most visible of professional sports.

With an eye toward the future, Stern has made sure the NBA is technology friendly, as evidenced by the wide array of satellite and cable options for delivering games. Furthermore, the league and its 29 teams have their own web sites with full-motion video and audio. "There are so many different reinforcers of the brand," said Stern. "It all works to build an extraordinary brand — a global brand."

Stern also has shown an intense commitment to public service, as exemplified by the NBA's Stay in School Program and league support

of literacy, hunger relief, the Special Olympics, and the prevention of child, alcohol, and drug abuse.

After serving as the NBA's outside counsel, Stern became the league's general counsel in 1978, executive vice president in 1980, and commissioner in 1984. The Award citation referred to him as a "visionary, innovative commissioner, credited with street smarts, good business instincts, marketing brilliance and a disarming sense of humor."

Stern is on the boards of Beth Israel Medical Center, Columbia University, Rutgers University Foundation, and the Thurgood Marshall Scholarship fund. He is also a member of the Martin Luther King, Jr. Federal Holiday Commission and the White House Conference for a Drug-Free America. He was a board member of the NAACP from 1990-93.

Scholarship Created to Honor Dr. Reimann

A scholarship to honor Dr. Curt Reimann has been created on the occasion of his retirement from the National Institute of Standards and Technology (NIST), where he was director of the Malcolm Baldrige National Quality award and Director for Quality Programs from 1987 until his retirement in 1995.

The Scholarship, to be called the Curt Reimann Quality Leadership Scholarship Fund, will support deserving MBA students, and has received over \$125,000 from past Baldrige award recipients. Reimann holds a Ph.D. in chemistry from the University of Michigan, but wanted the scholarship to be housed in the Business School because of Dean B. Joseph White's role as an examiner for the Baldrige award and for his work in quality efforts at the Business School.



Dr. Curt Reimann is pictured at the event where he was presented with the news of the Scholarship to be named in his honor. At that event, he was also presented with a U-M hat and sweatshirt, along with tickets to a football game of choice.



Professor Brian Talbot Appointed to Herrick Chair in Manufacturing

Brian Talbot, co-director of the Tauber Manufacturing Institute, has been appointed by the Regents to the Herrick Professorship in Manufacturing, a new chair established to further the partnership between the Business School and the College of Engineering, and to support its work in interdisciplinary manufacturing education and research.

"We are fortunate to have someone so ideally suited to hold this chair," said B. Joseph White, Dean of the Business School. "Professor Talbot's contributions to the field of manufacturing education and research are outstanding. His dedication, initiative, and progressive thinking contributed significantly to the creation of the Tauber Manufacturing Institute, which I believe is the most thoughtful and thorough manufacturing education model of its kind."

Professor Talbot's research in manufacturing has been published in major journals in the United States

and Europe, and in addition to his significant research contributions, he is a valued advisor to doctoral students as well as an outstanding teacher.

Professor Talbot received his BA and MBA degrees from the State University of New York, and his Ph.D. from The Pennsylvania State University, after which he joined the faculty of the University of Michigan Business School. He became an associate professor in 1982 and a full professor of operations management in 1989.

The Herrick Professorship in Manufacturing was established in 1995 with a \$1.2 million gift from the Herrick Foundation of Detroit. The chair was designated specifically to be associated with the Tauber Manufacturing Institute, and the five-year appointments to this chair will be alternated between the Business School and the College of Engineering.

Eight Faculty Members Promoted

At their May, 1996 meeting, the U-M Regents approved the following promotions of Business School faculty:

Susan Ashford, to professor of organizational behavior and human resource management; Lloyd Sandelands, to professor of organizational behavior and human resource management; and James Walsh, to professor of organizational behavior and human re-

source management.

In the marketing department, Venkatram Ramaswamy and Eugene Anderson were promoted to associate professor with tenure. In the accounting department, William Lanen and Douglas Skinner were promoted to associate professor with tenure, and in the statistics and management science department, Peter Lenk was promoted to associate professor with tenure.

Former Students Come from Around the Country to Honor Professor Allen Spivey



Pictured with Professor Spivey are (left to right), Craig Ansley, Ph.D. '77, managing director of Frank Russell Co. Ltd. in New Zealand; William Hall, Ph.D. '69, president and CEO of Eagle Industries; Spivey; William Wecker, of William Wecker Associates, Inc. and Douglas Dunn, Ph.D. '70, newly appointed dean of the Graduate School of Industrial Administration at Carnegie Mellon University.

The Statistics and Management Science Department hosted a seminar and dinner to honor Professor of Statistics Allen Spivey's 35 years of service to the University of Michigan Business School. Twenty-five former SMS students who received

their Ph.D.s from that department, returned to Ann Arbor from all over the country to celebrate with Professor Spivey. Many faculty colleagues also attended. Four research papers were given at the seminar preceding the dinner.

Detroit Mayor Dennis Archer Delivers 29th McNally Lecture



Dennis Archer is a mayor on a mission.

If tough-mindedness and zeal count for anything, he will rebuild the city of Detroit by sheer force of will.

Archer, who delivered the 29th annual McNally Lecture in Hale Auditorium in January, focused his talk on a Detroit revival, one closely tied to improving the city's economic base. As a leader in the fight to rebuild the city, Archer stressed that "all of us are affected by how we respond to cities . . . We are becoming more, not less urban—and we are becoming more interdependent, not less so."

While documenting the rise and fall of Detroit, Archer seized the moment to stump for his city. "Detroit has much to offer," he said, pointing to the city's rich history of manufacturing, the enormous potential of the waterfront, and its location on an international border.

He outlined his primary goals, namely to make the city safer, financially solvent, and to attract greater economic development. In his

two-year tenure he has already accomplished much. He pointed to the \$100 million empowerment zone, rising property values, a 71 percent increase in convention business, a drop in the crime rate, and the 35,000 people who hit the streets to take the "Devil" out of "Devil's Night."

Dennis Archer's personal story is noteworthy in itself. He began his career teaching learning-disabled children in Detroit, went to law school part-time, then became one of the country's 100 most powerful lawyers, president of the state and national bar associations, and eventually, a justice of the Michigan Supreme Court. He resigned from the Court in 1990 to work with Detroit citizens and community organizations to improve the city. He was elected mayor in 1993, and since then has also assumed leadership posts with the U.S. Conference of Mayors, the National Conference of Black Mayors, and the Office of the United States Trade Representative.

Norman Auerbach, MBA '47 Honored by Coopers & Lybrand

Coopers & Lybrand in Detroit has made a \$500,000 commitment to the Norman E. Auerbach Accounting Research Fund, established to honor the memory of the late Norman Auerbach, AB '41, MBA '47, who was chairman of the firm from 1976-1982. The



Steve D'Arcy, BBA '76

announcement was made by Steve D'Arcy, BBA '76, managing partner of Coopers & Lybrand in Detroit and a member of the Business School's Alumni Society Board of Governors.

