



UNIVERSITY OF MINNESOTA

business news

SCHOOL OF BUSINESS ADMINISTRATION
GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

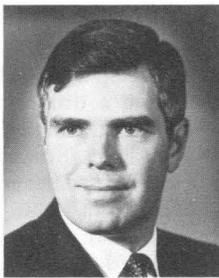
Number 39

University of Minnesota, Minneapolis, Minnesota 55455

February 1972

MacLaury Discusses Phase Two at 18th Alumni Institute

Only a Phase Two 'fizzle' will prevent government controls on the economy from being shortlived, Bruce K. MacLaury, President of the Minneapolis Federal Reserve Bank, stated in his keynote address, *Government and Business—After Phase II*, on November 15 opening the 18th Annual School of Business Alumni Institute at the Radisson Hotel in Minneapolis.



Bruce MacLaury

In MacLaury's view, the administration would have done better to have emphasized substance more and form less right from the outset, but after a faltering start, "we seem to be back on the track," he said. He believes that the President's anti-inflation measures will work.

MacLaury said he saw "no particular reason why the President's new economic policy with its pay boards and price commissions implies a government chair at the bargaining table as a way of life." He stressed that Phase II controls were introduced to deal with a situation just as special in its own way as the earlier wartime circumstances that justified temporary controls and that he believes there is just as much prospect for phasing out Phase II as there was for terminating wartime controls.

Further he claimed that the "chances of success for an interventionist policy may be greater in the present economic circumstances — characterized by the under employment of resources — than during wartime when controls were designed

to keep a lid on an overheated economy."

In discussing the broader question of the role of government in our economic life, he reviewed how that role has changed and is likely to evolve over the coming years. He said that many see increasing government involvement in business decisions, even if not price and wage decisions as such. He agreed that there will be increasing government involvement in business decisions in certain areas such as technological decisions that have impact on pollution, and design decisions that affect auto safety, but it doesn't necessarily follow that government involvement will increase in every area. He went on to cite several areas where government influence was likely to or had already decreased. One example was in international economic policy, where regulation of U.S. capital outflows should recede with the achievement of more realistic exchange rate patterns. Other areas where the prospect for greater freedom for business is considered good are in the traditionally regulated industries, such as railroads, trucking, and including banking.

MacLaury concluded by saying "government and business will remain prickly partners in their economic encounters. In some areas, they are certainly going to become better acquainted, if not better friends, while in other areas they may begin to part company, to the great relief of both."

Following the keynote address, concurrent panel sessions considered various timely subject areas pertaining to economic policy. They were: Corporate Responsibility and the Consumer; Price Pegging Problems: Past, Present and Prospective; Wage Price Freeze: Implications to Business and Labor; Impact of the Investment Credit. The panels were composed of faculty, businessmen, government and labor union officials.

(cont'd on page 2)

Goetz To Speak To Business Students

Jim Goetz, manager of General Television and former Lieutenant Governor, will be the principal speaker at the School of Business annual B-Day banquet on April 13. His topic will be "What Business Has Done For Us."

B-Day culminates a week of special activities joining the Business School, students and the business community planned and sponsored by the Business Board, the student board of the School of Business Administration.



Jim Goetz

Annual Placement Report

The annual report of the School of Business Administration Placement Office indicates that salary offers to Industrial Relations Masters graduates were up 6.3% over the 1969-70 offers, while MBA-MS graduates salary offers reflect only a 1.8% gain. The IR offers range from \$860 to \$1250 with the mean at \$1069. The MBA-MS went from \$825 to \$1300 with the mean at \$1028.

The Regular Bachelors salary offers increased only 1.6%; they ranged from \$515 to \$1000 with a mean salary of \$729. While Bachelors with accounting majors salaries are higher than Regular Bachelors salaries, they increased only .8% from last year.

Women fared even worse than the male Regular Bachelors. Their salary offers saw a decrease, 5% for accounting majors and 11% for Regular Bachelors.

