

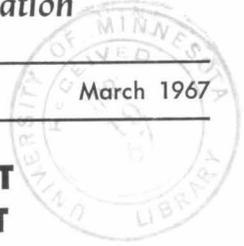
# Minnesota BUSINESS NEWS

Published by the School of Business Administration

Number 24

University of Minnesota, Minneapolis, Minnesota 55455

March 1967



## B-DAY SPEAKER NOTES CHALLENGES OF EXPERIMENTAL CITY

Otto Silha, University Regent and Vice-President of the Minneapolis Star and Tribune, speaking at the Business Day luncheon in Coffman Memorial Union on March 1, discussed the Experimental City project to deal with the problems of urban living.

He suggested that the prospect was bright for young people interested in pursuing a business career in the project, "as a place where new ideas will be welcomed, where the spotlight of the world business community will be focused." In the view of the project steering committee, next to national security, coping with the problems of urban living is the most important and challenging problem facing the country. Mr. Silha said that the Experimental City offered a unique opportunity for business, labor, government and the University to try new patterns and new types of arrangements and facilities unhampered by the restrictions in the old communities. He suggested that a new type of corporation, perhaps patterned after Communications Satellite Corporation, might be the builder of the city.

One reason for attempting the Experimental City is to try out concepts that are not feasible in existing cities. "There are many facets of current research being conducted throughout the country by business as well as by educational and scientific institutions which need a place for testing in actual use," said Silha.

"We desperately need an Experimental City to demonstrate the advantages of progress so we can enjoy those advantages which are technically feasible and fiscally desirable in our lifetime," he said. Silha, in discussing "enclosure," said, "One possibility would be to enclose a medical complex to secure maximum health administration benefits from a controlled climate."



OTTO A. SILHA  
B-Day Speaker

The University Experimental City proposal made in June, 1966 to the Departments of Housing and Urban Development, Health, Education and Welfare, and Commerce combines the efforts of government, the business community, and the University. Eight Minnesota companies are helping to finance the initial research along with grants from the three federal departments and the University. In the final stages involving construction, business will be expected to make major investments.

University principals on the 15 member steering committee, in addition to President O. Meredith Wilson, are chairman Athelstan Spilhaus, professor of Physics, co-chairman Otto Silha, Walter Vivrett, professor of Architecture and Planning, John Hanley, professor in the Department of Civil Engineering and Hydraulics, Dr. Walter Heller, Department of Economics, Dr. Gaylord Anderson, School of Public Health.

(continued on page 2)

## MANAGEMENT DEVELOPMENT SEMINAR

A management development seminar for middle and upper level managers will be conducted this spring by the School of Business Administration and the General Extension Division, in cooperation with the Minneapolis and St. Paul Chambers of Commerce.

The seminar will be an intensive program stressing the growth and development of business executives and their organizations. The purpose is to aid in the growth and change of both organizations and the management of organizations. The emphasis will be on managers as people—on helping them to understand the people within the organization and some framework under which they can operate.

New management tools will be introduced and the older proven ones will be sharpened. Preparing a company for change, coping with conflict, and delegating effectively will be among the subjects dealt with by the participants. The impact of union and government policies upon business will also be examined. Through readings and cases the principles and fundamentals of management and organizational behavior will be dealt with.

The program is designed for middle and upper echelon managers or those who soon might be expected to assume increased managerial responsibilities. The topics to be covered in the five sessions are considered to be applicable to businesses of any size, from small to very large, and of any type—manufacturing firms, marketing institutions, or service businesses.

Applicants must be nominated and recommended by their company. The fee for the entire program is \$220, which includes instruction, all books and supplies, and meals. The seminar will consist of two half days of sessions each week for five weeks, beginning April 4, and will be held at the Thunderbird Motel in Bloomington.

# SBA Computer Works for State

The School of Business Administration Computer Center has been involved in a variety of projects both on and off the University of Minnesota campus, according to the Center's fall quarter report, released Nov. 15.

During 1965-66, the SBA Computer Center worked with the Minnesota Bureau of Business Development to produce a directory of Minnesota Manufacturers. The book contains listings of manufacturers by alphabetized firm names, alphabetized towns, by product category, and brand names. The report said the final run on this project has been completed, and the book will soon be available to the general public from the State of Minnesota Documents Section.

The Center is also in the initial stages of investigating on-line real-time management information systems. Particular emphasis will be placed on the relationship between information and decision-making in an academic environment.

Several meetings with University administration representatives have been held to discuss how the Center could help the administration in updating and improving the present academic records system, the report stated.

The Center is presently revising the SBA records system, to decrease the amount of effort needed to maintain the files. When completed, the changes will generalize the coding format to include all courses taught at the University.

Other research projects utilizing the Computer Center include the Machine Language Statistics Library, the SBA Securities Library, the Minnesota General Management Simulation, and the Generalized Inventory Simulation.

## Ethics Symposium May 12

The Graduate School of Business Administration and the Merrill Cohen Memorial Fund will present a symposium on the Ethics of Employment on Friday afternoon, May 12.

Speakers will include Professor Eli Ginzberg, Columbia University, economist and government manpower consultant, and George W. England, professor and assistant director of the Industrial Relations Center of the University of Minnesota.

## B-DAY

(continued from page 1)

The B-Day luncheon culminated the annual Business Week program which started with the Faculty Talent Show on Friday, Feb. 24 and ran through Wednesday, Mar. 1.

Monday and Tuesday noon programs were held for S.B.A. students with afternoon tours scheduled to the Ford Plant and to Northwest Airlines. Mr. Les Bolstad, Jr. of John Kinnard and Company spoke on Monday on "The Seven Wonders of the Investment World"; on Tuesday, Mr. John Mayor, General Manager of the Better Business Bureau, discussed "The Function of the Better Business Bureau."

On Wednesday morning panel discussions were held. Topics discussed were: "The Relative Value of a Master's Degree in Business," "What to Expect on Your First Job," "Is a Specialized or a Generalized Education the Best Preparation for a Business Career." This year 66 companies financially supported and participated in the B-Day program.

Reprints of the text of Mr. Silha's address will be available free of charge from the School of Business Administration, Division of Research.

## FROM THE FACULTY PEN Four New Reprints Available

"An Analysis of Vendor Selection Systems and Decisions," by Assistant Professor Gary W. Dickson, reprinted from *Journal of Purchasing*, February, 1966, Vol. 2, No. 1, pp. 5-17 (no charge).

What criteria guide purchasing agents in their selections of vendors?