The Fund supports research by advanced doctoral students and young accounting faculty members, and is intended to support the University's continuing efforts to develop and retain outstanding faculty members.

Auerbach served as head of tax operations in the

Coopers & Lybrand New York office, as managing partner of the New York office, and as associate managing partner before becoming CEO in 1976. He died in 1993. He was an active alumnus of the University of Michigan Business School, and served both as a member of the Advisory Board of the Paton Accounting Center, and as a member of the School's Visiting Committee.

Auerbach came to the Business School to speak to students after becoming CEO of Coopers & Lybrand, and gave some advice as follows: "The biggest problem young people have today is impatience. When they have their sights way beyond the immediate, they forget about doing today's tasks well . . . Don't worry whether every aspect of your particular responsibility at that time



Norman Auerbach, MBA '47

of your career necessarily challenges you to the limit. It doesn't happen that way. What's important is to earn the reputation for doing every job well—even those that are not the most challenging. You will get your share of challenges!"

"Stay Connected" Is the Theme of the 1996 Student Pledge Campaign



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 ^ student camp'ai^

Members of the Student Pledge Campaign Committee include (left to right) BBA student Jennifer Shorter and MBA students Judy Lew, Wil Jacobs, and Jen Rhee.

The Class of 1996 Student Pledge Campaign raised over \$35,000 this spring for the building of a Telecommunications Center. With the theme, "Stay Connected: Support Your Future Network," volunteers solicited pledges from graduating students during the month-long campaign. Since 1980, students have organized and staffed a campaign for the Business School. In previous campaigns, all the money raised has gone into the School's Annual Fund. This

year, however, volunteers decided to build something tangible to benefit future classes.

The Telecommunications Center is being built on the second floor of the Student Lounge and is planned to include 15-20 telephone and fax workstations. In addition, the Center will have a photocopier.

Planning and renovation began in the summer and is scheduled to be completed in the fall.

Ossie Davis Speaks on Martin Luther King Day

On Martin Luther King day, actor Ossie Davis transported a standing-room-only audience in Hale auditorium back to 1963 to the historic civil rights march on Washington, D.C. His talk, titled, "Reflections on Martin," was part history lesson, part personal reminiscence. Davis, best known for his roles on Broadway in *A Raisin in the Sun* and on the small screen in *Roots: The Next Generation*, has focused

most of his career on the struggle for human rights, not only as an actor, but as a director and writer too. Among his works are *Langston* and *Escape to Freedom*, plays based on the lives of poet Langston Hughes and abolitionist Frederick Douglas. He just completed work on his first novel, titled 'Just Like Martin,' a story about young people in the civil rights movement.

Banking Environment Conference Reveals Guideposts and Pitfalls

A conference on the banking environment in Central Europe and Russia, held in New York in May revealed some guideposts and pitfalls for investment in the region by Western banks. The conference provided a summit for exchange among key players on both sides of the investment equation, including architects and executors of privatization, holders of Western capital, U.S. Treasury officials, and academics.

The conference was co-sponsored by the William Davidson Institute of the University of Michigan Business School, Citibank, and Chase Manhattan bank.

The program included researchers from the Davidson Institute, who conducted the study on bank privatization that provided a background for the conference. David Lipton, U.S. Treasury Assistant Secretary, also spoke.

Banks in the region have made major strides in cleaning up their portfolios, several key banks are preparing

to issue stock, others will be on the market soon, and the region's rapid economic growth is driving demand for banking services. Key officers from Citibank, Chase, and ING Baring Securities discussed their strategies and experience in the region, along with Jan Svejnar, one of the architects of the Czech economic reforms who is the newly appointed director of the Davidson Institute (see page 2.)

High-level officials from some of the region's top banks, along with the head of the Hungarian government's bank privatization agency, were on hand to make their case.

Among the issues discussed at the conference were: investment opportunities in the region; the importance of Western banking expertise as a key resource when it's blended with a deep understanding of the local environment; and the political risks and legal ambiguities associated with privatization.

The William Davidson Institute is an educational and research institute that studies the transition from planned to market economies and aids that transition with in-the-firm project assistance and planning, customized management training, and other educational programs. It currently operates in Central and Eastern Europe, Russia, China, and Vietnam, and draws on extensive partnerships with companies and educational institutions around the world.



Gregory Fox

The Global MBA Program Graduates Its First Class



Gregory Fox

In a mood to celebrate are members of the first graduating class of Cathay Pacific Airways managers who received a Michigan MBA at commencement this year as part of the Global MBA Program of the University of Michigan Business School. Pictured left to right are Wayne Brockbank, faculty director of the Cathay Pacific program; Winnie Ng and David Lui, student-elected class representatives; Tom Wright, general manager of personnel at Cathay Pacific; and Jeff Holmes, managing director of the Global MBA program.



Gregory Fox

Managers from the Daewoo Group received their MBAs at commencement ceremonies in May. Pictured are (left to right) graduating student Jin Cheon Kim, deputy general manager of personnel for the Daewoo Group who also worked on developing the Daewoo Global MBA program before joining the program as a student; E. Han Kim, professor of finance who led the effort to expand the Global MBA into Korea; Hae Yohng Johng, president of the Daewoo Management Development Center; and graduating student Hyeong Gi Kim.

Cathay Pacific Airways

Forty managers from Cathay Pacific Airways, who were part of the original launching of the Global MBA program at the University of Michigan Business School, graduated this spring with their MBAs.

They began the program in October, 1993, and over the course of three years, received the full Michigan MBA, using a combination of video conferencing, face-to-face modules in Hong Kong, courses in Ann Arbor, and field projects both in Ann Arbor and Hong Kong.

Cathay Pacific Airways Limited is among the world's most successful international carriers. It operates over 750 passenger and cargo services a week to 39 destinations in 26 countries in Asia, Australia, Europe, the Middle East, Africa, and North America.

THE GLOBAL MBA, which provides corporate-sponsored employees in international locations an opportunity to earn a Michigan MBA degree, is delivered part or full-time using a variety of methods to enhance learning.

"We have designed this program so that the quality will be sustained even though students are 9,000 miles away," observed Graham Mercer, Director of In-

ternational Programs. "We are now able to deliver the Michigan MBA anywhere in the world." The program establishes a Business School presence in some of the fastest growing and most complex economies in the world.

The Global MBA delivers quality at a distance. "While being inflexible about our standards of quality, we are able to be flexible about the ways in

The Daewoo Group

High-potential managers of companies in the Daewoo Group received their MBAs in May from the University of Michigan Business School under the Global MBA Program.

