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April 1969

GABRIEL HAUGE TO SPEAK AT UNIVERSITY IN APRIL

The Kappel Professorship on the Relationships of Business and Government

Gabriel Hauge, president of Manufacturers Hanover Trust Company, and formerly special assistant for economic affairs to President Eisenhower, will launch the School of Business Kappel Professorship on the Relationships of Business and Government in April, Dean Paul V. Grambsch announced today.

Dr. Hauge will present two public lectures on the theme "The Economy: Private Initiative and Public Responsibility" on April 21 and 22. "The Economic Man: Is He Changing?" will be the title of the Monday, April 21 lecture in Room 5, Blegen Hall. The second lecture will be titled "The Role of Public Policy," presented on Tuesday, April 22 in Room 310 Anderson Hall. Both lectures will start at 3:30.



Gabriel Hauge

A 1935 graduate of Concordia College, Moorhead, Hauge received M.A. and Ph.D. degrees from Harvard University. He served in the Navy during WW II, and later became Chief, Division of Research and Statistics of the New York State Banking Department. He was an editor of **Business Week** and assistant to the Chairman of the Executive Committee, McGraw-Hill Publishing Company from 1950 to 1952.

From January 1953 until September 1958, he served as President Eisenhower's assistant and adviser for economic affairs. In October 1958, Dr. Hauge joined Manufacturers Hanover Trust Company as chairman of the Finance Committee. He became

vice chairman of the board in 1961, and president in July 1963.

Hauge's special activities range from serving as a member of the U.S. Delegation to the Inter-American Conference of Ministers of Finance in 1954 to Special Projects Committee Chairman, National Conference of

Christians and Jews in 1966. He is a director or trustee of innumerable business and civic organizations; his wide range of involvement is illustrated by service on the New York State Banking Board, the New York Urban Coalition, the Carnegie En-

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SBA To Hold Fifth Ethics Symposium

Herman Bevis



What does society expect of accounting under changing conditions of business? Are there implications for professional ethics in such expectations? The fifth Cohen Ethics Symposium of the School of Business Administration on Thursday, April 10 will feature three distinguished guests who will address themselves to the topic "Accounting Principles and the Profession's Ethics."

Mr. Tom Wise, Planning Editor of Fortune Magazine, will discuss "Accounting Principles and Social Expectations"; **Mr. Herman Bevis**, retiring partner of Price Waterhouse and Company, will speak to the subject of "Professional Competition and Professional Standards"; and **Mr. Jacob Seidman**, former President of the American Institute of Certified Public Accountants (AICPA) and partner of Seidman and Seidman in New York, will conclude the presentations discussing "The Need for Enforcement and the Ethical Application of Accounting Principles." **Professor Robert Mautz**, Distinguished Visiting Professor, from the University of Illinois, will be the moderator.

The symposium will be held on April 10 from 2:00 to 4:00 p.m. in Anderson Hall on the West Bank campus of the University. The annual lecture series is sponsored by the Cohen Memorial Fund and is open to the public.

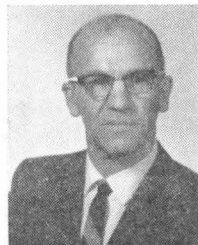
Mr. Merrill Cohen was the founder and president of what is now the Dain, Kalman and Quail Company. He was chairman of the National Association of Securities Dealers Ethics Committee until his untimely death in 1964. Money for the fund was raised in Mr. Cohen's memory by his friends from coast to coast.

Proceedings of the Symposium will be available at no charge as usual by request to the Division of Research, School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.



Jacob Seidman

Robert Mautz



Computer Center Dedication "computers cannot replace decision makers"

"Public policy is far too important to be left to computers," but "by organizing information quickly in ways never before possible, computers can give men greater freedom to make considered and informed judgments about policy," and if used intelligently can make it possible to analyze and understand problems that otherwise could not be analyzed at all, Dr. Alain C. Enthoven, former Assistant Secretary of Defense for Systems Analysis, said in his address at the dedication of the University of Minnesota West Bank Computer Center on February 7.

Enthoven, who became a vice president of Litton Industries at the beginning of this year, discussed decision making in large organizations with complex problems and difficult policy choices. He emphasized that "analysis is the servant of judgment for the solving of both our own personal, every day problems, as well as the problems of large organizations. In no way can analysis be a substitute for judgment; it only focuses judgment on the key issues."

"Good staff analysis involves the art of making things clear and simple for the man making the decision while, at the same time, giving him all the important information," Enthoven said. He also pointed out that analysis of public policy issues is not a substitute for debate, but on the contrary is helped by debate.

Dr. Enthoven, in discussing some of his experiences, described the adversary proceeding used by the Department of Defense under McNamara on policy issues through which the Secretary got an answer he could believe. In exceedingly complex issues where assumptions and judgments about hundreds of technical factors, offensive and defensive tactics, and thousands of calculations had to be considered, it became necessary to develop some means whereby the Secretary could rely on the estimates given him. It was Enthoven's job to make his own estimates, then sit down with the appropriate administrative official, for example, the Secretary of the Army, and prepare for Mr. McNamara a memorandum of points of agreement and disagreement. If they disagreed in their respective estimates, it had to be for reasons that could be stated precisely and explained in laymen's language. "It couldn't be that we added differently or used different computers. And Mr. McNamara wanted to know what those reasons were so that he could judge them himself."

Another point he emphasized as fundamental to the analytical approach was the notion of open and explicit analysis. "Openness and explicitness gives an analysis a certain self-correcting character; it is our best protection against persistence in error." It "builds confidence in the re-



l to r, George Seltzer, Associate Dean, School of Business Administration; Marvin L. Stein, Director, Computer Center; John Turnbull, Associate Dean, College of Liberal Arts; Frank Verbrugge, Director, University Computer Services; at computer Gordon B. Davis, Director, Management Information Systems Research Center.

sults, and in the decisions based on the analysis." Enthoven noted that "the difficulty in applying analysis to large problems faced by organizations lies in translating the mental process involved in decision making in our own minds to the functioning of a large organization, different parts of which must perform different parts of the process." He feels that if we are going to make rational decisions and stay on top of our increasingly complex world, we must make that translation.

Dr. Enthoven concluded, "computers cannot replace analysts and decision makers since computers are not a substitute for clear hard thinking. Just as analysis should be the servant of judgment, computers should be the servant of analysis . . . computers seem to be keeping up with the calculation and data handling needs of our times. We must make sure we keep up with the need for good, hard, clear thinking."

William G. Shepherd, University Vice President for Academic Administration, speaking for the University at the dedication ceremony, presented an historical overview of the University's computer experience which may have implications for other present or potential computer users.

The University's experience over the last decade indicates:

- the advantages of a powerful central major computer system with conveniently located satellite stations which provide speed, capacity and flexibility,
- the growth in the appetite for computational capability is consistently underestimated (in the four months of operation the West Bank usage has increased at a rate of 50% per month).