What weights should be assigned to such factors as price, quality, delivery, performance history, warranties, technical capability, production capacity, service, and reciprocity?

This article examines the various factors involved in vendor selection. The author surveyed purchasing agents in various business firms and from this survey, he derived a common list of factors used in vendor analysis.

Although the article follows a descriptive approach, the author states that the approach is not valid for indicating how these factors ought to be weighed for optimal vendor selection.

Instead, it advocates examining the cost relationship between various levels of suboptimal performance on each factor employed in the system. The author calls this approach the "Cost-Ratio" plan, but warns that although factors may be manipulated optimally in this

fashion, the weighting factor ought to be unique for each purchase.

The article's presentation of a common factor list for vendor analysis is useful in adding to the universality and rationality of vendor selection practices.

Professor Dickson notes, that the findings imply some serious doubts on the development of a universal system for vendor analysis which could apply to the entire range of purchasing situations.

"Attitudes Toward Speculative Risks as an Indicator of Attitudes Toward Pure Risks," by Professor C. Arthur Williams, Jr., reprinted from *The Journal of Risk and Insurance*, Vol. XXXIII, No. 4, December, 1966 pp. 577-586 (No charge).

Increased attention to the psychological aspects of risk-bearing is evidenced by the new literature and original research devoted to a better understanding of risk attitudes. Professor Williams found that: (1) all the experiments on risk taking to date deal primarily or exclusively with speculative risks, (2) these experimenters have assumed implicitly that the subject's attitude toward risk is not affected by whether the risk is pure or speculative, (3) speculative risk aversion scores have not enabled experimenters to predict insurance buying behavior of the subjects.

The purpose of this article is (1) to inquire into the relevance of this research to the study of pure risk attitudes and insurance buying habits and (2) to suggest some new avenues that might usefully be explored. Professor Williams' findings support the hypothesis that attitudes toward pure risks differ from attitudes toward speculative risks, and fail to support the hypothesis that pure risk attitudes as measured in this experiment can be used to predict with confidence insurance buying behavior.

"An Experiment on Consumer Dissonance," by Prof. Robert J. Holloway, reprinted from *Journal of Marketing*, Vol. 31, Jan. 1967, pp. 39-43, (No charge).

How can the theory of cognitive dissonance be applied or used by marketing practitioners? Can marketers improve their position by helping consumers reduce any dissonance they might have developed?

In this article the author describes a consumer-decision experiment which involved four dissonant-producing factors simultaneously. Although the re-

(continued on page 4)

# Quantitative Analysis Students Test Theories

How relevant is textbook theory to existing business practices?

How well are students able to apply techniques learned in class to real problems facing executives and managers?

Quantitative Analysis 259, a course for students in the Master of Business Administration program, attempts to answer these problems by demonstrating how operational approaches are used in aiding decision-making.

The course requires students to identify a problem situation amenable to quantitative analysis, and to formulate a mathematical model describing the situation.

Twin Cities business firms are approached each quarter, and an agreement is made to send a team of students to each firm to carry out research projects.

Students are divided into research teams, with four members on each team. All members have a variety of backgrounds, including mathematics, engineering, law, economics, and functional business fields. The teams are made as diverse as possible, so the problem areas being studied can be examined from various points of view.

Professor Gary Andrew, course instructor, said Q.A. 259 is the second half of a two-quarter sequence for students in the MBA program. It was started in 1961 by Professor R. E. Willis.

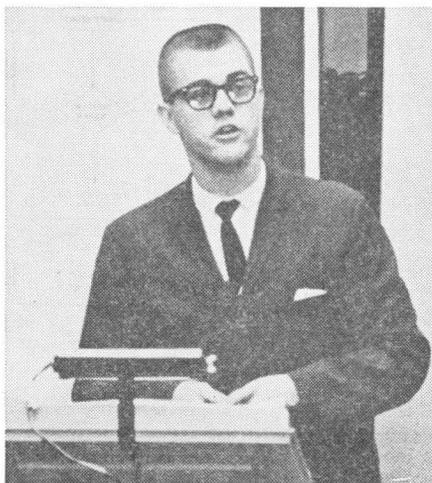
"I feel that the student takes a greater interest in the philosophy and techniques of quantitative analysis if he applies them in a real-life context," Professor Andrew said, in summing up his views on the course's value.

"If an individual student tries to do this himself, he doesn't have the time or the back-up talent to reinforce the usage of techniques. But in this type of program, in his first attempt at application, he has a team to work with, and he's still in an essentially academic environment," he explained.

"Once in industry, he may give up on technique usage because of lack of confidence. This medium allows the student to get through at least one project before he finds himself faced with a real-life problem on his own," he said.

Professor Andrew said he entered into an understanding with all participating companies, which guaranteed nothing more than that a group of students would be asking them questions.

"This is often valuable in itself. Business firms may be searching for an



PROFESSOR GARY ANDREW  
Q.A. 259 Instructor

answer to some problem, and possible solutions are sometimes indicated in the questions which students ask them," he stated.

"In many cases, however, they arrive at solutions which can actually be implemented," Professor Andrew added.

Various Twin Cities firms participated in research projects during spring quarter, 1966. They included the H. B. Fuller Co., Minnesota Plastics Co., Soo Line Railroad Co., M. A. Gedney Food Co., Minneapolis Electric Steel Castings, Minnesota Paint Co., Donaldson Co., Toro Manufacturing Co., and Northwestern National Life Insurance Co.

In 1964 and 1965, Q.A. 259 students visited 12 other companies, including two projects with the First National Bank of Minneapolis, and two with the Toni Co.

Two striking examples of how students successfully implemented classroom techniques in a business situation occurred during spring quarter research projects at Minnesota Plastics and Soo Line.

Minnesota Plastics, a Saint Paul firm which ranks among the top 15 plastic fabrication plants in the United States, was faced with a difficult production problem early this year.

Plant managers had searched in vain for a systematic method which could schedule the quantity of particular types of plastic bottles produced daily. Minnesota Plastics had been following a trial-and-error technique, which was costly because every time a different type of bottle was molded, all machines had to be reset to accommodate them. Some varieties of bottles for which lit-

tle demand existed filled their warehouses, while orders for other varieties could not be met.

A team of four Q.A. 259 students put their academic backgrounds in quantitative approaches to work in actual application, and came up with a successful solution. They were able to abstract the major factors relating to production, and these factors were used to construct a mathematical model.