The program included classes taught by Michigan professors via video conferencing and visits to Seoul. During this part of the program, students lived at Daewoo's Management Development Center and took classes at the Daewoo Video Conferencing Center built especially to accommodate the Michigan Global MBA program. Students also spent two semesters in residence in Ann Arbor, and participated in a full-length MAP field project. The Daewoo Group consists of many companies under the Daewoo umbrella. It has nearly 200,000 employees and more than \$50 billion in sales around the world.

which we deliver that quality," said E. Han Kim, faculty director of the Daewoo program. "While not changing the content, we can change those factors that don't affect quality — such as time, place and cycle time. The mix of part and full-time study, as well as the time spent in residence in Ann Arbor, may vary from program to program, but the end result is the same."

Since the Global MBA pro-

gram began, the Business School has built a distance learning center, housed in the Kresge Business Administration Library. A recently announced partnership between the Business School and BT has made possible the expansion of the distance learning center into what will now be called the Global Learning Center. Such expansion is made possible by a gift of both money and sophisticated technology from BT.

Class Notes

Jackson W. Smart, Jr.
BBA '52

has been appointed chairman of the executive committee of the board of directors of First Commonwealth, Inc. (NASDAQ:FCWI), the largest dental managed care company in Illinois. It provides managed care and indemnity products to more than 300,000 employees and dependents through more than 2,000 employer groups. In 1993, *Inc. Magazine* recognized First Commonwealth, Inc. as the 31st fastest growing company in America, and in November 1995 the company made a successful initial public offering of more than 1.8 million shares of common stock. Jackson, who has been a First Commonwealth, Inc. director since 1988, is chairman and CEO of the radio broadcasting company MSP Communications, Inc., and is also a director of Federal Express Corporation, Inroads Capital and Evanston Hospital Corporation, and a trustee of the Goldman Sachs Funds.

Jack A. Rounick
BBA '56

is pleased to announce that he has resumed the practice of law and has opened an office at 516 Swede St, Norristown, Pennsylvania.

58 John T. Thomas
BBA '57, MBA '58

has recently been appointed chief of staff of Ward Howell International, Inc., where he is also a full partner and director of the firm. Ward Howell International is an international executive search firm with 9 domestic offices and over 40 foreign offices in 31 countries. In his new position, John will take over responsibility for all financial, administrative and legal affairs of the company. John is also chairman of the Winnetka Youth Organization in Winnetka, Illinois, which runs a drop-in and counseling center serving teenagers in the North Shore suburbs of Chicago, and is the volunteer executive director of the Procter & Gamble Marketing Alumni Association, a group of over 1,300 ex-marketers from Procter & Gamble's marketing training organization. John has a long family history with the University of Michigan. In 1984, one of his sons was a fifth generation graduate. His grandfather, Dr. Hugo P. Thieme, has a dormitory housing unit on North

Jesse Hill, MBA '49

Receives U-M Honorary Degree



Jesse Hill, MBA '49, chairman of the board of Atlanta Life Insurance company, received an honorary degree of Doctor of Laws from the University of Michigan at commencement in recognition of his "political and moral leadership, his passionate dedication to the civil rights movement, and his many contributions to business and chic life."

The honorary degree citation read, in part, "For more than four decades, Hill has used his business expertise and management skills to influence a broad range of business, educational, civic, and political interests in Atlanta, the state of Georgia, and the nation.

"He has occupied a prominent place on all fronts of the civil rights movement since the mid-1950s, when he was the driving force behind the voter registration campaign in Atlanta that saw more than 50,000 African Americans register to vote. He has served as chairman of successful mayoral and congressional campaigns for African American candidates, and was appointed the first African American to serve on the Georgia State Board of Regents, which oversees 34 colleges and universities.

"Hill is chairman of the board of directors of the Martin Luther King Center for Non-Violent Social Change, and has broken racial barriers in the insurance industry, in corporate boardrooms, and in chambers of commerce, and is respected nationwide as an innovative leader in the corporate, political, and philanthropic communities."

Campus named in his honor. Between the Thiemes and the Thomases, there are over 20 direct relatives who are graduates of the University of Michigan.

Robert L. Hooker
MBA '58

who is president and CEO of Mazda Grteat Lakes, which distributes vehicles and parts to 130 dealers in a five-state area, has been chosen Slykhouse Business Person of the Year. The award was given to him at the ninth annual dinner of the Economic Club of Grand Rapids in June, 1996.

% Q Lynn R. Evans
BBA '59, MBA '59

is vice president and senior consultant in the Detroit office of the recently merged Right Associates -Jannotta, Bray & Associates, Inc., a human resources consulting firm. Prior to his current position, Lynn spent 33 years with General Motors in executive human resources positions in De-

troit, Dayton, Saginaw and Flint. Lynn, who also attended the MIT Sloan Senior Executive Program in Boston, is currently on the board of directors for the McLaren Regional Medical Center in Flint and is also on the executive board of both the Greater Detroit U of M Alumni Club and the Graduate "M" Club in Ann Arbor, as well as being a member of the U of M President's and Victor's Clubs. He recently completed an eight-year term on the U of M - Flint Citizens Advisory Committee, and has also served on the board of directors of the Citizens Council for Michigan Public Universities in Lansing.

i^ Peter De Mayo
MBA '65

writes that after retiring from the Navy in March 1990 as a Rear Admiral, he went to work for Martin Marietta as vice president of contracts. After several mergers and acquisitions, Martin Marietta is now Lockheed Martin Corporation. In 1995, Peter was elected a corporate officer.

Verne G. Istock, MBA '63

Named Chairman of First Chicago NBD

First Chicago XBD Corporation has named Verne G. Istock, MBA '63, chairman, to be added to his current titles of president and CEO. He was chairman and CEO of XBD Bancorp in Detroit when the bank agreed to combine last year with First Chicago Corp. in a \$5.2 billion merger. At that time, Istock became president and CEO of the new bank, First Chicago NBD, which is the nation's seventh largest bank holding company, with \$115.5 billion in assets.

Edward R. Jarchow
BBA '65, MBA '66

has been elected 1996 president of the Greater Detroit Chapter of the Associated General Contractors of America (AGC). He is vice president and treasurer of the Barton Malow Company in Southfield, Michigan, and has 23 years experience in the construction and real estate development industries. He is a certified public accountant and a member of the American Institute of Certified Public Accountants, the Michigan Association of Certified Public Accountants and the Construction Financial Managers Association.

B. Kipp Franklin
BBA '67

is a registered investment adviser in Westchester, Pennsylvania. She is also a partner in Flavour of Britain tea room and gift shop. Before going into private practice in 1992, she was a vice president of Provident National Bank in Philadelphia. She married Peter Stone in 1994.