Satisfied Workers Research Project Goal

As a result of a University of Minnesota research project, most of some 2,000 handicapped workers in the Twin Cities area are placed in jobs every year, where they are suited for the work and more importantly are personally satisfied with their jobs.

The project, located at the Industrial Relations Center in the School of Business Administration, began in 1957 with major support from a \$20,000 grant from the Vocational Rehabilitation Administration, Department of Health, Education, and Welfare (HEW). In 1968-69, the HEW grant was for \$70,000.

Although there have been many vocational tests to determine a worker's fitness for a job, until now there have been no tests to predict how satisfied a worker will be with a given job. As any supervisor can tell you, it does little good to have a qualified worker on the job if he is not happy with it. In cooperation with a great many employers in the Twin Cities area over the past 10 years, University of Minnesota Work Adjustment Project researchers have carefully designed tests and questionnaires which can help predict a worker's probable success.

The Work Adjustment Project has won three national awards. In 1960 and 1965, the project received the Rehabilitation Counseling Research Award from the American Rehabilitation Counseling Association, and in 1967 received the National Research Award of the American Personnel and Guidance Association.

Dr. Shepherd noted also the major impact computer usage has had on the University's scholarly capability across the spectrum of disciplines, and that without the sympathetic interest of the computer manufacturers based in Minnesota the University would not be a leader in computational capability.

The West Bank Computer Center is part of the University Computer System, and is dedicated to teaching and research in the Social Sciences and Business Administration. It consists of a Control Data 3200 medium-scale realtime computer, one hundred times faster than the previous equipment available to them. The West Bank CDC 3200 supports three types of computer activity by operating as an input/output station for problems to be run on the main University CDC 6600, offline as a stand alone computer, or simultaneously in both modes.

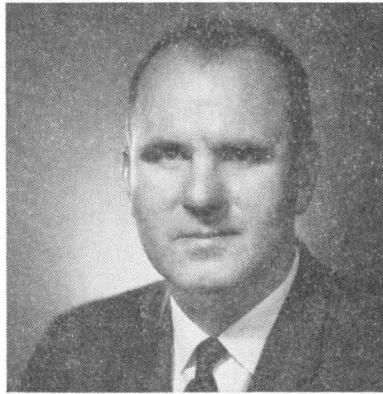
Dr. Enthoven's address *Analysis, Judgment, and Computers* may be obtained at no charge by request from the Research Division, Graduate School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.

WESTERN PACIFIC RAILROAD PRESIDENT TO BE "B" DAY SPEAKER

Myron M. Christy, president and director of the Western Pacific Railroad Company, will be the featured speaker at the annual "B" Day Banquet on April 16 in Coffman Union. Mr. Christy is a 1948 graduate of the School of Business Administration.

Business Day concludes Business Week, an annual affair arranged by the student board of the School of Business Administration. It includes a queen contest, computer games, tours, and discussions of interest to business students. All business and pre-business students are invited to the "B" Day Banquet to sit with company representatives at tables sponsored by local and national companies.

Following receipt of his BBA With High Distinction, Mr. Christy began his career with Western Pacific in 1949 as a traveling accountant. He became superintendent of the Western Division in 1958, executive vice president in 1962, and president in 1965. He is a director of the Bank of California, California Liquid Gas Corporation, Fruit Growers Express Company; a trustee of Golden Gate College, San Francisco.



Myron M. Christy

Graduate Scholarships

A \$2,500 fellowship for graduate study at the School of Business Administration in banking and finance will be awarded to a graduate or a graduating senior from a college or university in Minnesota with an undergraduate major in business, economics, banking or finance.

This is the second year a graduate student has been enabled to obtain a Master's degree in business administration through the financial assistance provided by the Minnesota Bankers Association. Application forms for the Minnesota Bankers Association Graduate Fellowship in Banking and Finance should be obtained from, completed, and returned to the Associate Dean, Programs and Administration, School of Business Administration. Applications for the fellowship must be filed by May 1, 1969.

This scholarship is one of more than a dozen totaling over \$14,000 awarded this academic year to graduate students in some area of business with funds contributed by Minnesota business and industry. They range from \$250 to \$3,500. The \$3,500 award from the Kaiser Aluminum Company is in the field of marketing and has been provided for eleven years. Additional areas in which scholarships are given include risk management, purchasing, sales management, and six in accounting.

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Paul V. Grambsch, Dean
Mary Louise Hill, Editor

FROM THE FACULTY PEN Additions to Reprint Series

"Management Information - Decision Systems" by G. W. Dickson reprinted from "Business Horizons" Indiana University Graduate School of Business, December 1968. (No charge)

The sheer size and complexity of today's vast business conglomerates require a new technology to cope with the problems of administration. Such a technology is being developed: management information - decision systems.

The purpose of this article is to attempt to define some of the characteristics of this new field, to raise some of the unsolved problems and issues, to explore briefly the current state of the art, and to identify some of the kinds of research being conducted and the kind of educational programs becoming available.

"Using Accelerated Depreciation in Capital Expenditure Analysis" by Robert K. Zimmer and Jack Gray reprinted from "Management Services," Jan.-Feb. 1969. (No charge)

Capital expenditures are most often decided on potential rate of return. Tax liabilities play a major role in such calculations, yet all too often a straight-line method of depreciation is used, indicating what could be an entirely unrealistic rate of return as compared with other methods.

The purpose of this article is to provide a tool to simplify the calculation of the tax impact of accelerated depreciation on capital expenditure decisions by providing tables that ease the computation for those who use the discounted cash flow method — net present value analysis. This article assumes that the reader is familiar with the discounted cash flow technique of capital expenditure analysis.

"Product Diversification: Present and Future" by C. Arthur Williams, Jr. reprinted from "Best's Insurance News," Dec. 1968. (No charge)

In this article, Professor Williams reports on the results of a study he engaged in in the summer of 1968 for Minnesota Mutual Life to determine: (1) the extent to which the top 100 life insurers had already diversified their product lines; (2) the arrangements used to achieve it; and (3) expected developments by 1975.

Information for the study was obtained through a questionnaire to the top 100 life insurers ranked by asset size, excluding Minnesota Mutual, and through personal interviews with executives of nine selected insurers. "Effect of Prior Experience on Learning Curve Parameters" by Thomas R. Hoffmann reprinted from "The Journal of Industrial Engineering," August 1968. (No charge)

(cont'd on page 4)

Hauge Kappel Chair (cont'd from page 1)

dowment for International Peace, and the Business Committee for the Arts, Inc.