(cont'd on page 2)

18th Alumni Institute

(cont'd from page 1)

James Don Edwards, new Dean of the Graduate School of Business Administration, spoke at the final afternoon session on *Our 53rd Year and Beyond*.

Wheelock Whitney, Chief Executive Officer of Dain, Kalman and Quail, presented the banquet address. His subject was *Board of Directors: Window Dressing?* whose thesis questioned whether boards are fulfilling their legal and moral responsibilities in today's business world. His conclusion—They do not!

Whitney serves on twelve different business boards and bases his observations on his own personal experience over many years and hundreds of board meetings. He concludes that "there is a considerable difference between what directors are supposed to do, how they would really like to function if they could, and their actual performance. This performance gap presents a serious problem and a direct challenge to the American business system." He believes that the problem may be even worse in the years ahead unless steps are taken to reverse the trend.

Mr. Whitney reviewed the moral and legal responsibilities of boards of directors and stated that "something needs to be done about these legal requirements and duties. They are impossible to live up to, or to put it another way, every director I know of, myself included, is breaking the letter of the law. It is virtually impossible, not to mention unwise, for an outside director to even attempt to 'manage' the business of a corporation other than his own."

He stressed that it was his "conviction that a vast majority of directors today are not able to—or don't—carry out even these minimal responsibilities." It is his view that it isn't because they don't want to, but there are mitigating circumstances, mostly the built-in conflicts engendered by the selection process. The biggest conflict is time. It is nearly impossible for outside directors who are extremely busy men and women, who are running their own business and who give more and more time to social concerns to give the time necessary to be effective adjuncts to management and to serve the interests of the stockholders. "Generally speaking, they are people of ability with the capacity to exercise good judgement; but time pressures, personal relationships with management, and limited access to information, prevents them from being the true agency of accountability to the owners of the business."

In addition to the problems of effectiveness, Whitney laid heavy emphasis on

another dilemma, that of the increasing demand for directors and the shrinking supply. In the past twenty years, the number of corporations chartered grew



Wheelock Whitney

from 600,000 to 1,600,000 nationwide and from 10,000 to 26,000 in the state. He thinks the conflicts of interest, time pressures, and the legal implications are all making many individuals and companies shy away from making board of director commitments.

Mr. Whitney's recommendation for increasing the supply of directors and for making them more effective is for the School of Business to "develop a program that would graduate public or professional directors." He thinks such a program would attract many seasoned businessmen who want a change in career, as well as young people who are undecided on a particular business field to enter.

While not discounting the difficulty of selling such a concept to business, he thinks there is ample evidence that the need for reform is recognized and that "some enlightened businessmen would surely take advantage of this newly created supply of outside directors." Further, he believes that shareholders would welcome such an innovation, being generally skeptical of directors as they function today. He thinks they may even demand that management include several of this type of director on its board.

Whitney concluded, "I am really enthusiastic about this concept. My observations of outside directors and how they perform convinces me that reform is long over-due. This concept has a little in it for everyone involved. Business schools, by necessity, must find new career opportunities for their graduates. Management literally needs help. Outside directors feel uncomfortable because they know they are not doing the job they really should. Shareholders want broader participation on corporate boards. This is a unique opportunity for the business community and the academic community to join hands in working toward the solution of a serious problem for American business."

The annual Alumni Institute Proceedings are available at no charge upon request to the Research Division of the School of Business Administration, University of Minnesota, Minneapolis, Minn. 55455.

Minnesota Executive Program Graduates First Class

On Feb. 11, the first Minnesota Executive Program class will receive certificates from President Malcolm Moos at a graduation banquet at the Radisson South.

Applications are now being accepted from corporate officers for the 6-week series to begin next Fall.

PLACEMENT REPORT

(cont'd from page 1)

Their salaries ranged from \$758 to \$800 with a \$779 mean for accounting majors. Regular Bachelors ranged from \$600 to \$700 with a \$651 mean. The sample is so small (five in all) that its validity might be questioned; however, in 1969-70 women's salaries increased 9% with a sample of six.