Richard E. Andrews
MBA '75

writes that he has been appointed vice president of Best Equipment's Distribution Business Unit, headquartered in Plano, Texas.

Steven M. Freeman
MBA '75

has been appointed managing partner of Andersen Consulting's new Solution Delivery practice within the Communications

Industry Group, where he is now responsible for developing and delivering technology solutions that can be used across applications in the telecommunications, cable, and satellite carrier industries. In addition, he is in charge of Andersen Consulting's Solution Center—Teleworks™—based in San Ramon, California, which is responsible for establishing a worldwide network of similar solution centers, and also has responsibility over the Communications Industry Group's multimedia practice. He joined Andersen Consulting's Chicago office in 1976, was made partner in 1985, and has been instrumental in leading the development and deployment of the Knowledge Xchange™, an internal network that allows consultants from Andersen Consulting to exchange information on industry and technology "best practices," regardless of their location.

Paul E. Gugel
BBA '77

is president of Elite Staffing Strategies, Inc., which specializes in advising on contingent labor relationships and implementation. In addition to its headquarters in Rochester Hills, Michigan, Elite has opened another office in Troy, Michigan. In addition to his BBA, Paul is also a CPA.

Fred Klingbeil
BBA '78, MD '90

has now completed a five-year medical residency in pediatrics and rehabilitation, and has moved with his family to Kansas City, where he is starting a practice to care for children with congenital and acquired disabling conditions.

Roy Burgess
BS '68 MBA '78

retired from the navy in 1995 as a Captain serving at the Military Sealift command. He is currently Deputy Federal Programs Coordinator at Universal Systems, a systems integration company specializing in imaging and workflow. In May, 1994 he passed the CPA exam and is now the owner of Burgess & Associates, an accounting services and tax preparation firm. He lives in Fairfax, Virginia.

Kathleen A. Palmer
BBA '79

has been elected treasurer of the Detroit Door and Hardware Company, a supplier and installer of hollow metal doors and hardware, rolling steel overhead doors, and

David Shelby, BBA '62, MBA '64

President of ICM Industries, Inc. Speaks at Dean's Seminar



David Shelby, BBA '62, MBA '64, president of ICM Industries, spoke to business students about his company and his experiences as an entrepreneur at a Dean's Seminar held at the Business School. ICM Industries is a privately held holding company owned by Shelby and Jack Rutherford, both executives with extensive experience at Ford Motor Company and International Harvester. The company was founded in 1985 to do acquisitions of turnaround manufacturing companies in the automotive and construction equipment fields. Thirteen acquisitions were completed. At its peak, ICM owned and operated companies with combined sales of \$450 million. It utilizes a small staff in Chicago and relies on die local management for the operation of each subsidiary.

Recently, the principals have taken on crisis management roles as well, including two years of managing a newly privatized heavy truck manufacturing firm in the Czech Republic.

Before founding ICM, Shelby worked for four years at International Harvester as senior vice president and general manager of European agricultural operations and as vice president, divestitures, and at Ford Motor Company from 1962-1981 in various financial assignments, including seven years in Latin American affiliates and as controller of North American truck operations.

Director of the International Department of Sanwa Bank's Head Office in Tokyo

Writes us from Hong Kong, where he has been director of Sanwa International Finance, one of the most active players in the Asia capital markets. He is now moving to Tokyo, where he will be director and general manager of the International Department at Sanwa Bank's head office. There he will be overseeing all overseas business of the Sanwa group.

The Sanwa Bank has regained the number one position among Japanese banks for the previous three years in terms of its performance and recording business profits, says Takezawa.

He comments that during his tenure at Sanwa International Finance, he had valuable opportunities to meet other alumni of the University of Michigan on various business occasions. No doubt he will continue such contacts in his new post in Tokyo, which has an active alumni club.



material handling equipment. Kathleen, who is a CPA, has been with the company for two years as controller and head of management information systems.

Timothy F. List MBA '79

has accepted a new position as vice president, marketing, for the Private Label Credit Services group of Banc One Corp., located in Dayton, Ohio. He says this is an exciting opportunity to enter a new industry with many challenges, and he is looking forward to returning to the Midwest. Tim's Internet address is: TFListOne@aol.com.

Jim Leslie MBA 79

has been promoted to president and chief operating officer of the Staubach Company (TSC), real estate consulting and transaction services firm providing strategic planning, facility and land acquisition, financial consulting, and design and construction consulting to corporations and professional organizations. Jim, who is a CPA, joined the company in 1982 and served as chief financial officer until he formed Staubach Financial Services, focusing on investment banking for real estate transactions including financial consulting, transaction structuring, and accessing capital markets to meet client needs. The Staubach Company, headquartered in Dallas, Texas, has offices throughout the U.S. and Mexico as well as being aligned with partners in Europe, Asia, and Australia.

Caryn Kroeger Maxim MBA '79

writes that she founded Maxim Tours Ltd. in 1993 to offer sophisticated travelers opportunities to travel in small groups with excellent guides on programs that emphasize local culture, art, cuisine, and wildlife. The company offers programs in Belgium, South Africa, Argentina, and Italy. Themes include: "South African Wine Safari," "Flavors of Sicily: Cross-currents of Mediterranean Cuisine," "Italy in the Footsteps of Dante and Aquinas," and "Belgian Chocolate Holiday." Caryn acquired her love of travel while traveling for Godiva Chocolates as their worldwide controller and manager of export sales in Southeast Asia and Latin America. Maxim Tours is located in Morristown, New York.

81 Martin M. Shenkman MBA '81

writes that his latest book, *Starting a Limited Liability Company*, has just been published by John Wiley & Sons. He lives in Teaneck, New Jersey with his wife, Shelly, and his three sons, Yoni, Dovi, and Daniel.

00 Ronald E. Hodess 0 Z BBA '82

is now a principal at the law firm of Miller, Canfield, Paddock and Stone, PLC, where he practices real estate and environmental law in the Bloomfield Hills office. He lives in West Bloomfield with his wife, Susan, and three-year-old son, Jay.

QA Edward R. Arbitter MBA '84

is the newly appointed director of finance for Delphi Saginaw Steering Systems. Previously, Ed was director of finance and systems for GM International Operations Aftersales in Russelsheim, Germany. He began his career with General Motors in 1975 and was transferred to the General Motors Financial Staff in 1983. He was named director of operations analysis for North America in 1989, director of North American product program analysis in 1990, and in September 1990, was promoted to assistant comptroller with AC Rochester Division in Flint, Michigan. In October 1991, he joined the Packard Electric Division as assistant comptroller, and in 1994 began an international assignment as director of finance and systems for GM International Operations Aftersales.