The Kappel Professorship in Business and Government Relations, a \$500,000 endowed chair located in the School of Business Administration, has been established within the University as the result of a drive led by the University of Minnesota Foundation. It honors Frederick R. Kappel, a native Minnesotan who was one of the founding trustees of the University Foundation. Mr. Kappel was president of American Telephone and Telegraph Company from 1956-61, chairman of the board and chief executive officer from 1961-67, and presently serves as chairman of the executive committee. A 1924 graduate of the University, he was awarded an honorary Doctor of Engineering Degree from his alma mater in 1966.

More than one hundred and fifty donors — friends and admirers of Mr. Kappel, corporations and foundations interested in further study in the area of business-government relations — contributed funds to help endow the Chair. Head of the 13-man fund-raising committee was Mr. Sidney J. Weinberg of Goldman, Sachs and Company of New York.

Harvard Professor Gives Development Advice

Is development and planning advisory service to foreign countries the business of universities? Is Western expertise and experience in highly developed economies relevant to less developed economies? Edward S. Mason, Thomas W. Lamont University Professor at Harvard University, made clear that the answer to both questions is affirmative from the viewpoint of the Harvard Advisory Service when he delivered the fourth Ruvelson Lecture on the Relationships of Business and Government on January 21 at the School of Business Administration.



Edward S. Mason

In stressing the carryover from developed to less developed economies, Mason said, "in my experience, the economic behavior of peasants, workers, traders and other elements of the population is astonishingly similar to the behavior of my own compatriots. In East Pakistan if the relation between the price of rice and jute changes, and this change is expected to continue, the response in rice and jute planting will be about as predictable as the response of an Iowa farmer to a change in the relation of the prices of corn and hogs. . . . Since peasants and workers in most of the less developed world do in fact respond to economic incentives in much the same way as their counterparts do in the West it becomes possible to apply similar techniques of analysis to market phenomena."

The university has something to receive and something to give in an advisory role, but it can hardly do so "safely ensconced in their offices in western uni-

Tourism Study Completed

How can Minnesota promote its recreational product more effectively in order to attract more vacationers? How can Minnesota improve its recreational product — that is, its tourist offerings — to attract more vacationers?

A study recently completed by three University of Minnesota School of Business professors for the State Planning Agency answers the above questions in a 160 page report financed in part with a Federal grant from the Department of Housing and Urban Development. Assistant Professors Allan L. Pennington and Ivan Ross, and Associate Professor William Rudelius of the Marketing Department were the three who conducted the study.

The Minnesota Resources Commission provided the funds to conduct the study and the State Planning Agency and Department of Economic Development assisted in the planning and execution of the study. Copies may be obtained at no charge by request to the Bureau of Business and Economic Research, School of Business Administration, University of Minnesota, Minneapolis 55455.

versities," Mason said in answering the first question as to whether or not advisory service is a proper university function. And one of the more difficult problems is transferring the experience and findings of overseas development advisers to the classrooms, of fitting the adviser, "who tends to be a rather special sort of animal, into a proper niche in the university on his periodic returns from overseas assignment."

Professor Mason's address, "Advising Governments on Economic Development" is available at no charge on request to the Graduate School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.

FROM THE FACULTY PEN

(cont'd from page 3)

Learning curves or manufacturing progress functions have been discussed extensively for a number of years, but a complementary phenomenon, "forgetfulness," has not been incorporated explicitly in the mathematical functions or applications. "Forgetfulness" or retained learning, may be very significant in determining costs on contracts which call for production of items similar to ones produced some time previously. In this article, Professor Hoffmann notes that prior experience on highly similar products would affect both the time needed for the "first" unit of a new contract and the "apparent" percent learning in a study done through the Space Science Center of the University of Minnesota.

"Management Theory: Recent Developments, Status, and Potential" by Bernard Alpert and Gary W. Dickson reprinted from "University of Washington Business Review," Autumn 1968. (No charge)

Management, as a distinct process, has existed since the first attempts by humans to organize for purposes of attaining specified objectives. However, a systematic examination of problems relating to such attempts is a product of the last century.

In this article, the authors discuss the major schools of thought in management theory and comment on factors in the development of a more sophisticated management theory. A review, such as this one, provides an encouraging or discouraging picture depending, in large part, on the reader himself and the frame of reference he brings to the topic. Each of the alternatives portends a different potential for the future of management theory.

These reprints may be obtained from:
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June 1969

GABRIEL HAUGE LECTURES ON THE ECONOMY

"Our concept of the place of business and the role of government rests upon the notion of an economic man both rational and informed, and of a political man endowed with similar virtues," Gabriel Hauge said in launching the Kappel Professorship in Business and Government Relations on April 21. Hauge, president of Manufacturers Hanover Trust Company, spoke at the University under the auspices of the School of Business Administration.



Gabriel Hauge

"Abandon these premises," he continued, "and the institutions of business and government lose their rationale and flounder for goals. Philosophers must then invent measures of social well-being, and rulers become despots. For if the premises are false, the present system is not only lacking in justification; it is unworkable. If business and government misread the makeup of the modern American, if the traditional incentives are no longer relevant to individual values and motivations, then neither business nor government can function very well."

Mr. Hauge concluded his first lecture "Economic Man: Is He Changing?" saying, "Perhaps nothing is immutable, but as an economic man, the American has not changed, though he lives in a novel environment with new demands and new dimensions. We are still the sons of our fathers. We can still meet and master change."

"The Role of Public Policy" was

the title of Hauge's second lecture on April 22. "The role and the responsibilities of the individual are a constant in our kind of society, for he is the end of our endeavours. But the role of government and the role of business are subject to continuing assessment and occasional revision."

In his conclusion, he stated his view that "the modern agenda for business is, **first**, to restructure work and its environment so as to preserve incentives for individuals in a world of affluence and wide choices, **second**, to improve contact and relations with customers as complex new goods and sophisticated services become important in the budgets of Americans; to provide better service and communication. **Third**, to enlarge the time dimension of business profit and loss in order to incorporate the consequences of business activity for the community, to consider the interdependence of firm and community, to use its leverage in constructive ways. **Fourth**, to place new emphasis on its quasi-public functions: as a source of information; as a supplier of training and equal opportunity for employment and advancement; as a manager of urban renewal, as provider of more social services, and as the key agent in the development of regions and cities."

On the government side, he said, "Government regulation of business will continue with its traditional agenda, recognize the growing importance of consumer protection, and respond to the needs for reducing the social costs of conducting our affairs in crowded environments. Government can improve the use of the vast resources it employs by revising outdated policies affecting the private sector to take into account the ultimate consequences of its actions. And it must seek to do all this without

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Friend Named Kappel Professor

Irwin Friend, professor in the Wharton School of Finance and Commerce at the University of Pennsylvania, has been named Frederick R. Kappel Professor of Business and Government Relations in the School of Business Administration for 1969-70.



Dr. Irwin Friend

Friend's appointment as the first Kappel Professor was announced at a luncheon on Tuesday, April 22 in the University Alumni Club honoring Gabriel Hauge and Frederick R. Kappel, for whom the Chair was named.