Practical application of the students' theoretical findings helped reduce operational expenditures by a sizeable margin, according to George Millard, company treasurer.

"We suspect that there is a direct correlation between this research and the increased efficiency in our production," Mr. Millard said.

George Guthrie, Director of Corporate Planning at Soo Line Railroad Co., was enthusiastic about the results of another research project carried out by four Q.A. 259 students.

"I was surprised they were able to accomplish as much as they did in such a short space of time," Mr. Guthrie said.

Soo Line wanted to evaluate the amount of insurance premiums to set aside each month against losses from train derailments.

The students used a quantitative approach to determine future train derailment experience that the company could expect, and the amount of property damage claims resulting from future train wrecks.

"They outlined their approach, discussed it, and followed up exactly what they said they'd do," Mr. Guthrie commented.

He said the model built by the students had continuing value, because it could be used by company officials for various purposes.

"We're so pleased that we would like to arrange another project with the School of Business Administration," Mr. Guthrie stated.

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Paul V. Grambsch, Dean  
Mary Louise Hill, Editor

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## Univac President Receives Alumni Award

Robert McDonald, president of the Univac division of Sperry Rand Corp., and an alumnus of the School of Business Administration, was awarded the Outstanding Achievement Award, during the school's 13th annual Alumni Institute, held Oct. 27 at the Saint Paul Hilton Hotel.

The award, the University's highest alumni honor, was presented by W. G. Shepherd, University vice president for academic administration.

McDonald was graduated from the University in 1940, with two degrees. He received a B.A. from the School of Business Administration and a B.S. from the Institute of Technology, in electrical engineering.

After graduation, while an officer in the U.S. Navy, he taught advanced electronics and radar at Harvard University and the Massachusetts Institute of Technology. He was with Northwest Airlines, Mid-Continent Airlines, and Braniff International Airways before joining Univac in 1953 as director of manufacturing.

McDonald was named general manager of the company's Twin Cities operations in 1956, and became vice president in 1962. He was appointed president in February, 1966.

While working for Univac, McDonald has guided the development and delivery of electronic and data systems for several defense and space program projects, including real-time computers for the tracking network of the Gemini and Apollo moon landing ventures, and aerospace computers for advanced space missions.

Following the presentation, Vice President Shepherd delivered the evening address, on "The University and the Professions." He replaced Lloyd V.

Berkner, of Dallas, who was unable to attend due to illness.

Earlier in the day, Hugh D. Galusha, Jr., Minneapolis Federal Reserve Bank president, delivered the keynote address. He spoke on "Tight Money."

Reprints of these speeches are available at no charge from the Division of Research, Graduate School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.

## From The Faculty Pen

(continued from page 2)

sults of the experiment were not as positive as anticipated, they did provide a number of *tentative findings* about dissonance and buying behavior.

Generalizing from the experiment, there appears to be more possibility of dissonance when buyers purchase without need and without sufficient information, and when alternatives are similar to the point of making the decision difficult.

"Potentials in Applying Linear Programming to the Consumer Price Index," by Professors William Wasserman and John Neter, reprinted from the *Journal of the American Statistical Association*, December, 1966, Vol. 61, pp. 982-994 (no charge).

The use of fixed quantity weights in the Consumer Price Index compiled by the U.S. Bureau of Labor Statistics has long been a source of controversy. The report of the Price Statistics Review Committee of the National Bureau of Economic Research under the chairmanship of George J. Stigler has stressed the desirability of revising the Consumer Price Index in the direction of a fixed-utility cost-of-living index.

This paper proposes that a linear programming approach might be feasible for developing the food component price index of a cost-of-living index, and perhaps also for some other components. The main advantage of the

linear programming approach would be that it recognizes substitutions among goods and services as prices change, whereas the conventional fixed market-basket approach to the formulation of index numbers makes no provision for such trading off of commodities and services.

The linear programming approach may offer little advantage over the fixed market-basket approach in some of the nonfood segments. However, the employment of a linear programming approach for a food index alone, where probably the rigidity of the fixed market-basket is particularly inappropriate, could still represent a step forward in the creation of a cost-of-living oriented index. In time, the knowledge gained from implementing the linear programming approach for a food index may be applied to price level measurements in other areas, such as construction.

## Faculty News

Professors Allen R. Solem, Raymond E. Willis, and Albert K. Wickesberg return spring quarter from single-quarter leaves granted to carry out separate individual research projects. Solem and Wickesberg are professors of Management, and Willis is associate professor of Quantitative Analysis.

Thomas Hoffmann, professor and chairman of the Department of Management, will be on leave fall quarter.

Leaves are awarded on a competitive basis and are reviewed by a University committee. Permanent tenure and 3 years of academic service to the University are requirements for eligibility.

Robert S. Hancock, professor of Marketing and Business Law in the School of Business Administration, was named dean of the School of Business at Southern Illinois University, Carbondale, Ill., and assumed his new post on Jan. 1, 1967.

May 12 2:30 p.m.

West Bank  
Classroom Building Room 10

A Symposium on Ethics  
and Employment

Sponsored by

The Merrill Cohen Memorial  
Fund

and

The Graduate School of  
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## GINZBERG AND TURNER DISCUSS EMPLOYMENT AND ECONOMIC POLICY



ELI GINZBERG  
Professor of Economics  
Columbia University

Professor Eli Ginzberg, professor of Economics and director of the Conservation of Human Resources Project, Columbia University, indicated his belief that we as a nation and as a people have fallen far short of our professed ideals.

In his address, the keynote of the third annual Merrill Cohen Symposium on Ethics, dedicated this year to ethics and employment, Professor Ginzberg pointed out that in spite of a national policy, since 1946, of maintaining high levels of employment "we've only partially implemented it . . . and today, we're still more worried about the inflationary implications of fiscal and monetary policy than we are about the alternative of whether there are jobs for everybody who is able and willing to work."

This year's symposium was held May 12 and included, in addition to Professor Ginzberg, as major participants Professor George W. England of the School of Business Administration and Roger Wheeler, director of Corporate Personnel Services, Control Data Corporation.

Professor Ginzberg, in documenting the ways in which we fall short of our public policy ethical ideals, scored the use of averages in unemployment statistics to "make unpleasant problems disappear" in relation to the federal government's commitment to encourage and maintain high levels of employment established by the Employment

Act of 1946. Further instances, as Ginzberg sees it, of the divergence between the stated ideal and practice are the brain drain effect on developing countries of our immigration laws, the cries of inequity as the result of Civil Rights Law pressures for affirmative action to equalize employment opportunities, the resultant unequal public education caused by heavy reliance on local and state tax resources, and the behavior of management through wage and employment policies.