Steven L. Greenblatt MBA '84

has joined the investment management subsidiary of Caterpillar Investment Management with responsibilities for marketing

Robert Mull, BSEIE'71, MBA'73

Directs New Generation Vehicles Program at Ford

Robert Mull, BSEIE '71, MBA 73, is Ford Motor Company's chief engineer in the so-called "supercar" partnership between the Big Three automakers and the federal government. He is director of Ford's New Generation Vehicles program. An article in the *Ann Arbor News* detailed his visit to campus to visit U-M students who are part of a national competition between student teams to build a family car that gets 80 miles to the gallon.

A team of 40-50 students at the U-M engineering school are working on a 120-horsepower hybrid electric and diesel engine-powered car, according to the *News* article.

Students were told they could use any sort of technology — flywheels, fuel cells, ultracapacitors, turbines or other techniques, but the final result should have tripled the fuel efficiency of the original, unmodified car without sacrificing performance or costing the consumer a fortune. The U-M students are overhauling a Ford Taurus.

Lucy Reuben, MBA '74, Ph.D. '81

Is Now a Business School Dean

Lucy Reuben, MBA '74, Ph.D. '81, is the newly appointed dean of the Business School at South Carolina State University. She describes her job as "a meaningful way to impact the future." The school educates about 1,000 BBA and masters students in agribusiness.

Shontell Humes, a BBA student from SC State, participated in this year's "Faculty of the Future" at the U-M Business School, a three-week Ph.D. awareness summer program which is designed to expose undergraduate students of color to the excitement and potential satisfaction of doing business-oriented research and teaching. Dean Reuben says she is looking forward to additional cooperative ventures between the two schools, perhaps including some cooperative staff training ventures and faculty exchanges. She is a member of the U-M Business School's Alumni Society Board of Governors, so she visits Ann Arbor for meetings several times a year.

Before accepting the Deanship, Dr. Reuben was associate professor of finance at the School of Business and Industry, Florida A & M University.



Caterpillar's money management services to corporate pension plans, 401 (K) plans, and foundations and endowments. He lives in Voorhees, New Jersey.

85 Tina Szoke Cullom MBA '85

is now director of information services at Primera Healthcare in Denver, having moved there from Chicago about a year ago. She was formerly of Deloitte & Touche in health care consulting, and is now responsible for the implementation of a new practice management system for 35 physician offices in the Denver Metro area, and a managed care system for the administration of two physician hospital organizations (PHOs). In June, 1994, she married Mike Cullom (Wharton MBA 1986) who is in finance at the national support center for Boston Chicken, Inc., the parent of Boston Market restaurants. They live in Littleton, Colo. Tina's mother, Rose Potcova Szoke, also went to the University of Michigan Business School, graduating in 1950 with her BBA.

£/C Ximena A. Gavino MBA '86

has joined the San Francisco office of Edgar, Dunn & Company (EDC), an independent management consulting firm, where she will concentrate on consumer

marketing and brand management. She previously developed and managed global marketing and new product initiatives for Oral-B Laboratories, and developed new technology communications plans for Logitech.

Eric Haviland BBA '83, MBA '86

has been promoted from senior vice president to president and CEO of Food Marketing Consultants, a privately held consulting firm with offices in Birmingham, Michigan and Minneapolis, Minnesota, which is dedicated to all aspects of the restaurant industry. He is responsible for the overall strategic direction of the company, as well as client relations and new business development. Before joining Food Marketing Consultants, he held various positions with Grand Metropolitan, PLC, and PepsiCo, where he was director of marketing and product development for the restaurant group in Toronto, Canada. Eric and his wife Diane and their children Shane and Blair are relocating to his native Detroit from Toronto.

James M. Personius MBA '86

a consultant in Andersen Consulting's Financial Services Industry practice, has now been admitted as an associate partner in the Andersen Consulting U.S. partnership. Jim has experience in the design and implementation of large, mission-critical

systems, incorporating all phases of development. He joined Andersen Consulting in June, 1986, and was promoted to manager in 1990. He and his wife Hanna live in Chicago.

87 Sandra Giudici MBA '87

has joined Aastrom Biosciences as a marketing manager. Aastrom is an Ann Arbor based start-up biotechnology/medical device manufacturer which produces tissues and cells ex vivo through a patented technology. Sandra was formerly a business development consultant with Hewlett-Packard Co.

Jeffery C. Brown BBA '87

is the co-founder and chief executive officer of EagleRider, based in Torrance, California. EagleRider markets the 'American Dream' to destination minded vacationers and businessmen. The company provides full service Harley-Davidson motorcycle rentals and caters to international and domestic motorcycle enthusiasts. The company, which was founded in 1992, initially had six new Harley-Davidson motorcycles in a variety of models and configurations in its fleet. The fleet increased to over 100 new motorcycles at year end 1995, and 1996 estimates include a fleet of between 130 and 150 motorcycles.

Harold Israel BBA '87

writes that he has joined the debtor/creditor department of the law firm of Holleb and Coff as an associate attorney. Harold and his wife Molly live in Chicago.

0 Q Marty D. Friedman BSEE '80, MBA '89

writes that he has been promoted to electric vehicle strategy and planning manager at Ford Motor Company. Previously, he was program manager for the 1996 Windstar Minivan. Marty is also the lead recruiter for Ford product development at the University of Michigan Business School. He lives with his family in Farmington Hills, Michigan.

Michael J. Acho BBA '89

is a financial consultant for Dean Witter in Detroit. Mike is also on Sigma Alpha

Epsilon's alumni board of directors, enjoys playing golf and hockey, and also organizes monthly wine tastings. He received his MBA in 1990 from Notre Dame University.

Brian D. Beitz
BBA '89

was promoted to vice president at The Northern Trust Co. in December 1995 and is in charge of handling and developing relationships with mid-sized firms in Chicago and Michigan. In 1995 Brian also completed his Masters of Management at Northwestern University. He writes that he is using his "postgrad school free time" to actively pursue a song writing hobby. So far he has registered five copyrights and is actively submitting material to music publishers. He lives in Chicago.

Dean Harlow
MBA '89

is off to China as director of corporate relations for GM China, where he will be responsible for building relationships with and coalitions among US multi-national companies to support GM business interests in China. In addition, he will interface with various GM units on industry/government matters and coordinate GM public policy positions and relationships relative to China. He is headquartered in Beijing.

Valerie M. Barker
MBA '89

has been promoted to director of marketing communications for Ameritech Small Business Services (SBS) in Hoffman Estates, Illinois. She joined Ameritech SBS in 1994 as advertising manager and later was promoted to a marketing communications manager. Before working for Ameritech, she worked at Leo Burnett in various account executive positions.