Friend is director of the securities research unit and the consumer expenditures unit at the Wharton School and currently holds the position of Richard K. Mellon professor of finance. He was a consultant and lecturer in India at intervals over many years. He participated in the development of a basic work on savings there, perhaps the most ambitious work on saving for any underdeveloped country.

He has been a consultant to the U.S. Department of Commerce, U.S. Treasury Department, U.S. Agency for Economic Development, the U.S. Bureau of the Budget, the U.S. Department of Justice, the National Council of Applied Economic Research, the National Statistical Service of Greece, the American Telephone and Telegraph Company, and Merrill, Lynch, Pierce, Fenner and Smith.

He is the author of numerous publications and has been the director of many studies for both business and

(cont'd page 3)

Ethics Symposium Reviews Accounting Principles

Ethics in the accounting profession was the subject of the fifth annual Merrill Cohen Ethics Symposium sponsored this spring by the School of Business Administration.

"Accounting principles are nearer to the weather that changes frequently than to the immutable truths that the dictionary says that they're supposed to be," said one of the speakers, J. S. Seidman, partner of Seidman and Seidman of New York.

In noting some of the reforms and revisions he considered long overdue in accounting practice, he emphasized the need for meaningful comparisons. "Certainly the public wants and understands comparisons. The capital market depends upon comparisons, and in mergers, comparisons are absolutely essential. Yet so far as I'm concerned, we have not been able to get meaningful, useful comparisons under the way our present accounting principles can get themselves applied under the same set of facts. To me the slogan must be, 'Like things must look alike, like things must be treated alike.'"

The two other panelists were Tom Wise, planning editor of Fortune Magazine and Herman Bevis, senior partner of Price Waterhouse and Company of New York.

Wise, in his presentation, made a plea for a full time board, "whose members were not suffering from the temptation of split loyalty," who would have no client relationship to influence, even unconsciously, their views.

Herman Bevis, the third speaker, reviewed professional competition, good and bad, and noted, "The good ones lead to long term success and stature for the CPA, and the bad ones in the long run hurt the CPA more than anything else."

Robert K. Mautz, Distinguished Visiting Professor in Accounting, from the University of Illinois, who served as moderator of the session, said the principles emphasis of the symposium was selected because "no single subject can be considered to be of more importance to the profession at this time and because the profession is deeply involved in a strenuous and exhausting effort to define them with a degree of precision never before attempted."

Copies of this symposium proceedings are available at no charge upon request to the Research Division of the School of Business Administration, University of Minnesota, Minneapolis, Minn. 55455.

Executive-in-Residence Experimental Program

An experimental program of the Industrial Relations Department of the School of Business Administration merging the roles of student-faculty-business manager has just been concluded with a three week visit of Colman S. Ives, Director of Employee Relations of the Schering Corporation of New Jersey, as **Executive-in-Residence**.

As Executive-in-Residence, Mr. Ives attended graduate classes to refresh his education, lectured to students and consulted with the faculty on curricula and research projects. He is expected to prepare a report on his visit indicating the values and costs he observed in such an exchange as well as his ideas for strengthening and implementing similar programs in the future.

Mr. Ives received his undergraduate education at Yale and took a Masters from Columbia University. He was assistant to the president of the Schering Corporation from 1959 to 1963 when he became director of employee relations.

Hauge

(cont'd from page 1)

damaging the matchless dynamism of our enterprise economy."

To improve a system for the creation of wealth which is already without peer may seem prosaic, but what man does with the wealth he creates is "the ultimate justification for his habitation here on earth," Hauge said, and concluded by quoting an Englishman, Philip Wicksteed, "The prophet and the poet may regenerate the world without the economist, but the economist cannot regenerate it without them."

Dr. Malcolm Moos, University President, in introducing Mr. Hauge, stressed his many accomplishments stating, "he's a truly triphibious man, that he has done what we hoped to set as our goal, and indeed, is the constellation purpose of the Frederick R. Kappel Chair, that is to hold a man who has distinguished himself in the private sector, in the public sector, and in the world of academe."

During Mr. Hauge's visit to the School of Business Administration, he also met with students in a graduate seminar on business finance.

Copies of Mr. Hauge's lectures will be available at no charge upon request to the Research Division, School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.

Corporate Fellowship Grants Made

Ten Doctoral scholarship grants of \$3,000, and twelve Masters scholarships of \$1,500 per year have been awarded to students for study next year in the Graduate School of Business Administration as part of a graduate fellowship program to attract outstanding graduate school candidates from throughout the Nation in the areas of business and technology.

The program, the first goal of the Corporate Fellowship Council, was initiated in the belief that a major factor in the excellence of any institution of higher education is the caliber of its students, particularly its graduate students. The Institute of Technology and the Graduate School of Business Administration are the two schools selected to participate in the program at its outset.

The Corporate Fellowship Council was established to join together the University and the leading businessmen of the State to strengthen their relationship in a continuing program "whose goal is to sustain that 'margin of excellence' that will mark the University and the State as outstanding in the Nation."

The Council implements the program by seeking annual gifts in several categories. The Fellowship program constitutes, in the view of the Council, the most important contribution corporate business friends of the University can make.

The recipients of the Masters scholarships with their home town and undergraduate degree and college are:

Richard G. Ballantine, Denver, Colorado, B.S. Physics, U. of Minn., June 1968

Lee Roy Carlson, Marshall, Minn., B.S.M.E., U. of Minn., June 1962

Simon J. Cooper, Worcestershire, England, Education Certificate, Cheltenham College, 1954

William G. Cornelius, Minneapolis, B.A., U. of Minn., June 1968

Raymond E. Dardinger, Cols, Ohio, B.S.B.A., Ohio State Univ., June 1969

John L. Dent, Joplin, Mo., B.S.E.E., U. of Ill., 1965

David Holland, Spring Grove, B.S.B., U. of Minn., 1968

Stephen W. Ludwick, Albert Lea, B.A., N.D. State Univ., 1968

James S. O'Connell, Minneapolis, B.S.B., U. of Minn., 1968

Kurt J. Pany, St. Louis, Mo., U. of Ariz., 1968

Robert R. Campbell, Iowa City, Iowa, B.S., Wisconsin State Univ., 1969

John A. Schmid, St. Paul, B.S., St. Mary's College, 1969

The Doctoral scholarship recipients are:
David Fulcher, Minneapolis, B.S.B., U. of Minn., 1966

MYRON CHRISTY SPEAKS ON THE CHALLENGE OF TRANSITION

"Values can and should change, certainly not quickly and irresponsibly; but it is neither the individual's duty nor that of society to place the stamp of eternity upon every value. Yet without value guides, there can be no definable goals, nor conscious differentiation between ends and means," Myron M. Christy, President, The Western Pacific Railroad Company, told guests at the "B" Day banquet on April 16. The title of his address was "The Challenge of Transition."