The percentage of 1970-71 graduates employed within the State went up in every category except for Bachelors with accounting majors where it went down 2% from 1969-70.

The Report concludes that "this year has been a difficult year for graduating college students at both the Bachelor and Master level. Students have needed persistence and determination to find a job, especially in their chosen fields. With hiring drastically reduced, the Placement Office had 31% of its interviewing schedules cancelled. Representatives from 266 companies arranged for 378 separate interview schedules. In 1969-70 there were 470 schedules. There were 377 students registered with the Placement Office in 1970-71, and 428 in 1969-70.

While the numbers of jobs are smaller, roughly the same percentage found jobs either through the Placement Office interview or contact or on their own as last year—57%. More found jobs on their own this year than last, 17% contrasted to 10%, though generally, the jobs graduates found themselves paid somewhat less than those secured through Placement Office interview or contact.

Accounting was again the area of greatest demand. Almost every employer who recruited this year listed accounting openings. Sales positions in almost every field offered more openings than any other area outside of accounting.

Copies of the full Annual Placement Report may be obtained by request to the Placement Office, School of Business Administration, University of Minnesota, Minneapolis, Minn. 55455.

CONSULTATIVE COUNCIL

new members named



Dixon



MacLaury



Morrison



Phillips



Wilkie

Five new members have been added to the three and one-half-year-old Consultative Council of the Graduate School of Business Administration. They bring the membership to twenty-two:

George H. Dixon, President, First National Bank of Minneapolis

Bruce K. MacLaury, President, Federal Reserve Bank of Minneapolis

John W. Morrison, Vice President of Finance and Treasurer, Honeywell

Wm. G. Phillips, President, International Multifoods

James W. Wilkie, President, Continental Machines

Dean James Don Edwards said the new members are welcomed by the School and expressed appreciation for their willingness to join in the mission of the Council and the School. Members of the Council are named by the University president upon recommendation of the dean.

The Council met at the School on October 18, its first meeting with the new dean of the School. It heard a discussion of the long range plan of the School, re-

viewed by Professor A. K. Wickesberg, Chairman of the Long Range Planning Committee, the MBA degree program, and how the School relates to the business community through the Management Education Program and the Minnesota Executive Program.

Leonard Murray, President, Soo Line Railroad Company, is Chairman of the Council, an advisory body created in 1968. The first chairman of the Council was Hugh Galusha, President of the Federal Reserve Bank of Minneapolis, who died early in 1971.

Faculty News — service —

James Don Edwards, Dean, and Professors Paul V. Grambsch and Herbert J. Heneman, Jr., have been invited and will attend the White House Conference on the Industrial World Ahead on February 7-9 in Washington, D.C. This is the first White House Conference of its type.

Secretary of Commerce Maurice H. Stans and Secretary of Labor James D. Hodgson are conference co-chairmen. The invitation list is composed of national leaders in the various fields related to the private enterprise system.

The primary objective of the three-day conference is to shed new light on the challenges and opportunities for enhancing our private enterprise system and to provide new insight on how the Nation can best meet these challenges for present and future generations.

George Seltzer, Professor of Industrial Relations and Economics, has been named to two leadership posts in the manpower policy area. The Secretary of Labor has designated him as Vice Chairman of the Federal North Central Regional Manpower Advisory Committee. Governor Wendell Anderson has appointed him Chairman of the State Manpower Services Advisory Council.

Paul V. Grambsch, Professor of Management, and former dean of the School, has been named chairman of the Federal Home Loan Bank of Des Moines Board of Directors. He was appointed to the board last June. The bank is one of twelve regional banks in the country, and serves the capital needs of the 298 savings institutions in the five-state area.

George W. England, Professor of Industrial Relations, has been appointed to the United States Advisory Committee of the International Comparative Study on "The Impact of Automation."