QQ Trent N. Tappe
BBA '90

accepted a position as an Associate at the law firm of Shearman & Sterling in New York City. After graduation, Trent spent three years as a Certified Public Accountant with Coopers & Lybrand in Detroit. In May, 1995, he received his juris doctor degree from the Columbia School of Law where he was named a Harlan Fiske Stone Scholar, received Parker School Recognition of Achievement with honors in Foreign Law, and received the David Berger Memorial Prize, given to a third-year student who has demonstrated educational excellence in the field of international law. While at Columbia, Trent was a notes editor on the Colum-

ATTENTION: CLASS OF '91

ATTEND 5TH REUNION ONLINE!

If you are unable to come to campus for Reunion Weekend October 18 and 19, *Dividendis* providing a way for you to connect to your classmates anyway through our new "Reunion Online" feature. Here's how it will work.

For four days in October, including Reunion Weekend, you can meet your classmates electronically. Send in your e-mail messages, and they will be received by everyone who has subscribed to the list. Your comments, and those of your classmates, will be posted to all subscribers.

The list will run from Friday, October 18, through Monday, October 21. At midnight on the 21st, the list will shut down and automatically unsubscribe you. To sign on any dme between now and then, send an e-mail message to the following address:

listproc@mtrack.bus.umich.edu. Leave the subject line blank, and in the body of the message type this: subscribe 5th_Reunion Yourfirstname Yourlastname (for example: subscribe 5th_ReunionJane Doe). Don't forget to include the underscore line between "5th" and "Reunion." To address a message to the list, type: 5th_Reunion@mtrack.bus.umich.edu. Then write your message and send. All your classmates who are subscribed to the list will then receive your message.

If you have any questions about the list, contact Pringle Smith at (313) 647-4626 or PFSmith@umich.edu.

bia Journal of Transnational Law and president of the Columbia Law School Chapter of Amnesty International. During the summer of '94, he worked as a judicial clerk for Magistrate Judge Theodore H. Katz of the Southern District of New York. The 1996 Columbia Journal of Transnational Law carries an article by him; "Chechnya and the State of Self-Determination in a Breakaway Region of the Former Soviet Union: Evaluating the Legitimacy of Secessionist Claims."

07 Paula C. Colombo
BBA '91, MD '95

took a different path after graduation than most Business School graduates do. Paula received her MD in June of 1995 and is currently finishing her first year of residency in the Department of Psychiatry at the University of Wisconsin, Madison.

Kevin Dolan
BBA '85, MBA '91

is an associate product manager for Searle's line of birth control pills. Before



Michael Dunne, MBA and Southeast Asian Studies Graduate, 1990, Has a Highly Successful Business in Bangkok, Thailand

Starting with two clients in late 1992 from an office above his kitchen, Michael Dunne, MBA/MA in Southeast Asian studies, 1990, has built a company that expects to take in \$1 million this year. He was written up in *Business Week's Enterprise* magazine under the headline "He Came, He Saw, He's Conquering."

Mike's company, Automotive Resources Asia Ltd. (ARA) now has 20 employees and a mission to help foreign companies large and small break into Asia's booming auto markets. "In Asia, the longer your commitment, the greater the dividends, both personal and professional," says Dunne, who spent two years in China teaching English before coming to the University of Michigan for his joint degree in 1988.

Dunne, who learned both Chinese and Thai at Michigan, describes ARA as a "reconnaissance and investment company." Services include research, identification of partners, local representation, and support in government and private negotiations. He has an impressive list of clients, including Chrysler, Dana, TRW, and Volvo Truck.

Enterprise describes some of the advice Dunne gives on the Asian negotiating style as follows: Keep your cool. Don't confront. Be persistent. Compromise and it'll work out.

working in Searle's Female Healthcare Division, Kevin was a business planning analyst and a senior market research analyst.

Marshall Dawson
BBA '91

has assumed the position of assistant brand manager for Cutty Sark Scots Whiskey at Hiram Walker and Sons, Inc. Marshall, who joined Hiram Walker in 1993, most recently held the position of event promotion manager in Southfield, Michigan.

GO Nestor Noguera
MBA '92

writes that he is currently involved in strategy and merger/acquisitions work for Cargill, Inc. According to Nestor, Cargill is the largest private company in the US with over \$50 billion in sales, and 48 different product lines. Nestor lives in Eden Prairie, a suburb of Minneapolis.

Scott Stieler
MBA '92

has joined Reed Reference Publishing (RRP) as director of business development. RRP is a group of database publishing businesses serving the professional, business, and library markets. It is a member of the Reed Elsevier pic group, a world leading publisher and information provider with principal operations in North America and Europe. Scott's initial focus will be to grow the Martindale-Hubbell legal information publishing business. He will oversee product development, third-party distribution channels, strategic alliances, and related acquisitions.

93 Sena Kwawu
MBA '93

writes that after graduation he joined GE Capital Services as part of a management development program known as the audit staff. GE Capital is known as the financing subsidiary of the GE Company, and controls 25 different operating businesses, financing and leasing everything from airplanes to personal computers. Sena spent four months in the company's subsidiaries in Austria, Norway, and Sweden. Sena also writes that in 1993 he married his undergraduate sweetheart, Jennifer Gottshall. They live in Alexandria, Virginia.

Steeplechase Software, Winner of 10th Pryor Award Teams Up With Honeywell in Multi-Million Dollar Deal

Tour evening MBA students, who won the 10th annual Pryor award for their business plan to develop PC based factory automation software in 1993, went on to found Steeplechase Software, Inc. Now Steeplechase, a small company with 20 employees, has teamed up with Honeywell in a multi-million dollar deal to replace the electronic controls now widely used in factor] machinery. Steeplechase is headed by Mike Klein, one of the four students who won the Pryor Award. His fellow winners were Tobin Dahn, Dean Ackerman, and Ernie Minissale.

The two companies will provide personal computers and Windows-based factory-automation software they say will be much easier to use. Steeplechase supplies Windows-based machinery control software and Honeywell is a large supplier of industrial controls. "It makes sense for us to team up and offer an easy-to-use integrated solution for our customers," said Steeplechase president Klein.

Honeywell spent a year evaluating the Steeplechase software, which included installing Honeywell's and Steeplechase's combined controls in Honeywell's packaging and supply line in its Freeport, Illinois plant in July, 1995. "We see it as the future," commented Brad Kantzer, a market specialist with Honeywell's Micro Switch division in Freeport. "It's not missing a beat. We're extremely pleased with it. Bottom line is when you go to PC control, it has to be real time, robust and reliable."