Christy, an alumnus of the University, graduated in 1948, with high distinction from the School of Business Administration. He began his career with Western Pacific in 1949 as a traveling accountant, and rose through the ranks to become president in 1965.

In speaking of social change, Christy said that needs and strivings of individuals had always tended to conflict with social orders which were established to protect those very things. "Short of outright violent revolution, social change in the true democratic sense is brought about by individuals striving for their own goals within the discipline rules of their society, striving the while to contribute desirable change in those rules." He went on to note that this nation's greatest social and economic progress occurred during the time of acceptance of the challenge of its industrial development and westward expansion. "That development and expansion was achieved in large measure by dissatisfied Americans and immigrant people from foreign lands and their sons and daughters who strove to fight a little harder and do something better with their lives, accepting the while the disciplines of their society."

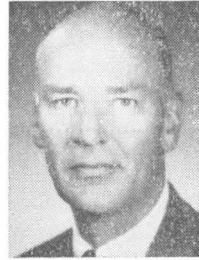
He suggested that "in addition to accepting increased responsibility for solving urgent social problems, business needs to re-think its organization. What is needed . . . is an organizational climate which not only permits, but encourages — motivates — each person in the enterprise to mature to his fullest dimension." He noted "how many tired and apparently ineffective men need more responsibility to provide new motivation and challenge. . . . We need risk-taking and result-oriented managers — doers, not preservers of the status quo." These are the type of persons "who will become involved and committed citizens who will possess the courage and breadth of vision to push back a few frontiers."

"B" Day concluded Business Week, an annual affair arranged by the student board of the School of Business Administration. The banquet is sponsored joint-

ly by the School and metropolitan area business firms.

Reprints of Mr. Christy's address are available at no charge upon request to the Research Division of the School of Business Administration, University of Minnesota, Minneapolis, Minn. 55455.

CONSULTATIVE COUNCIL MEMBER RECEIVES MARKETING AWARD



Robert Keith

Robert J. Keith, chairman of the board and chief executive officer of the Pillsbury Company, has been recognized as "Marketing Man of the Year" by the Philadelphia chapter of the American Marketing Association.

The award, the Charles Coolidge Parlin Marketing Award, established in 1945, has received national recognition as the highest honor bestowed on "those who make outstanding contributions to the science of marketing."

Keith began his service with Pillsbury in 1935 as a sales merchandiser. In 1965, he was elected president and chief operating officer. He was named chairman of the board and chief executive officer September 1967. Mr. Keith is a member of the School of Business Administration Consultative Council, an advisory board appointed last year by President Malcolm Moos, whose purpose is to provide advice and counsel to the School and to serve as a two-way communication link between the School and the business community.

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Paul V. Grambsch, Dean
Mary Louise Hill, Editor

Corporate Fellowships

(cont'd from page 2)

David W. Harvey, Neillsville, Wisconsin, B.B.A., U. of Wisconsin, 1966

Krishna G. Mantripragada, Lingagiri, India, M.S. Commerce, Andhra Univ., 1959

Charles J. Rogers, Algonac, Mich., M.B.A., U. of Santa Clara, 1969

David P. Rutten, Osakis, B.A., St. John's Univ., 1965

Bruce W. Smith, Grafton, N.D., B.S.B.A., Univ. of N.D., 1966

Alan J. Stenger, Saginaw, Mich., M.B.A., Univ. of Mich., 1963

Marc Wallace, Clifton, N.J., B.A., Cornell Univ.

Theodore C. Willoughby, Muskegon, Mich., B.A., U. of Minn., 1947

George C. Baxter, Semens, Sask., Canada, M.B.A., U. of Cal., 1966

"The Corporate Fellowship Program is a vital factor in the successful buildup of the Graduate School of Business Administration. These fellowships will enable the school to reach out over the country and bring to the University of Minnesota the very best young people. Their presence will undoubtedly be stimulating to the faculty and enhance the learning and teaching process in the school as a whole," Dean Paul V. Grambsch stated in commenting on the program.

"Minnesota needs a larger number of professionally educated men and women," he continued, "who can contribute to the well being of its organizations and the economic development of the state and of the region."

Friend (cont'd from page 1)

government. Forthcoming publications include: "The S.E.C. and the Economic Performance of Securities Markets," Proceedings of the Conference on Economic Policy and the Regulation of Corporate Securities, The George Washington University.

The Kappel Professorship was established last spring to honor Frederick R. Kappel, a 1924 graduate of the University and former president and chairman of the board of American Telephone and Telegraph Company. The purpose of the Chair in the Graduate School of Business Administration is objective examination of the myriad interactive relationships between business and government. It will provide an important avenue for interchange between the academic and business communities, and will contribute to knowledge in this whole area so often clouded by emotion and myth. It was endowed under the auspices of the University of Minnesota Foundation. Sidney J. Weinberg of Goldman, Sachs and Company, New York, was chairman of the fund-raising committee.

FROM THE FACULTY PEN
Additions to Reprint Series

"A Conceptual Framework for Analyzing and Evaluating Managerial Decisions" by K. Fred Skousen and Belverd E. Needles, Jr., reprinted from **Management Accounting**, January 1969. (No charge)

The purpose of this paper is to propose a conceptual framework which may be useful to the management accountant for developing and organizing the data necessary for him to assist management in solving its wide range of problems.

The Decision Evaluation Model, as proposed by its authors, is not a new technique for solving problems, nor can it compensate for basic weaknesses in data or decision-making techniques. Rather, it is a structured viewpoint, a frame of reference, for analyzing decisions, both prospectively and retrospectively. The framework's operational approach gives it a flexibility which, it is hoped, will stimulate new thoughts concerning the many relationships involved in management decisions and will aid, ultimately, in achieving its goal of reducing the uncertainty surrounding those decisions.

"The Hallmark of a Profession" by Robert J. Holloway, reprinted from **Journal of Marketing**, Vol. 33, Jan., 1969. (No charge)

This article examines marketing's role in society and questions whether marketing is contributing its full share to the social system. Though the examination may not be easy or soon concluded, Holloway indicates he thinks that the fact that the examination is taking place provides evidence that marketing is developing a "hallmark of a profession," if one considers "adherence to an ideal of social service which transcends the immediate tasks with which its members are occupied" one of the hallmarks of a profession.

"Common Cost Allocation in Diversified Companies" by Robert K. Mautz and K. Fred Skousen, reprinted from **Financial Executive**, June, 1968. (No charge)

How significant are common costs in the income determination problems of segments of diversified companies? Would selection of alternative methods have a significant influence on segment net income amounts?

This paper reports on the study of financial reporting by conglomerate companies by the Financial Executives Research Foundation which provides data making it possible to answer these and other questions on an empirical basis. The study included a corporate questionnaire, which obtained responses from 412 companies of varying sizes.