Professor Ginzberg in commenting on the importance of employment to any society said, "Work is really at the center of the web. What happens to people, their role, during the course of the day, their position in society, the opportunities that they can give to their children, are overwhelmingly a function of work and the reward for work. Therefore, my title, *The Imperative of Work*. Because work is so important the control over work is the key to power."

In closing, Professor Ginzberg stressed his belief that there are no easy answers to the ethics of employment, and that "actions with respect to improving the level of behavior have to do with law and administration, but above all, with what might be called the customs of the larger group. We will get the kind of behavior that we think we're entitled to get."

Roger Wheeler, speaking from the corporate business view, expressed the resentment of the business community for "the numbers game" approach by the federal government for affirmative action in compliance with the Civil Rights Act of 1964. He discussed the difference in the "retailing and wholesaling" avenues of emphasis by the Equal Employment Opportunity Commission as it seeks to exert the federal

(continued on page 2)



ROBERT C. TURNER  
Professor of Business  
Economics and Public Policy  
Indiana University

Robert C. Turner, Indiana University Distinguished Service Professor of Business Economics and Public Policy, foresees that a "steadily increasing proportion of *private* employment, and of *private* income, will be in *private* corporations that have contracted with government to use their management systems and technological know-how to produce services of a social character, the analogs of which have heretofore been considered to be in the exclusive province of government."

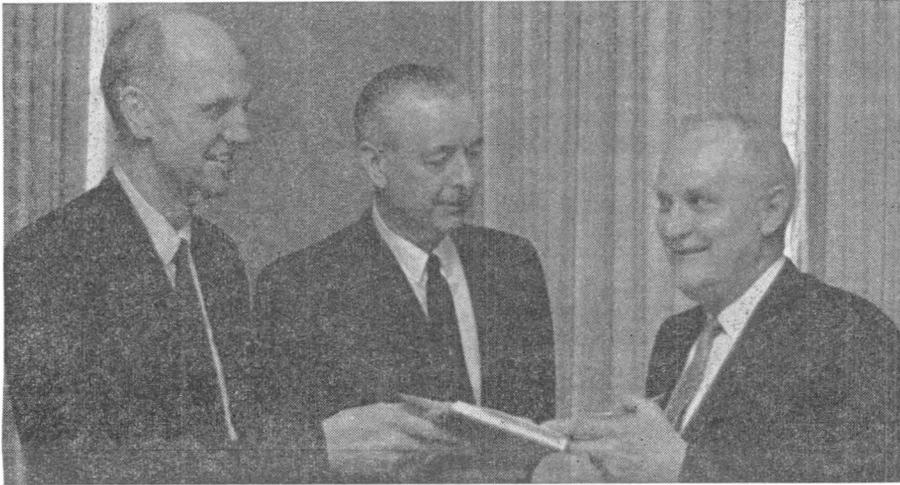
Professor Turner presented the second Alan K. Ruvelson Lecture on the Relationships of Business and Government on May 25. The topic of his address was "New Directions in Economic Policy for Stability and Growth."

Turner in discussing recent and future trends in business-government relationships noted, "This marriage of business and government has proved to be a highly effective means of getting things done." He was referring to the partnership that has developed in the space, defense and nuclear energy fields.

Turner pointed out that "contemporary technological change, by its magnitude and advanced character, is forcing a substantial change in both the character of economic output and in the institutional arrangements for providing that output." It is becoming apparent, according to Professor Turner, that, in the future even more than in the past, the increased services being de-

(continued on page 3)

## RETAILING COLLECTION



K. G. Iversen, T. R. Brouillette, President O. Meredith Wilson

Funds for a basic collection of library materials in the field of retailing were given to the University of Minnesota in May by Donaldson's Department Store and Allied Stores, Inc. T. R. Brouillette, chairman of the board of Donaldson's and K. G. Iversen, president, made the presentation to President O. Meredith Wilson.

The gift was made possible by the B. Earl Puckett Fund for Retail Education, begun in 1963 in honor of the retiring chairman of the board of Allied Stores. The aim of the Foundation is to improve the library collections of colleges and universities on the subject of retailing. Four distinguished professors of retailing compiled a bibliography of 1,700 titles of books, articles and reports of value on the subject, and then selected 270 book titles as a minimal beginning library.

The retailing collection will be useful not only to students in business administration, but also to distributive-education students in the College of Education, who become teachers in the field of marketing and distribution in high schools, and adult evening classes. The materials will be housed in the Garver Room, the reference library of the School of Business Administration.

Professor Edwin Lewis, chairman of the Department of Marketing and Business Law, in commenting on the gift said, "The need for research and further study in the retailing field is a continuing one. The recent growth of super markets, voluntary chains, department store branches, suburban shopping centers, and discount houses is striking evidence of the dynamic nature of retailing. Changes of this type will continue to occur, and retailers must adjust

their operations to meet them. The acquisitions made possible by the Puckett Fund gift will strengthen our research and teaching and will be useful to both faculty and students working in the fields of marketing and retailing."

### FROM THE FACULTY PEN Three New Reprints Available

"Impact of Government Upon the Market System" by E. T. Grether and Robert J. Holloway, reprinted from *Journal of Marketing*, Vol. 31 (April, 1967), pp. 1-7 (No charge).

What is the impact of governmental policies, programs, and regulations upon the functioning of the market system as a whole, and upon specific subsystems? How does government influence and affect the capacity of the market system to fulfill its basic functions of communication, coordination and organization, adjustment to strategic environmental forces and conditions, and internal interaction and regulation?

Grether and Holloway stress that in their view intervention by government at all levels is one of the two most significant environmental forces affecting marketing.

The authors suggest that "there is a complete lack of quantitative measures of the extent to which the economy of the U.S. or other countries is, in fact, under the regulation of the market system," and believe that a careful quantitative and qualitative interpretive analysis of the extent to which the market system is operationally effective would be of significant value in public policy decisions.

"An Experimental Study of Customer Effort, Expectation, and Satisfaction" by Richard N. Cardozo, reprinted from *Journal of Marketing Research*, Vol. II (August, 1965), pp. 244-249 (No charge).

Does marketing efficiency and customer convenience lead to greater customer satisfaction? The results of a laboratory experiment indicate that customer satisfaction with a product may be higher when customers expend considerable effort to obtain the product than when they use only modest effort, a finding that is opposed to usual notions of marketing efficiency and customer convenience.