The national advisory committee is composed of representatives from management, labor, and a panel of inter-university, multi-disciplinary scholars of national distinction. It will meet at least once a year to discuss the research designs and the most effective ways of implementing them in the United States. On occasion, members of the committee will attend the international conferences. The research team for the automation study project is composed of representatives from management, labor, and university specialists from the Universities of Hawaii and Pennsylvania.

Faculty News Leave Report

— Saudi Arabia —

Professor Delbert C. Hastings of the Department of Management Sciences, on leave from the University of Minnesota School of Business Administration from mid-June 1969 to mid-December 1970, served as adviser to the government of the Kingdom of Saudi Arabia. His work in Saudi Arabia was under the sponsorship of the Ford Foundation, the organization which had also sponsored his earlier trip to the Middle East when he spent a year (1964-65) as adviser to the government of the Hashemite Kingdom of Jordan.

In Saudi Arabia, Professor Hastings worked with the Ministry of Finance and National Economy, assisting in the design and installation of a system of National Income Accounting. Most countries of the world have found such economic data systems desirable, to keep track of changes in the level of production and income in total and in industrial subsectors of the country. Saudi Arabia, which is in the process of modernizing its governmental structure, had found the need for such a system, with motivation arising largely at this juncture from the efforts of their Central Planning Organization to formulate a five-year plan for the country.

(cont'd on page 4)

Leave Report

(cont'd from page 3)

Owing to the early stage of development of the country's governmental and economic institutions, however, there is little statistical data available, and the systems for collecting data concerning the economy are either rudimentary or completely lacking. As in many such countries, individuals and business firms consider inquiries necessary to produce data with some suspicion if not downright distrust. Hence, one of the difficult tasks faced by Professor Hastings was that of designing, setting up and operating systems to obtain the needed information while still fitting within the nation's cultural pattern.

This endeavor was assisted by several fortunate circumstances. First, within the government of Saudi Arabia are a number of Saudis who have been educated in the United States or in western Europe and who are familiar with both the national income accounting system and with the data needs of such a system. These people were of immeasurable assistance in the task.

Second, as is commonly known, the major part of production in Saudi Arabia arises from crude oil and its refining, by the Arabian-American Oil Company (ARAMCO) and by two smaller oil operators. These firms were in good position to provide needed information concerning their operations.

Third, there are in Saudi Arabia a rather large number of foreign advisers from the United Nations, and contract advisers and advising organizations from the United States and western Europe. In addition numerous foreign contractors are building roads and streets, making feasibility studies, constructing factories, and similar activities. These organizations and advisers were in position to provide both data and advice on their activities, and contributed research studies giving background information on critical parts of the economy.

Finally, several Saudi government offices and agencies had also performed basic studies of the economy and were able to contribute the results of their activities.

Despite all these advisers and materials, however, there were large gaps in data availability, and there was the need to set up and operate the data collection systems, processing the data on its arrival and performing the computations and estimations necessary to provide the rather large body of numerical results.

The published results appeared as a publication of the Government of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, under the title, *The Gross Domestic Product of Saudi Arabia*.

— Tunisia —

Robert Zimmer, Associate Professor of Accounting and Management Information Systems, has returned to the University of Minnesota after spending the 1970-71 academic year on leave of absence. While on leave, Professor Zimmer, working through the University of Illinois and the U. S. Agency for International Development, assisted in the development of the University of Tunis' (Graduate School of Business) Institut Superieur de Affaires. Abdellaref Khemakhem, who was at the SBA in 1966-67 as visiting assistant professor, is the Dean of the Institut.

The Institut Superieur de Affaires accepts graduate students only from Tunisia, Algeria, and Morocco. The program has been modelled after the typical M.B.A. program in the United States except with a heavy emphasis in Management Information Systems and Quantitative Analysis. The Institut is also responsible for conducting more than 20 one-week executive training programs.