LOW-INCOME STUDY

Consumer Problems and Marketing Patterns in Low-Income Neighborhoods: An Exploratory Study by Robert J. Holloway and Richard N. Cardozo, Division of Research, Graduate School of Business Administration, May 1969.

This study is concerned with understanding the low-income consumer, identifying her problems, and examining her solutions to those problems. It is further concerned with the problems and practices of retailers in low-income neighborhoods and the manner in which those retailers serve the needs of low-income consumers.

The authors conclude that for most consumers in low-income neighborhoods the lack of income, rather than mismanagement of resources, is the principal cause of their limited level of living. Apart from increasing the income available to low-income consumers, the authors recommend programs to ameliorate the income-related problems of the poor, and to improve the retail structure in low-income neighborhoods.

The published report of the study will be available upon request for \$2.00 from the Research Division, Graduate School of Business Administration, University of Minnesota, Minneapolis, Minn. 55455.

Recruiting Study

A four-part series on recruiting by Charles H. Mannel, Director of Placement, School of Business Administration and Milton D. Hakel, Director of the Industrial Psychology Training Program, Ohio State University, has been concluded in the May issue of the **Journal of College Placement**.

"Problems in the Recruiting Interview" is the title of the articles in which the authors discuss the means for improving the campus interview drawing on a series of research studies at the University of Minnesota. The purpose of the reports is the expectation that the findings will provoke a thorough examination of interviewing practices.

Some analyses of research into employee selection indicate "that interviewers apparently make hiring decisions by matching job applicants against a stereotype of an ideal applicant for the job in question. If the match is close enough, the applicant is hired; otherwise, he is rejected." The authors point out that there is a good deal of evidence showing the importance of stereotypes in hiring decisions, but very little is known about these stereotypes. The generality of such stereotypes is a critical point. If two interviewers have different stereotypes, their evaluations of applicants will differ also, thus lowering the reliability of interview decisions.

Mannel served as assistant registrar, admissions officer and placement director at the University of Minnesota-Duluth before coming to the School of Business. Hakel was an assistant professor of Psychology and Industrial Relations at the University of Minnesota before going to Ohio State. He received his Ph.D. from Minnesota in 1966.

The reprints may be obtained from: Division of Research, School of Business Administration, University of Minnesota, Minneapolis, Minn. 55455.

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business news

SCHOOL OF BUSINESS ADMINISTRATION

Number 32

University of Minnesota, Minneapolis, Minnesota 55455

October 1969

LEAR AND UPGREN TO KEYNOTE 16TH ANNUAL ALUMNI INSTITUTE

A prominent national business executive, William Lear, of Lear Jet Corporation has accepted an invitation to be the banquet speaker and Dr. Arthur Upgren, professor of economics in the School for twenty-three years, will keynote the 16th Annual Alumni Institute of the School of Business Administration on November 6 at the Leamington Hotel in Minneapolis.



William Lear

This year marks the 50th anniversary of the School and special invitations to the Institute and banquet will be extended to former professors, officials and some 5,000 alumni.

The theme of this year's institute, "What's Ahead For Business in the Seventies," will be featured in five panel sessions during the afternoon co-chaired by SBA faculty and alumni.

The panel subjects and chairmen are:

Work and Employment Trends

Assoc. Prof. Mahmood Zaidi

Corporate Organization Trends

Professor J. Russell Nelson

Marketing to the Consumer

Professor Robert Holloway

The Impact of New Technology on Transportation and Communication Systems

Asst. Professor Frederick Beier

Finance, Banking and Accounting

Professor Gordon Davis

Burt Swanson, 50BBA, 55LLB, president of the School of Business Alumni Association, announced recently that **Mort Mosiman**, 40BBA, will serve as general chairman of the Nov. 6 Institute. Other members of the 16th Institute committee announced by Swanson are: **Don Moberg**, 46BBA, Treasurer; **Walt Johnson**, 48BBA, Publicity and Publications; **Roy Svee**, 47BBA, Ticket Sale Promotion; **Don Moberg**, Ticket Accounting; **Irene Kreidberg**, 30BSB, Hotel Arrangements; **Burt Lund**, 42-BBA, Program Planning; **Fred Bruciani**, 40BBA, Registration and Hospitality.

An opportunity to meet old classmates and professors will be afforded during the social hour preceding the 6:30 p.m. banquet at which Wm. Lear will speak. A display of office scenes contrasting 1919 and 1969 will be an additional feature at the anniversary celebration.

Assoc. Dean George Seltzer and Assoc. Professor John Mauriel of the SBA will discuss "What's Ahead for Business Education in the Seventies" following the afternoon panels.

A survey of alumni is being made this year, Dean Paul V. Grambsch announced, in an effort to assess the impact of the school on the subsequent lives of its alumni, on business and on the community generally in order to assist the school to more effectively plan its programs for the future. He stressed the importance to the school of the cooperation of the alumni in making available to the school the benefit of their experiences since leaving school.

Tim Keaveny, a graduate student in Industrial Relations, with the assistance of Professor G. W. England of the faculty, designed the questionnaire and is supervising the survey. He expects to send the questionnaire to SBA alumni for whom addresses are available early this fall.

Grambsch resigns as dean to continue teaching

Paul V. Grambsch has requested that he be relieved of his duties as dean of the University of Minnesota School of Business Administration as of June 30, 1970.

Dean Grambsch has served as dean of the School of Business Administration since 1960 and occupied a similar position at Tulane University in New Orleans for five years prior to joining the Minnesota faculty.



Dean Paul V.
Grambsch

President Malcolm Moos expressed appreciation for "the decade of dedicated service which Paul Grambsch has given to the University of Minnesota as dean of the School of Business Administration. The post of president of the American Association of Collegiate Schools of Business and the recognition he has received as co-author of the book, 'University Goals and Academic Power,' indicate the high regard in which he is held in his professional field," President Moos said. (The book, written with Edward Gross, was published in 1968 by the American Council on Education.)

In a letter addressed to faculty members of the School of Business Administration, Dean Grambsch said that he had served as dean for 10 years and "I think this is an appropriate length of time in an administrative post of this kind and, therefore, I have requested of President Moos to be relieved of the duties of dean at that time (June 30, 1970). It is my intention after a period of leave of absence, to devote my time fully to the regular professional duties of teaching and research."

President Moos is expected to name a search committee to seek a replacement soon.