If more favorable evaluation of a product is assumed to lead to a higher probability of repeat purchasing, one is led to the rather surprising conclusion that, within limits, greater shopping effort may lead to increased repeat purchases. This assertion and the results of the experiment lead to some very interesting implications for marketing, and suggest that the notion of convenience ought to be reexamined.

(continued on page 4)

### GINZBERG

(continued from page 1)

government's influence for constructive change. While Wheeler felt there was no great difference between his ethical ideals and those of Professor Ginzberg regarding employment, he did feel that government influence, or pressure, was ill-planned, ill-administered and a poor substitute for a clearly stated public policy regarding responsibilities for assuring equal employment.

Professor George W. England's remarks were based on his recent research project into value systems as an aid in understanding and analyzing the behavior of managers of business organizations. He noted that "managers are vitally important in most societies, and certainly in an industrial society such as ours, and we don't know much about their values."

The Graduate School of Business Administration, through the financial support of the Merrill Cohen Memorial Fund, has annually, since 1965, explored various ethical issues. The first examined issues relating to the securities markets, the second focused on marketing practice and thought. Copies of the proceedings of the past two symposia are presently available free of charge upon request to the Research Division of the School of Business Administration. The proceedings of The Ethics and Employment Symposium will be available on the same basis in the near future.

## SBA RECEIVES FINANCIAL DATA TAPE



Dean Paul Grambsch  
Stanley Levine

A computer tape containing financial data useful for instruction and research has been presented to the University of Minnesota School of Business Administration by Standard Statistics Company, Inc., New York City, a subsidiary of Standard & Poor's Corporation.

The gift marks "a substantial step forward in computer financial analysis research" at the University, according to Harold W. Stevenson, professor of Finance. The tape contains annual balance sheet and income statement data on 1,000 companies—900 industrials and 100 utilities—for a 15 year period.

Stanley Levine, associate director of research and development for Standard Statistics, made the presentation to Dean Paul V. Grambsch of the School of Business Administration, and discussed the use of the tape with faculty, students and members of the financial community.

### TURNER

(continued from page 1)

manded by our urbanized, industrialized society will be the services that can best be provided by means of government. Our experience in the defense, nuclear energy, and space fields has illustrated that in the solution of complex problems utilizing advanced technology, a marriage of government and business is most effective.

Gradually the fact is being recognized that this same intimate relationship may be useful, even essential, to getting many other things outside the space, defense, and nuclear energy fields done.

"Exploratory steps have been taken by the Federal government and by certain state governments, notably California, to harness the management systems of the defense-space programs to the solution of social problems," he said.

## STATE FARM AWARD

Charles O. Kroncke, a teaching assistant in the Department of Finance and Insurance, is the recipient of the 1967-68 Doctoral Dissertation Award by the State Farm Companies Foundation. Kroncke was selected as the winner of the \$4500 award by an independent committee composed of high ranking college professors from major educational institutions. The grant is made each year to help graduate students in insurance to quickly complete the Ph.D. requirements.

Mr. Kroncke's dissertation will be a study of the automobile insurance problems of older drivers, in which he plans to survey the Automobile Insurance Industry for attitudes toward older drivers and for technical information about their experiences with older drivers, the various state regulatory bodies, and the assigned risk plans in the various states. As a result of his study, he expects to have a well defined picture of the nature and extent of the problem of the older driver from which he will be able to speculate on possible solutions.

### TURNER

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Private business would do the operating, but government would set the goals and provide the over-all policy control in this more intimate partnership aimed at the solution of deep and urgent social problems. In addition to the benefits of more adequate solutions to the social problems of our industrialized society, would be the measure of stability and strength that would be built into the economy. The need for frequent and significant manipulation of the tax structure would be lessened because the government could "by controlling the expenditure of this business plus government economy provide a measure of stability and strength that has been beyond the highest aspirations of my generation of economic stabilizers."

Looking ahead to the time when defense spending will stabilize at a modest level, recessions should be a thing of the past, Turner believes. He thinks that "any more than a one percent decline in real GNP from peak to trough quarter would be the consequence, not of bad 'new economics,' but of political interference in effecting the lessons of the 'new economics'."

Turner, the second lecturer in the Alan K. Ruvelson Lecture series on the Relationships of Business and Govern-

## YODER CITED

Professor Dale Yoder, founder and first director of the University of Minnesota Industrial Relations Center, was honored with a citation by President O. Meredith Wilson on behalf of the Board of Regents following his address during the Tenth Anniversary Conference of Iota Rho Chi, professional industrial relations fraternity at the University, in April.

The citation read, "to a scholar and educator who served the University and its students well for 25 years, and who has always supported the ideals of good scholarship and professionalism in his chosen field of business administration."

Yoder, featured luncheon speaker at the one-day conference, spoke on the conference theme, "Relating University Research to Practical Application in Industry."

Yoder recently was appointed director of the Bureau of Business Research at California State College in Long Beach. From 1958 to 1966 he served as professor and director of the division of industrial relations in the Graduate School of Business at Stanford University. Yoder became a staff member at Minnesota in 1934, and from 1946 to 1958 served as professor of Economics and director of the Industrial Relations Center.

### TURNER

(continued from column 2)

ment, has been at various times a member of the Council of Economic Advisers, consultant to the Council, and to the secretaries of the departments of the Treasury and Commerce, and the Bureau of the Budget, and earlier this year was appointed by President Johnson to the Commission on Budget Concepts.

Reprints of Dr. Turner's address will be available free upon request to the Research Division of the School of Business Administration.

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Paul V. Grambsch, Dean  
Mary Louise Hill, Editor

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## Faculty News

**Robert Holloway**, professor of Marketing, took office July 1 as the president of the American Marketing Association for the coming year. He will head the 15,000 member organization, which alternates its top post between academic and business persons.

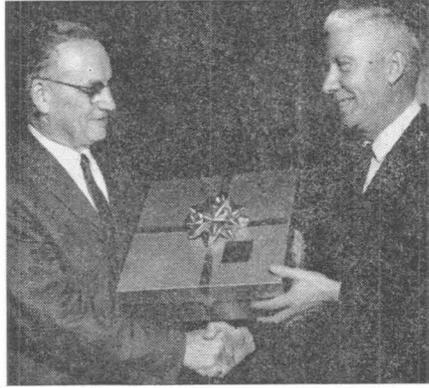
Holloway wants to get the Association involved in public policy questions, believing that this would encourage people in marketing to come to grips with issues such as packaging practices, advertising methods and pricing. "If businessmen move to solve problems before they become too big they can head off government involvement and regulation," he said. Holloway expects to spend "one-third to one-half of his time" guiding the association's affairs next year.