94 Rob Seader
MBA, MHSA '94

has accepted a new position as executive director for the Westsound Community Health Network, where he will be leading efforts to create an integrated managed care delivery system to serve the Kitsap Peninsula, a community of about 200,000 in the state of Washington. He also writes that he is now the proud father of his second girl, Christina Breanne, who he says is his "most valued accomplishment since graduation."

Paul Churchill
MBA, MA Southeast Asian Studies '94

has been traveling a great deal since graduation. He is a product manager for Procter & Gamble Austria, where he works on three skin care brands. He was also recently asked to develop and coordinate a Euro-wide point-of-market-entry project. In June, 1995, he married Elisabeth Rabanser, whom he met in Ann Arbor while she was an exchange student at the Business School. Lee Meddin, '93 and Dan Schiffhauer, '93 were among the wedding guests, and Paul also sees Lee when he travels to London, where Lee is working for First Chicago as a derivatives structures

David Himmel
MBA '94

left Philip Morris USA in March of 1996 to become brand manager of Grand Marnier

Liqueur at the Schieffelin & Somerset, Co. He also manages Casa Lapostelle Chilean wines. He lives in New York City, and writes that he travels frequently.

Mark Singer
BBA '94

recently formed AArmor Realty & Investments, Inc., which provides office, industrial, retail, and investment real estate advisory services. AArmor is located in Chicago. He also hosts a weekly radio show, "Commercial Real Estate Review with Mark Singer," that features commercial real estate industry leaders and reviews related topics.

O5 Arif Iqbal
MBA, MA Japanese Studies '95

is now working in Hiroshima on a joint Ford/Mazda pick-up truck project to assemble trucks in Thailand, and is also currently involved in the first cost control activity to be setup within a Mazda vehicle program. He can be reached at his e-mail address: <Arif@e-mail.com>.

Melanie Mayo West
MBA, JD '95

recently joined the Bloomfield Hills, Michigan office of Howard & Howard Attorneys, P.C., where she concentrates her practice in business and securities law. She was formerly employed as a marketing analyst in the asset management group of C.S. First Boston.

The University of Michigan in Korea

Vern Terpstra, professor emeritus of international business, reports that the Michigan Business Club of Korea has well over 100 members, and holds quarterly meetings as well as putting out a newsletter. The presidency alternates between an MBA and a Ph.D. graduate of the University of Michigan. Terpstra was in Korea for a conference held by the Academy of International Business, and says in Korea there is a sizable chapter of the AIB called the Korean Academy of International Business. Three of its six presidents have been Michigan Ph.D.'s.

Alumni attending a dinner in honor of the Terpstas included: Woon-Hyung Lee, MBA '74, CEO of Pusan Pipe Co.; Yoon-Dae Euh, Ph.D. '78, professor at Korea University and former dean of the Business School there; Sang-Kee Min, Ph.D. '76, professor at Seoul National University; Dae-Won Moon, MBA '78, CEO of Korea Xerox Co. and president of the Michigan Business Club of Korea; Joon-Hoon Chang, MBA '78, international vice president of Johnson & Johnson; Ku-Hyun Jung, Ph.D. '76, professor and director of the Institute of East-West Studies, Yonsei University; Bok-Joo Thong, Ph.D. music '78, professor and opera performer; and Eun-Kyungjung, Ph.D. anthropology '76, professor at Ewha University.

Harold Bailer, Age 80, is Within One Course of Finishing His MBA at Michigan *Continued from page 15*

so that he could retire with a large pension, Bailer turned his back on security and in 1966 started his own computer accounting sendee bureau business. At one point his customers included several newspapers and the largest laundry in the New York metropolitan area. He retired from the business about five years ago when he could no longer leverage his skill on mainframes against inexpensive, commercial software packages that could run sophisticated accounting and finance operations from a personal computer. That's when Bailer moved back to Detroit, and when he decided to finish the task he started nearly 60 years earlier.

A widower with one surviving child, a son, David, Bailer says that no one in his extended family has said much about his decision to return to the Business School. His age and the fact that he lives in Detroit and commutes to campus, tend to limit Bailer's interactions with his fellow students. What he does have, he enjoys very much. There's something else that impresses him.

"A lot of things have changed at the School since I was here the first time, and I'm not just talking about physical facilities and program growth," Bailer says. "I'm talking about the way people of different races interact. I'm pleasantly surprised to see the blacks and whites, men and women, treating each other as equals on a respectful and professional basis. It's refreshing after what I've seen in my life."

Ironically, the course that has given Bailer the most trouble since his return has been the one on computerized accounting systems: this from a man who has been around computers since they arrived on the business scene in the 1940s, back when the notion of automated data processing consisted of card punching machines.

"I spent a lifetime in the field of accounting and finance so I understand the concepts," he muses. "Unfortunately, my computer skills are based on antiquated technology, and I've yet to develop a facility for Windows. Well, I've decided I'm going to get on top of this thing, or I'm damned well going to die trying." •

Deaths

Robert Finlayson, BBA '47, MBA '48, died in January. He started with the Detroit Office of Ernst & Ernst, and later moved to New York City, where he was managing partner of that office before his retirement. The Finlayson family has had a long and unique relationship with the University of Michigan Business School. Robert and Louise, who both attended the School in the late '40s, began their romance when they met in a classroom at the Business School. The five Finlayson children also all graduated from the School. They are Roderick, MBA '78, a

Ph.D. Notes

Eugene C. Yehle MBA '42, Ph.D. '51

has received an honorary degree from Alma College where he served on the Board of Trustees from 1977-1994. He worked for the Dow Chemical Co. for 30 years and also taught at the University of Michigan. In addition to his education and business careers, Eugene has been active in Memorial Presbyterian Church, the Midland Center for the Arts, the Charles J. Strosacker Foundation, the Living and Care Community, the Midland Community Center, and the Midland County Juvenile Oversight Committee.

Eric G. Flamholtz Ph.D. '69

recently published a book titled *Effective Management Control: Theory and Practice* (Kluwer Academic Publishers, 1996). He is now working on another book dealing with the process of managing organizational transformations. He is professor of management at UCLA and president of Management Systems Consulting corporation in Los Angeles.

Joseph D. Vinso Ph.D. '73

president of Financial Resources Management in Rolling Hills, California, writes that the company has set up a branch office in Missoula, Montana and has a newly established home page on the World Wide Web. Joe encourages everyone to stop by at:
<<http://www.NETRIX.NET/FRM>>.

private investor; Sarah, BBA '75, senior vice president at Paine Webber in New York City; Mary, BBA '75, vice president, Bankers Trust Co.; Ann, MBA '75, a partner at Deloitte & Touche LLP; and Robert, Jr., MBA '75, partner at Ernst & Young. Family members have also continued their involvement with the program in the years following graduation, both as donors and volunteers. Memorial contributions are being directed to the Louise S. and Robert M. Finlayson Family Scholarship Fund at the University of Michigan Business School.