Faculty News

appointments, promotions, leaves, resignations, awards

APPOINTMENTS

Michael J. Barrett, assistant professor of accounting, DBA from Univ. of Colorado, 1969

Gavin L. Collins, instructor of finance, Ph.D. pending from Univ. of Iowa

Warren Dent, instructor of quantitative analysis, Ph.D. pending from Univ. of Minnesota

George T. Milkovich, instructor of industrial relations, Ph.D. pending from Univ. of Minnesota

John C. Schreiner, instructor of finance, Ph.D. pending from Univ. of California

Emil Starr, associate professor of labor education, Ph.D. from Univ. of Chicago, 1963

J. Morgan White, visiting assistant professor of accounting, from Brigham Young Univ.

PROMOTIONS

Paul Jessup, to associate professor of finance

J. Russell Nelson, to professor of finance

John Simmons, to associate professor of accounting

Andrew Whitman, to associate professor of finance and insurance

Robert Zimmer, to associate professor, with tenure, of accounting

Charles H. Mannel, Director of Placement and Alumni Relations, to Assistant Dean for Administration.

Mrs. Elaine A. Menter, Assistant Director to Director of Placement.

Mr. Mannel replaces Professor Nicholas Glaskowsky, who asked to be relieved of administrative duties, but who remains Director of Graduate Programs for the school as well as professor of management and business logistics.

RESIGNATIONS

Assistant Professor Richard Juralewicz to the Worcester Polytechnic Institute, Worcester, Massachusetts.

Assistant Professor Allan L. Pennington to the University of Tennessee.

LEAVES

Professor Delbert C. Hastings, past chairman of the Dept. of Quantitative Analysis, will be on leave this year to serve as an adviser to the government of Saudi Arabia to assist in the development of a national income accounting system under sponsorship of the Ford Foundation.

Professor R. Glen Berryman will carry out research work during this academic year with Touche, Ross, Bailey and Smart.

Associate Professor Charles R. Purdy will devote his sabbatical furlough studying, doing research and writing in the area of accounting and economic analysis.

Professor Edwin H. Lewis, chairman of the Marketing Dept., has returned to the University after spending the past year at the University of Lancaster, England, lecturing in the graduate program in marketing and doing research for a comparative study of British marketing systems.

AWARDS

Two articles by faculty members have been awarded the 1969 NAAI award as two of the four best contributions to the *Journal of Risk and Insurance* for 1968.

They are: "A Note on the Use of Statistics in Rate Determination" by **Gary Andrew** which appeared in the June issue, and "Comparison of Independent and Joint Decision-making for Two Insurance Decisions" by **John Neter** and **C. A. Williams, Jr.** which appeared in the March 1968 issue.

FROM THE FACULTY PEN

Additions to Reprint Series

"*Evaluation and Control of Overseas Operations*" by John J. Mauriel, reprinted from *Management Accounting*, May 1969. (No charge)

Professor Mauriel reports on the nature, scope, and effectiveness of multinational performance evaluation and control systems which he examined in a survey begun in the summer of 1966 of fifteen giant multinational companies whose overseas operations have sales of over \$5 billion.

The survey revealed certain key differences and similarities between domestic and transnational control and performance evaluation systems. The similarities were heavy emphasis on financial controls, heavy use of standard domestic budgeting and financial planning techniques with a small traveling staff typically functioning as an integral part of the system, and the use of the profit or investment center concept with increasing emphasis on return-on-investment as a performance measure.

The differences revealed in the survey are (1) currency differences require a more careful approach to pricing, working capital management, and to selection of funds sources, as well as great care in interpreting the meaning of the overseas

division's balance sheet and earnings statement, (2) the foreign manager may have little control over many important decisions made by the parent company which may seriously affect his operating performance, (3) economic data and historical and industry comparisons are often harder to obtain or occasionally non-existent in the foreign environment, (4) internal performance data for the foreign subsidiary is occasionally difficult to obtain in form desired, and (5) informal communication between foreign division manager and the U.S. home office is less frequent therefore causing greater reliance on the data from the formal system.

"*Some Problems in Empirical Research in Accounting*" by R. K. Mautz and K. Fred Skousen, reprinted from *The Accounting Review*, July, 1969. (No charge)

As empirical studies in accountancy are somewhat rare, the authors believe that their experience in a recent study of financial reporting for diversified companies, and solutions to the problems they encountered might be useful to other researchers and would further a free exchange of experience and opinion beneficial to all.

The authors discuss three major divi-

sions of their work in making the study: (1) obtaining relevant data, including defining the issues, selecting means to obtain relevant data, and applying the research methodology; (2) processing the data and (3) interpreting the results.

They concluded: empirical research of the kind they undertook is "arduous, trying, expensive, and rewarding; the study included far more variables than they were accustomed to work with at one time." They felt that the many "subsidiary issues and contentions made reaching of defensible conclusions very difficult and that fact increased a researchers responsibility to report fully on method and data so that conclusions may be effectively evaluated."

"*The Insurance Problems of Small Business in Economically Poor Areas of the Twin Cities*" by Andrew F. Whitman, reprinted from *The Annals of the Society of C.P.C.U.*, 1968. (No charge)

Evidence has indicated that the problem of obtaining adequate insurance at reasonable rates in urban core areas is critical.

A report by the President's National Advisory Panel on Insurance in Riot-Affected Areas has recognized and documented this problem on a national basis.

(cont'd on page 4)

NEW STUDENT ORIENTATION EMPHASIZES ROLE OF YOUNG

"Two of the most significant challenges are the social responsibilities we have as a corporation and the role young business people in our company play in helping to formulate and execute our social commitments," Norbert Berg, Vice President of Personnel, Control Data Corporation, and a 1958 graduate of the School of Business Administration, told new students at a School of Business Administration orientation session on September 25.

Berg's remarks were part of a four-hour orientation session which included general orientation to the school, its personnel, policies and programs. It heard also from two other recent graduates, one currently enrolled in the graduate program in Management Information Systems, and one an account representative for a large company.

Representatives of student organizations briefed the newcomers on activities and organizations available which open opportunities for valuable experience and personal growth in the special professional interests in their fields. In addition, the Business School Board, an organization representing all regular undergraduates registered in the school, described its role and activities.

Fall quarter undergraduate enrollment on September 25 was 768 of which 352 were new business students. By the end of the quarter the total is likely to go to 950.

Mr. Berg stressed the dependence his company placed on young people, saying, "This is partly because the computer industry is less than twenty years old, but also because we realize that maximum creativity in people occurs early in life. Since it is our philosophy to foster this creativity in all areas of our company, we have young people with great responsibility in research, engineering, manufacturing and general management." Continuing, he noted that older, more experienced managers sought opportunities to provide avenues for younger people that will let their creativity work most effectively.

Mr. Berg went on to underline Control Data's belief that "the most urgent problem facing our nation today is the problem of our underprivileged people living in a poverty environment . . . there really *no longer* can be any debate regarding *obligation*. Business simply *must* take charge and provide the leadership to solve our nation's massive social problems."

One of the major areas in which young people in Control Data have shown some of their finest creativity is in helping design and carry out programs aimed at dis-



Norbert Berg

charging their social responsibilities as a corporation, he emphasized, because much of what college youth and young people generally have been evaluating and vocalizing has been directed at business and the role it plays or does not play in society.