**C. Arthur Williams**, professor and chairman of Finance and Insurance, has been elected president of the State Capitol Credit Union to fill the vacancy created by the resignation of Stafford King, state auditor. Williams served as president of the American Risk and Insurance Association 1965-66, and presently is chairman of its Commission on Insurance Terminology.

**Richard Juralewicz**, assistant professor of Management, and **C. William Rudelius**, associate professor of Marketing in the School of Business Administration, have been granted summer appointments to the Visiting Faculty in Business Administration at the NASA Manned Spacecraft Center in Houston, Texas.

The Manned Spacecraft Center has a key role in the management of America's manned space flight programs. The Visiting Faculty Appointment Program provides opportunity for university faculty members to enhance and apply their experience and training in the administrative and management fields by observing and participating in these processes at the Center.

## KOZELKA HONORED



Professor Richard L. Kozelka  
Wm. Costello, President  
Business Alumni Association

Professor Richard L. Kozelka, professor of Quantitative Analysis and former dean of the School of Business Administration, was honored at the annual Faculty-Business Alumni Association Board dinner March 30 at the Town and Country Club in St. Paul. Professor Kozelka was presented with an engraved silver tray. William Costello, president of the board, made the presentation.

Kozelka retired in June after 43 years at the University. He came to Minnesota in 1923 as an instructor in Economics and was dean of the School of Business Administration from 1944 to 1960. Since he stepped down he has been a professor in the school's Department of Quantitative Analysis. Professor Kozelka is moving to Florida to take a post as professor and director of graduate studies in the College of Business Administration at the University of South Florida, Tampa.

"No one knows better than I the many services above and beyond the call of duty that Professor Kozelka has rendered the School and the University over the past 43 years," Dean Paul V. Grambsch said in commenting on Kozelka's retirement. "The University

## From The Faculty Pen

(continued from page 2)

**"Lagged Manpower Relationships in Development Projects,"** by William Rudelius, reprinted from *IEEE Transactions on Engineering Management*, Vol. EM-13, No. 4, December 1966 (No charge).

In the belief that more thorough understanding of historical manpower relationships on developmental projects should improve estimates for future programs and thus increase the probability of approaching an optimum manpower mix desired in program scheduling, the author analyzes relationships between the levels and time phasing of various kinds of manpower inputs required to produce a completed development project.

He selects five development programs from a single aerospace firm and discusses the relationships that exist between manpower from the firm's engineering operation and two other operations "downstream" in the development sequence: (1) manufacturing, and (2) quality control and testing.

## KOZELKA

(continued from column 2)

will always owe him a debt of gratitude for his outstanding contributions during his many years of service."

Kozelka's chief sphere of interest is business statistics and their application to business problems and forecasting. He is the author of an index of Northwest Business Conditions widely used by regional businessmen. In 1965, Kozelka served under a Ford Foundation assignment as consultant to the University of Jordan. He prepared a plan for the establishment of a School of Economics and Business Administration for the newly established university.

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## ANNUAL SBA ALUMNI INSTITUTE

### Pace and Mace Speak



Mr. Pace

Frank Pace, Jr., president of International Executive Service Corps, and Myles L. Mace, who received a law degree from the University of Minnesota in 1934 and is now professor of business administration at Harvard University, were featured speakers at the 14th annual institute of the SBA Alumni Association held November 2.

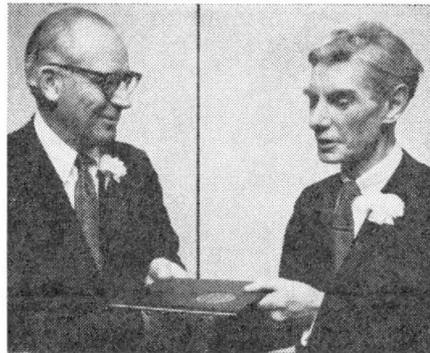
Pace was director of the Bureau of the Budget in 1949-50. From 1950 to '53 he was Secretary of the Army. He is former chairman of the board of General Dynamics Corporation.

"The World Management Crisis—Can It Be Solved?" was the topic of his talk. In describing the beginnings of the International Executive Service Corps, Mr. Pace said it was an "idea that was generated by David Rockefeller and the basic thesis was that the requirement in the developing countries was management and not money. Given sound management you could attract all the capital, public and private, you could want. Without it, it was water poured on the sand and not meaningful."

Rockefeller believed, Pace said, "that it was the responsibility of the private sector to see that our managerial talents were intelligently distributed to the developing countries of the world. He went to Washington, and for the first time in the history of our country a program was born in which the federal government provided a major part of the support originally, the private sector approximately a quarter, but the responsibility for the execution lay entirely in private hands. The first time

that the federal government gave only one mandate, *get the job done.*"

Mr. Pace believes that "we have learned a great deal that I hope one day will be translated into meaningful practical exchange for students around this nation. First, we have learned a deep and basic idealism in the American businessman. Second, we found that the American managerial process is respected around the world and that people are willing to pay a substantial price for it. Third, we found that business to business is something that is accepted both by business and government abroad."



Professor Mace and President Moos

Professor Mace, a native of Montevideo, received the University of Minnesota Regents' Outstanding Achievement Award at the annual institute dinner. President Malcolm Moos presented the award which cited Mace as "a valued consultant and board director for many prestigious corporations, renowned expert on domestic and international corporate planning, eminent author and educator, effectively dealing with problems of business management."

Mace received a bachelor's degree in law from the University in 1934, and graduated from the St. Paul College of Law in 1938. He received his master's and doctor of commercial science degrees from Harvard University.



Professor Mace

Professor Mace, in the afternoon keynote address, "The New Face of Business," reported on a research project conducted last summer by Harvard University School of Business in which fifty young college men were given a two week briefing then assigned as special management interns to thirty cooperating companies for seven weeks of on-the-job learning about the facts of life in business. At the end of the seven weeks the fifty young men returned to the campus for a final week of classes, evaluation and the writing of a report on the whole program. Mace said the reports indicated that the interns, although "impressed by the quality, the talent and the intellectual capacities of the men of business," concluded that "these high qualities of executive talent did not accept the kind and the amount of active social responsibility they should."