While at the Institut, Professor Zimmer was the department chairman for Management Accounting and Quantitative Analysis. He developed a number of courses in both areas, was in charge of all the teaching in the departments, developed and conducted two one-week executive seminars, wrote a number of articles for the professional journals in these three countries and acted as a consultant to one of the major firms in Tunisia.

Professor Zimmer reports that obtaining a fluency in French at his age is a very difficult task and one in which he admits failure. He feels that overall the experience was very worthwhile professionally and personally. He and his family enjoyed Tunisia very much and especially enjoyed the Tunisians.

During his leave of absence, he visited Denmark, Sweden, Germany, Switzerland, France, Italy, and Austria as well as travelling throughout Tunisia.

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James Don Edwards, Dean

Mary Louise Hill, Editor

Faculty Publications

"Development and Use of Weighted Application Blanks" (revised edition) by George W. England. Bulletin 55, Industrial Relations Center, University of Minnesota, 1971.

The revised edition of this book attempts to provide a systematic and current treatment of the development and use of weighted application blanks. Special emphasis is devoted to the procedural steps in developing "weights" for the application blank and to important considerations concerning its use. This joint emphasis results in viewing the end product of weighted application blanks as a contributing factor to staffing decisions, rather than as an isolated technique.

The author has presented the material in step-by-step methods which have been found successful in developing weights for an application blank in order that it may serve as a practical guide to persons who may wish to develop similar weights applicable to their specific local situations. To illustrate the details of the method, an actual study is presented in part.

This bulletin is available free of charge upon request to the Industrial Relations Center, University of Minnesota, Minneapolis, Minn. 55455.

"Accounting: A Programmed Text" by James Don Edwards, Roger H. Hermanson and R. F. Salmonson, Special Edition prepared for the Building Owners and Managers Institute International, Inc. (BOMI), published by Richard D. Irwin, Inc., Homewood, Ill. 1970.

This special edition of *Accounting: A Programmed Text* has been prepared for students of the Building Owners and Managers Institute's course in Accounting and Financial Concepts and is comprised of those chapters from Volumes 1 and 2 of the 1970 (revised) edition of *Accounting: A Programmed Text* by Edwards, Hermanson and Salmonson needed to meet BOMI course requirements.

This text provides the student with knowledge of the functions of financial and management accounting and of the uses and limitations of accounting information. Such knowledge also serves as a foundation for more advanced work. The text also can be studied profitably by students from all disciplines who seek to become informed members of a society in which accounting plays an ever more important role. The authors have attempted to blend some of the modern aspects of management accounting with the more traditional aspects of financial reporting and data accumulation. They have sought to make the text more interesting and useful, especially to students not majoring in accounting, by emphasizing the uses of accounting information and de-emphasizing procedures, although some knowledge of the latter is essential to any real understanding of accounting.

From the Faculty Pen

Additions to Reprint Series

"Acceptability of Three Normative Methods in Insurance Decision Making" by John Neter and C. Arthur Williams, Jr., reprinted by *The Journal of Risk and Insurance*, Sept. 1971. (No charge)

The expected utility method has been widely suggested for making decisions under uncertainty. This paper describes an experiment designed to determine the relative acceptability of the expected utility method and of two other normative methods (the worry and comparison methods) to practicing insurance agents and risk managers in deciding how much insurance to buy.

It was found that the subjects ranked the comparison method first in terms of acceptability, the worry method second, and the expected utility method third. When the subjects rated the methods according to five specified criteria — confidence in the results, understanding of the method, simplicity, ability to explain, and ease of application — the results were basically the same as their usefulness-on-balance ratings.

The subjects considered confidence in the results and understanding the method to be most important in determining a method's usefulness on balance. None of the several personality and demographic characteristics of the subjects considered showed any clear association with the different ratings of the methods. The utility method usually led to the purchase of no insurance while the other two methods suggested complete insurance with or without a deductible. The best acts according to the comparison and worry methods were quite consistent with the subjects' actual preferred acts.

"Open Competition Rating: The Consumer and the Educator Viewpoint" by C. Arthur Williams, Jr., reprinted from *The Proceedings of the Casualty Actuarial Society*, May 1970.