In demonstrating Control Data's acceptance of its social responsibility and commitment, he enumerated five specific projects and described them briefly. They include a manufacturing plant in a very low income area of North Minneapolis, a similar ghetto area plant in Washington, D.C., an electronic sub-assembly plant in a rural poverty town in the Appalachian area, another in the Summit-University area of St. Paul, and a recent announcement of intent to locate an assembly plant on an Indian reservation.

Fundamental to the company decision to move into this area of social action was the fact that the president, William Norris, and other top Control Data executives provided strong leadership, direction and backing; but they looked to and depended upon the young people in the company for the creativity to come up with approaches to the many problems that had to be solved in implementing the decisions.

Berg concluded by impressing the new students that all of the challenges have not been met or overcome; that there was a great deal left for them as they begin their preparation for careers in business; and that he hoped that they would have the same type of opportunity that young business people have in his company.

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Paul V. Grambsch, Dean
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Annual Placement Report

The 1968-69 annual report of placement activities of the School of Business Administration indicates that, based on on-campus recruiting activity, 80% of the Business School graduates obtained employment in Minnesota, and of those reporting by July 1, 1969, 57% of the Masters remained in Minnesota.

The annual placement report has just been issued by Mrs. Elaine Menter, newly promoted from Assistant Director to Director when Charles H. Mannel became Assistant Dean for Administration. The full report may be obtained by request to the School of Business Administration Placement Office.

According to salaries reported, accounting majors salaries increased 12% from 1967-68, while regular business graduates gained 6%. The Business Administration Masters salary average reflects a 6% gain, while the Industrial Relations Masters salaries were up 12% over 1967-68.

To reflect a gradual change in emphasis over the past few years, the office has been renamed "Career Planning and Placement Office." This change acknowledges that the services extend far beyond providing a meeting place for students and employers. They range from referrals for student summer employment to servicing the employment needs of returning servicemen to administering an Accounting Internship Program, in addition to the usual scheduling of employment interviews and referrals.

Data Processing Book

Computer Data Processing by Gordon B. Davis, New York, McGraw-Hill Book Company, 1969.

Programming chapters provide an understanding of what programming is and of the elements which make up computer programming. Other chapters cover concepts and methods for analyzing, designing, and managing computer data processing systems. There are also chapters which emphasize developments such as communications-oriented systems, time sharing, and the impact of the computer on organization and management.

There is coverage of topics frequently ignored in introductory texts. These topics include: control over quality of computer processing, operation and management of the computer installation, evaluating and installing a proposed computer system, data processing service centers, time sharing a remote computer, and data communications.

Prof. Davis' book is available from University of Minnesota Book Store—West Bank branch at \$10.00.

FACULTY REPRINTS

(cont'd from page 2)

That report contains a brief discussion of this problem in the Twin City Area and describes "The Minnesota Core Area Plan." This plan was initiated by the Minnesota State Insurance Department "after extensive newspaper publicity highlighted the unavailability of insurance in the Summit-University area of the Twin Cities."

This paper reports on the study initiated in order to determine the extent and nature of insurance availability and cost problems for small businesses in the Twin City Area. The study indicates that there is no significant problem of insurance availability regarding fire and extended coverage for small businesses in economically poor Twin Cities areas, but problems of availability relating to vandalism, plate glass and crime insurance coverages are evident.

"Methods of Analyzing the Impact of Program Stretchouts" by W. Rudelius, reprinted from *IEEE Transactions on Engineering Management*, February 1969. (No charge)

The increased use of incentive contracts has not eliminated, and may even have increased, the number of changes involved in the procurement of a major aerospace system. One kind of change is the program stretchout that extends the duration of an ongoing program by means of a formal contract change.

The principal causes of program stretchouts and the potential benefits and costs resulting from stretchouts are discussed in this paper. Methods of equitably determining the responsibility and dividing costs for stretchouts between government and contractor are explored. Current methods used to analyze the impact of stretchouts are evaluated and, finally, recommendations for establishing explicit guidelines in fixing responsibility for stretchout costs are set forth.

"Insurer Views on Property and Liability Insurance Rate Regulation" by C. Arthur Williams, Jr., reprinted from the *Journal of Risk and Insurance*, June 1969. (No charge)

This article reports the principal findings of an investigation made in 1967 by the National Association of Insurance Commissioners asking insurers and rating organizations to report their experience in eleven states with different rating laws, and of a 1968 hearing by the NAIC. It also reports insurer positions during the late forties and subsequently.

Briefly, independents and stock bureau insurers now strongly favor no-filing laws. Mutual bureau insurers prefer a state-by-state approach consistent with the total insurance environment. Since the forties there has been a significant shift in all viewpoints toward less restrictive regulation.

"Portfolio Strategies for Bank Holding Companies" by Paul F. Jessup, reprinted from *The Bankers Magazine*, Spring, 1969. (No charge)

Bank holding companies should focus more on dynamic portfolio management the author stresses.

This would represent a major shift in emphasis from the traditional view of bank holding companies as operating systems, a view apparently adopted because of certain historical objectives and experiences of bank holding companies. Ironically, by placing such emphasis on their operating characteristics, holding companies have contributed to a regulatory structure that has impeded their potential growth.

By adopting a portfolio approach, bank holding companies should be able to achieve increased values for their shareholders, without necessarily increasing risks. Such a shift need not detract from the operating aspects of bank holding companies. Indeed, operating advantages may be better achieved by following a flexible portfolio strategy.

By acquiring formerly-inefficient banks in rapidly-growing areas, holding companies can effectively use their operating experience and skills. Not only will shareholders benefit, but the public should benefit from increased competition and from the fact that holding companies can, through time, directly influence the operating characteristics of a broader set of banks.

These reprints may be obtained from the Division of Research, School of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.

Copies are still available of three reports analyzing retailing, wholesaling, and selected services in Minnesota based on the 1963 Census of Business. They may be obtained free of charge by writing the Bureau of Business and Economic Research, School of Business Administration.

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- October 30-31 — Workshop in Employment Interviewing
- November 5-6 — Basic Seminar in Communication and Persuasion
- November 13-14 — Seminar in Industrial Conflict
- November 17-18 — The Management of Information System Projects
- January 21-22 — Methods Improvement Seminar
- February 2-3 — Seminar in Communication and Persuasion for Sales Managers
- March 5-6 — Basic Seminar in Communication and Persuasion (Duluth)
- March 13 — Insight '70
- March 19-20 — Workshop in Employment Interviewing
- April 16-17 — Basic Seminar in Communication and Persuasion (Rochester)
- May 18-19 — Management By Objectives
- May 20 — Seminar in Elements of Human Behavior for Executive Secretaries

For further information write or call

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