The four areas in which the interns thought business fell short of its professed ideals were: social responsibilities, opportunity for influence, problems of conformity and problems of communication. Professor Mace, however, expressed his belief that business was increasingly recognizing its shortcomings and acting constructively in many unpublicized ways to improve its image and its performance.

**The Institute proceedings are available at no charge upon request to the Division of Research, School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.**

## Education For Business Decision-Making

# BUSINESS SCHOOL HOST TO CONFERENCE



Mr. Caples



Mr. Dayton



Mr. Deming



Mr. Keith



Prof. Rose

A regional conference of the American Association of Collegiate Schools of Business, hosted and arranged by the School of Business Administration of the University, was held in mid-October in Minneapolis.

The conference, whose theme was "Education for Business Decision-Making in a Dynamic Context: Social Responsibilities, Leadership Opportunities, Operating Problems," dealt with what is happening in American society and the implications it has for business schools, the relationship of the business school to the American society, and with methods of teaching in the business school of today.

Frederick L. Deming, U.S. Under Secretary of the Treasury, addressed the Thursday morning session on "Financial Frontiers." University of Minnesota Sociology Professor Arnold Rose

spoke on "The Context of Change: Socio-cultural Perspectives," and William Caples, vice president of Inland Steel, on "The Challenges of Hope."

Robert Keith, chairman of the board and chief executive officer of the Pillsbury Company, addressed the Thursday luncheon meeting on "The New Management and the Changing Role of the Corporation." Kenneth Dayton, executive vice president of the Dayton Corporation, spoke on "Business and the Arts" at the Thursday dinner in the Alumni Club in the Sheraton-Ritz Hotel preceding a performance of *The Visit* at the Guthrie Theatre.

Arnold Walker, television production director at the University, and Professor Russell W. Burris, director of the University's Center for the Study of Programmed Learning, were speakers at sessions devoted to the use and po-

tential of TV and the computer in teaching. Louis B. Barnes, associate professor in the Graduate School of Business Administration at Harvard University, discussed "Are Today's Students 'Turned Off' by Business?" at the noon luncheon session on Friday.

The sessions were attended by over ninety deans and faculty members from forty colleges and universities in the nine states which comprise the Mid-Continent East Region of the American Association of Collegiate Schools of Business.

Reprints of five of the conference addresses (Caples, Dayton, Deming, Keith, and Rose) are available free of charge upon request from the Division of Research, School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.

## FREDERICK R. KAPPEL PROFESSORSHIP

### IN BUSINESS-GOVERNMENT RELATIONS

The Frederick R. Kappel Professorship in Business and Government Relations, a \$500,000 endowed chair that will honor one of the University's most distinguished graduates, was announced in New York on October 30, by the University of Minnesota Foundation.

The chair is being given to the University of Minnesota by the Foundation, an independent group that raises money for University needs for which legislative funds are generally not available. The Foundation is receiving the money from a special fund-raising committee formed by friends of Kappel.

Kappel, one of the founding trustees of the Foundation, is the recently retired chairman of the board of American Telephone and Telegraph Company (AT & T), the world's largest corporation. He is a 1924 graduate of the University of Minnesota and in 1966 received an honorary doctor of engineering degree from the University, one of only 46 honorary degrees given in its history.

Mr. Kappel is a native of Albert Lea, Minnesota, who began his career in 1924 with the Northwestern Bell Telephone Company, and rose in that firm to become vice president of operation in 1942, when he also became a director of the company. In 1949 he joined AT & T as vice president, which he remained until 1954; became president and director in 1956, and was chairman of the board from 1961 to January 1967. For two years, 1954-56, he was president of Western Electric Company.

The Kappel Chair, to be located in the University's School of Business Administration, will be dedicated to an objective examination of the numerous interacting relationships between business and government, and is intended to honor Kappel's deep concern with and lifetime work toward bringing about better understanding between members of government and managers of business enterprise.

Dean Paul V. Grambsch of the School of Business Administration, in com-

menting on the establishment of the Professorship, said, "The Kappel Chair is further manifestation of the interest and concern of the Graduate School of Business Administration in the public issues of the day and the interaction of business and government. The School's programs which emphasize the decision-making process will be further strengthened by the presence of the holder of the Kappel Chair. The area of interaction between business and government is dynamic and innovative. It is worthy of continuous study in an objective manner to a much greater extent than heretofore.

The School intends that the Kappel Chair be the start of expanded work in teaching and research in the entire range of institutional study focusing on business-government relations."

A search will be underway shortly for a professor to occupy the chair. It is hoped that an occupant will be found by next fall.

# FOOD AND DRUG COMMISSIONER PRESENTS RUVELSON LECTURE

Dr. James L. Goddard, Commissioner of the Food and Drug Administration and Assistant Surgeon General, U.S. Public Health Service, delivered the third annual Alan K. Ruvelson Lecture on the Relationships of Business and Government on October 17.

The title of his address, sponsored jointly by the College of Medical Sciences, the Law School, and the Graduate School of Business Administration, was *The Ante-Facto Decision*.

Dr. Goddard, in explaining his title, said, "This is a decision made individually or corporately, it doesn't matter which, but a decision that is made before the fact, in anticipation of the fact. This kind of decision involves risk-taking, guesswork, faith, hope, courage, or—unhappily—ignorance as well. But it is a catalyst, setting off a network of interactions that anticipate a significant event, a fact of existence that embodies social change."

Dr. Goddard's thesis is that we are moving into an interesting phase of social change in which the response mechanism of "society—the schools, the hospitals, the churches, the government agencies—all these are beginning to reach out to those who need help, . . . no longer sit and wait to be discovered."

Goddard believes that it is crucial that they do, and he has hope that business and the professions will join more forcefully in this reaching out to those who need help by the kinds of 'ante-facto decisions' they make, rather than waiting for post-facto decisions to be imposed by government after the need has become critical and overpowering. "There is a climate now for business," he said, "to participate fully as an active partner with the professions and with government in meeting social needs. And of even greater significance, it is possible—as never before—for business and industry to take the initiative and make the ante-facto decision, the decision that reaches out for change, the decision that makes society move."

In discussing the interrelationships that effect the policy decisions of our society, as well as the operation of its various segments, Dr. Goddard quoted Daniel Bell, in the Summer issue of *Daedalus*, "If one searches for the source of previous failures in understanding social change, the answer may lie in our only dim comprehension of the 'intangible social nets' that make up a society . . ."