NTT Grant

Continued from Inside Front Cover

of Michigan Business School students and faculty better understand the idiosyncrasies of Asian financial and economic systems. The NTT program adds to the Business School's programs on Asian business, which include the Mitsui Life Financial Research Center.

"The NTT grant will complement our Mitsui work," said Professor Kim. "A common goal is to help students become familiar with Asian finance and economics, and at the same time, to continue to globalize our faculty through research and exchange opportunities." •

Calendar

SEPTEMBER 20

Visiting Committee Meeting and Dinner

SEPTEMBER 27

Alumni Society Board of Governors Meeting

OCTOBER 18-19

Reunion Weekend — Classes of '51,'71,'86, '91, and '95

NOVEMBER 1

Corporate Advisory Board Meeting

NOVEMBER 14-16

Real Estate Forum

NOVEMBER 15

National Campaign Committee Meeting

MARCH 20

Scholarship Dinner

APRIL 11

Alumni Society Board of Governors Meeting

The Regents of the University:

Deane Baker, Laurence B. Deitch, Daniel D. Horning, Shirley M. McFee, Rebecca McGowan, Andrea Fischer Newman, Philip H. Power, Nellie M. Varner, Homer A. Neal, *ex-officio*

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Please Tell Us About Yourself

We would like to include more news about alumni in *Dividend* and hope you will help us by providing us with information about yourself. We'd like to know where you **are** working and other news about you, such as promotions, new business ventures, **any** business or academic honors, authorship of books or articles, or other information that would be of interest to alumni. If you would like to take the time to fill out the form below and send it to 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**.

*A sampling of insights from Business School people appearing in the media,
and quotes from speakers at the Business School*

Quote UnQuote

66 There's a clear hierarchy of which insiders are the best barometers of how their companies' stock will perform, said H. NEJAT SEYHUN, a professor at the University of Michigan's Business School, who wrote the study. Top executives—chairmen, chief executive officers, presidents and chief financial officers—outperform all other insiders, with the sales and purchases of their companies' shares typically outperforming the overall stock market by five percentage points over 12-month time frames."

The Wall Street Journal, July 24, 1996

66 One of the great developments in Southeast Asia is the rise of an indigenous, non-Chinese entrepreneurial class in Malaysia, Indonesia and the Philippines. Rapid economic growth generates entrepreneurship from all groups."

LINDA LIM, associate professor of international business, in Forbes Magazine, July 15, 1996

66 Democracy is only as healthy as our citizenry is healthy and active. Your responsibility is not discharged when you vote. Democracy is about creating a tolerant, forbearing culture, informed public debate, and understanding that those we elect are accountable to us for what they do . . . Politicians don't make the parade—we make the parade and they run to get in front of it."

Political activist RANDALL ROBINSON speaking to a full house in Hale Auditorium on "Responsible Leadership in a Dynamic and Global Society."

66 There is a cultural difference. Americans are very specific, and the details of a contract are the basis

for a relationship. The Chinese are the exact opposite. The overall relationship is most important and if something in that relationship changes, they will blow a contract."

HANS BRECHBUHL, managing director of the William Davidson Institute, quoted in the New York Times of May 28, 1996, in an article about trade with China



66 Those companies that have been around the longest are the most likely to be disillusioned," observes University of Michigan business professor SUNIL GUPTA, who heads the Hermes Project, an initiative to track commercial activity on the popular World Wide Web portion of the Internet. According to Gupta, nearly 40 percent of the companies that launched Web sites between April and June 1994 can no longer be found at their addresses. A number of those firms may have changed names or addresses, but Gupta estimates that at least 30 percent have closed up Internet shop altogether."

In an article entitled "Hard Times on the Cyber Frontier" Newsweek International, July 3, 1996

1994. Also in 1994, the average company spent \$159,000 on supplies in Michigan and had total revenues of \$1.5 million."

The Detroit Free Press of March 18, 1996, quoting a study by LAWRENCE MOLNAR, senior research associate of the Business and Industrial Assistance Division of the University of Michigan Business School.

66 A good example of management successfully recognizing recontextualization is found in the case of point-of-purchase sales at Tokyo Disneyland. Tokyo Disneyland souvenirs fit well into the formalized system of gift-giving in Japan. Disney recognized this aspect of Japanese buying habits prior to the building of the theme park and designed Tokyo Disneyland's main street not as a nostalgic 'Main Street USA' but as a 'World Bazaar' set up as a large shopping mall."

MARY YOKO BRANNEN, assistant professor of international business, in an article on strategic management co-authored with James M. Wilson HI and published in the Financial Times April 26, 1996

66 The average payroll for 38 incubator-bred companies was \$528,000 in 1994. Also in 1994, the average company spent \$159,000 on supplies in Michigan and had total revenues of \$1.5 million."



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A Celebration of Pierpont Commons

More than 150 members of the University community gathered at North Campus Commons in April for a ceremony renaming the facility the Pierpont Commons, in honor of Wilbur K. Pierpont, MBA '38, Ph.D. '42, and his wife, Maxine.

One of the original buildings on North Campus, the 89,000-square-foot Commons was built in 1963 during Pierpont's tenure as U-M vice president and chief financial officer, a position he held from 1951 to 1977.

The development of North Campus began in 1952 with the Cooley Memorial Laboratory, the first North Campus building. Pierpont presided over the groundbreaking for that facility. By the time he stepped down from the vice presidency in 1977, investments in the properties of the North Campus site had grown to \$84 million, including land, land improvements and buildings. Today the replacement value of North Campus buildings alone is approximately \$456.6 million.

Under Pierpont's guidance as financial vice president from 1951-1977, the U-M's budget grew from \$40 million to \$385 million; assets increased five-fold, from \$147 million to more than \$844 million; endowment funds swelled from \$34 million to \$200 million; and research volume grew from \$6 million to more than \$71 million.



The Pierponts are pictured at ceremonies changing the name of the North Campus Commons building to Pierpont Commons in their honor.



Pierpont earned a national reputation as a leader in the development of financial policies and organizational structures to respond to phenomenal growth in higher education in the 1950s and 1960s. In 1977, he returned to the Business School faculty, where he taught and worked on major fund-raising projects until he retired in 1980.

"In naming the Pierpont Commons, we celebrate the wisdom, foresight and humanity that Maxine and Bill Pierpont have brought to every endeavor, to their family, to their vocations and to the University," said U-M President James Duderstadt at the ceremony. "We are truly honored to have a building that plays such an important role on North Campus bear the name of this wonderful couple." •