"Open competition" rating laws include all rate regulatory laws that prohibit agreements among insurers (except those under common control) and rating organizations to adhere to certain rates or rules.

In early 1970 eleven states had such laws. In varying degrees these laws assign a greater role to competition in the determination of insurance price levels and price structures than other rate regulatory laws and involve the state insurance department less directly in rate-making.

In this article, Dr. Williams briefly reviews the variances in the eleven state laws, then outlines what the consumer

does and should expect from open competition laws, what government and society expects, and the conflicts that appear in the goals and expectations of the consumer, the regulator, the insurer, and society.

The article concludes by detailing the interests, obligations and role of the educator in the development of laws through research, study and evaluation. Open competition laws because they open new areas for study and research should, the author believes, increase interactions between educators and the other three groups involved, insurers, consumers and regulators.

"Experimental Study of Industrial Buyer Behavior" by Richard N. Cardozo and James W. Cagley, reprinted from *Journal of Marketing Research*, Aug. 1971. (No charge)

The purpose of this research was to investigate how industrial purchasers choose suppliers and to specify characteristics of suppliers and bids selected in particular situations by particular types of procurement managers. The article describes a buying game used in studying the industrial buying process in controlled experiments.

The industrial purchasers who played the buying game held clear preferences for types of bidders and bids, responded to the amount and type of risk in the purchase situations, and exhibited identifiable behavior patterns which could form bases for segmenting industrial markets.

Results from this study suggest that it may be possible to segment industrial markets on the bases of: (1) the strategy used by individual buyers to solicit and evaluate bids in particular purchase situations, (2) the preference patterns which individual buyers hold consistently for certain types of bids across a variety of purchase situations, and (3) the size of the buying firm, the position within the firm of the particular buyer responsible, and the personal background of individual buyers.

"The Economic Advantage of the Optimum Depreciation Procedure" by Robert K. Zimmer and Jack Gray, reprinted from *Decision Sciences*, Vol. I 1970. (No charge)

The purpose of the research was to determine the economic advantage of the accelerated depreciation procedures allowed by Revenue Procedure 67-40. This income tax procedure allows relatively free choice of depreciation method at any point in the asset's life. This choice affects two decisions. First, the decision

to acquire a particular asset and second, if acquired, the depreciation method to be used for income tax purposes.

A deterministic computer simulation was used to calculate the economic advantage of the new optimum procedure compared to the sum-of-the-years-digits method. The economic advantage is measured by the present worth of the depreciation tax shield. The independent variables are cost of capital, economic life, estimated salvage value, and income tax rate.

The results of the simulation show that the added economic advantage of the new optimum depreciation procedure is small and is unlikely, in practical situations, to change the acquisition decision. The desirability of the new procedure for income tax purposes if the asset is acquired is less clear because the costs of using the new procedure are difficult to measure.

"Controllershship Obsolescence: Fact or Fiction" by K. Fred Skousen and Robert K. Zimmer. Reprinted from *Management Accounting*, June 1970. (No charge)

The purpose of this article is to report some of the results of a survey conducted among a limited number of controllers. While the sample is small and geographically limited, questions raised by this survey seem worthy of further study.

A primary objective of the survey was to probe, empirically, the extent of use in practice of certain modern tools and techniques currently taught in managerial accounting courses at the university level. The intention was to provide some indication of the correlation, or lack thereof, between procedures used in practice and those emphasized in the classroom.

Data obtained in the survey indicate that a degree of disparity does exist between certain managerial tools and techniques taught at the university and those used in practice. Despite some differences of emphasis, however, most of the controllers interviewed have some knowledge of many of the so-called modern managerial tools. Even more importantly, such knowledge is generally obtained by reading articles, attending training sessions, or by other means of self-study, indicating that controllers are aware of the dangers of obsolescence and are trying to keep pace with modern developments.