Goddard thinks that we have "few



Dr. James L. Goddard

adequate mechanisms to realize social choices," and that "increasingly our new problems arise because certain actions must be undertaken collectively—for example, steps to eliminate air and water pollution." To emphasize his feeling of urgency he again quoted Daniel Bell to the effect that "The problem for the next thirty-five years, is not the individual adapting to his own wants or needs, but how to do this as a community."

Goddard's address was the third of a series of annual presentations sponsored by the Alan K. Ruvelson Lectureship on the Relationships of Business and Government of the Graduate School of Business Administration.

Dr. Goddard's address, as well as the two previous offerings of the Ruvelson Lectureship, Dr. Robert Turner's "New Directions in Economic Policy for Stability and Growth," (May 1967), and Dr. Carl Kaysen's "Some Reflections on Business-Government Relations," (May 1966), are available at no charge upon request to the Division of Research, School of Business Administration.

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Paul V. Grambsch, Dean  
Mary Louise Hill, Editor

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## Ethics Symposium Available

What is the current state of business ethics in regard to employment? Is it changing in response to changes in society or as a result of government pressure? Does the surface ethical behavior of business, government and organizations hide basically unethical behavior? Has the principle of a day's work for a day's pay degenerated into "an exercise in the control of cheating?"

Many questions such as these are examined from several frames of reference in the recently published proceedings of the Symposium on Ethics and Employment which took place in May.

It was the third in a series of annual symposia on the general topic of business ethics, sponsored jointly by the Graduate School of Business Administration and the Merrill Cohen Memorial Fund.

The program included:

"The Imperative of Work" by Eli Ginzberg, professor of economics and director of the Conservation of Human Resources Project, Columbia University;

"Managerial Value Systems—A Research Approach" by George W. England, professor of industrial relations;

"Our Government's New Definition of Business Ethics" by Roger Wheeler, director, Corporate Personnel Services, Control Data Corporation.

**This group of addresses is available at no charge from the Division of Research, Graduate School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.**

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## Alumni News

Miss Irene Kreidberg, '30 BBA, was awarded the University's Outstanding Achievement Award by William G. Shepherd, vice president for academic administration, at the Annual Honors Meeting of the Minnesota Alumnae Club.

William E. Costello, '50 BBA, president of the School of Business Administration Alumni Association, accepted on behalf of the association, the Outstanding Constituent Group Award from President Albert H. Heimbach, '42 BBA, of the Minnesota Alumni Association at the October 3 meeting of the MAA Board of Directors.

Stanley J. Hille, '66 Ph.D., received an Excellence in Teaching Award from the University of Maryland at the Honors Convocation on November 16. A check for \$1,000 was presented with the award, which is the highest recognition that the University can bestow on a faculty member.

## APPOINTMENTS:

### ACCOUNTING

**David H. Abramson**, visiting lecturer, accountant with Calmenson, Abramson Company.

**Elaine Kregel**, visiting lecturer, from St. Cloud State College.

**Dwight Zulauf**, visiting professor, from Pacific Lutheran University, Tacoma.

### FINANCE AND INSURANCE

**Paul F. Jessup**, assistant professor, from Northwestern University.

**Roger B. Upson**, associate professor, formerly financial analyst in treasurer's office and head of the balance of payments section of Standard Oil Company.

### INDUSTRIAL RELATIONS

**Charles T. Schmidt**, instructor, from Michigan State University.

### MANAGEMENT, PRODUCTION, AND TRANSPORTATION

**Frederick J. Beier**, instructor, from Ohio State University.

### MARKETING

**Richard N. Cardozo**, associate professor, from Harvard University.

### QUANTITATIVE ANALYSIS

**Norman L. Chervany**, instructor, from Indiana State University.

### PLACEMENT OFFICE

**Charles H. Mannel**, director, from University of Minnesota, Duluth.

### TWO NEW DEPARTMENT HEADS:

**Professor Donald V. Harper**, chairman of department of management, production and transportation, succeeding Professor Thomas R. Hoffmann.

**Associate Professor Jay M. Smith**, chairman of department of accounting, succeeding Associate Professor John C. Gray.

### PROMOTIONS:

**Gary W. Dickson**, to associate professor of management, production and transportation; **Peter Rosko**, to associate professor, director of management studies and of continuing business education; and **John K. Simmons**, to assistant professor of accounting.

### DEPARTURES:

**Professor George W. England**, industrial relations, to Colorado State University; **Philip Neville**, business law, to become United States District Judge; and **Professor Harold W. Stevenson**, finance, to Arizona State University.

### Additions to Reprint Series

**"An Experimental Study of the Effectiveness of Confirmations,"** by Gordon B. Davis, John Neter, and Roger Palmer, reprinted from *Journal of Accountancy*, June 1967, pp. 36-44. (No charge)

How reliable a source of evidence are audit confirmations? Their use is basic to the practice of auditing, yet there has been a severe lack of research as to their reliability as a source of audit evidence.

This article presents the results of an experiment to measure the effectiveness of confirmations. The findings of this study are limited because the experiment pertained only to personal bank accounts, but in the absence of any other experimental evidence on the reliability of the confirmation technique, the authors believe their findings "have potential for immediate benefit in the field of auditing."

**"On Line—Real Time Systems For Customer Service Operations"** by Robert K. Zimmer, reprinted from *Management Services*, September-October, 1967, pp. 25-32. (No charge)

Getting the right man to the right place at the right time is in essence a scheduling problem, one of the most difficult functions to manage in business "in-the-field" customer service.

The purpose of this article is to outline a computer system that will eliminate many of the major problems facing company management in the development of an effective control system for customer service. The system discussed is unusual in that all pertinent data required for decision making by

the department are directly accessible from the computer and are manipulated so that certain types of decisions can be made by the computer.

### Sources on Business Topics

**"Managerial Compensation,"** by Thomas A. Mahoney and George T. Milkovich, *Sources on Business Topics*, of the Graduate School of Business Administration, No. 3, June 1967. (No charge)

A 12 page bibliography, whose references cover a wide spectrum of current thinking, are presented as illustrative, not a complete coverage of the relevant literature.

The list of references reflects current concern for the compensation of professional, technical and managerial employees. It was compiled as background material for research into different aspects of managerial compensation and motivation. The list includes a number of basic texts and reference books on wage and salary administration as well as articles describing recent research relevant to managerial compensation and motivation. Some of the references discuss techniques for the administration of managerial compensation, others are theoretical in nature and describe current thinking about the relationships between managerial compensation and motivation.

These reprints may be obtained from:

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