The reprints may be obtained at no charge from the Division of Research, School of Business Administration, University of Minnesota, Minneapolis, Minn. 55455.

CONTINUING BUSINESS EDUCATION - WINTER 1972

COMMUNICATION CLINICS

Jan. 6, 13, 20, 27 Curtis Hotel

Four two-hour sessions

COMMUNICATION AND PERSUASION—BASIC

Jan. 18 and 19 at Nolte Center for Continuing Education

A two-day seminar

For managers and others who have need for improving communication skills.

INTERPERSONAL AND LEADERSHIP SKILLS

Jan. 16-19 at Arrowwood Lodge, Alexandria

and/or

Feb. 27-March 1 at Kings House, Buffalo

For practicing managers in public and private organizations responsible for influencing the behavior of assigned people toward predetermined goals.

METHODS IMPROVEMENT SEMINAR

Feb. 2 and 3 at Nolte Center for Continuing Education

For production supervisors, methods engineers and methods analysts.

COMPENSATION ADMINISTRATION SEMINAR

Feb. 16, 17, 18 at Hyatt Lodge in Minneapolis

For those who must design total, integrated compensation systems in settings such as a business organization, the government, hospitals and nursing homes and educational institutions of any type and size.

CAPITAL EXPENDITURE ANALYSIS

Feb. 15-18 at Kings House, Buffalo.

Mar. 28 at local hotel facility.

For line or staff managers who make or have a major influence on the decisions to invest in major capital projects.

For further information call or write:

John J. Mauriel, Jr., Director of Continuing Business Education, 334C Business Administration Building, University of Minnesota, Minneapolis, Minn. 55455. 612/373-3680.

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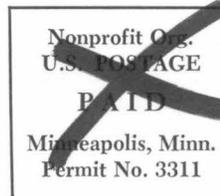
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UNIVERSITY OF MINNESOTA

business news

COLLEGE OF BUSINESS ADMINISTRATION
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Number 40

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August 1972

WILLIAMS NAMED DEAN

C. Arthur Williams, Jr., has been named dean of the College of Business Administration to succeed James Don Edwards, who resigned after serving a year.

Williams has been on the Minnesota faculty since 1952 when he joined the University as an assistant professor in economics and insurance. He was associate dean of the college this past year and served as acting dean during 1970-71 following the resignation of Paul Grambsch, who returned to teaching. Professor Williams holds Bachelor's, Master's and Ph.D. degrees from Columbia University.

"Dean Williams has an outstanding record and nationwide recognition as a scholar, is highly regarded by members of the faculty, and has a solid and growing base of respect in the business and financial community," according to Walter W. Heller, Regents' Professor of Economics and chairman of the search committee to find a new dean. Heller said the committee considered 166 applicants for the position.

Faculty members of the dean search committee were Herbert G. Heneman, Jr., Professor and Chairman of Industrial Relations, John Neter, Professor of Management Sciences, John Simmons, Associate Professor of Accounting, Lillian Werner, Lecturer in Marketing, and Albert K. Wickesberg, Professor and Chairman of Management. Student members were Richard K. Pogin, undergraduate representative and Kjell Knudsen, graduate student representative. A committee of businessmen, alumni and Regents also consulted with the search committee regarding the dean selection.

Edwards' resignation came in February when he expressed disappointment and disillusionment with the University-wide retrenchment and reallocation in his first year and said he was quitting because of funding limitations on the school and failure of the University to



C. A. Williams, Jr.

give high priority to the College of Business Administration programs. Edwards will join the University of Georgia faculty as a professor of accounting beginning fall quarter. He taught accounting for some twenty years at Michigan State University and served as chairman of the accounting and financial administration department before coming to Minnesota.

Consultative council endorses program

The Consultative Council of the College of Business Administration chaired by Leonard Murray, President of the Soo Line Railroad, met on April 25 at the College and adopted a resolution endorsing the proposed program for the College after hearing the program reviewed by a faculty committee.

The committee composed of Associate Dean C. Arthur Williams, Jr., Professors Mario Bognanno, Thomas Hoffmann, and Albert Wickesberg discussed the present program and proposed changes for the Council, a body of Minnesota

(cont'd on page 5)

Annual business week held

Jim Goetz, former Lieutenant Governor and manager of General Television, gave the principal address at the College of Business Administration annual B Day Banquet on April 13, which culminated a week of activities sponsored by the College of Business Administration and the Business Board of the College.

Business Week is an annual activity whose purpose is to reach out into the business community and into the larger student body. Events this year ranged from the annual Intercollegiate Management Games to the B Day roundtable discussions and banquet with Twin City area businessmen.

On Friday, April 7 the College played host to the third Invitational Management Games with local and state colleges. On Monday, April 10, a coffee hour with local businessmen involved in various areas of sales and sales management was scheduled. Tuesday, April 11, faculty and students met for an informal coffee-dessert hour. The Best Ads of 1971 were shown on film on Wednesday, April 12, then a chartered bus took students and faculty for a tour of Hamm's Brewery.

B Day, Thursday, April 13, began with a coffee hour with B Day company representatives in Coffman Memorial Union. Following the coffee hour, roundtable discussions were held with business executives whose companies help sponsor the B Day Banquet and activities. The banquet was held at noon in the Coffman ballroom with business students and faculty sitting with company sponsors. Jim Goetz gave the keynote address.

Two awards made annually at the B Day Banquet went to C. Arthur Williams, Jr., Associate Dean, and Henry Brown of the Pillsbury Company. Professor Williams received the Distinguished Faculty Award for outstanding contributions to the school and its stu-

(cont'd on page 5)

Long time faculty member retires

At a faculty-staff coffee party on June 2, the College of Business Administration honored its departing dean, James Don Edwards, and paid tribute to long-time faculty member, Edmund A. Nightingale, who is retiring.

Other tributes paid to Nightingale included a dinner in his honor by the Traffic Clubs and Interstate Commerce Commission Practitioners, one by Alpha Kappa Psi, national professional business fraternity, special tributes at the annual Alumni-Faculty Dinner, the annual B. Day banquet and the annual Beta Gamma Sigma banquet.

Professor Nightingale has taught at the University since 1935 while he was working for his Masters degree. He also received his undergraduate degree and Ph.D. from the University of Minnesota. He became a full professor in 1952.

Nightingale has been associated with Beta Gamma Sigma since 1933 when he was initiated into it during the senior year of his undergraduate career. He has served the group as adviser, secretary and treasurer since 1940. Beta Gamma Sigma is the official honor society of the American Association of Collegiate Schools of Business.

Professor Nightingale has a long history of personal involvement in governmental and professional activities related to his specialty of transportation. Beginning in 1941 when he served as a consultant to the Minnesota Resources Commission and the Iron Range Resources



Nightingale

Commission, he has continuously served government and the public in his chosen field. He still serves as chairman of the Committee on Education for Practice on the Association of Interstate Commerce Commission Practitioners and represents the Governor of Minnesota on the Mid-America Governors' Transportation Council. He has served as consultant to the Minnesota Legislative Interim Commission to study the Railroad and Warehouse Commission, the Minnesota Public Service Commission, and the U.S. Department of Transportation.

Professor Nightingale has received many personal awards because of his expertise and leadership in his field. In addition, he has been a co-author of several books: *Aviation in Minnesota*, 1952; *Foreign Trade Via the St. Lawrence Seaway*, 1965; and *Transportation Problems and Policy in the Trans-Missouri West*, 1967. He continues to contribute to several professional journals in the fields of economics, taxation and transportation.

Distinguished lecturers heard

A Distinguished Lecturer Series was sponsored by the College of Business Administration during Spring Quarter featuring specialists in various business areas.

N. M. Bedford, Weldon Powell Professor of Accounting, University of Illinois, Urbana, presented a seminar on "An Operational View of Accounting Disclosures." Professor Bedford is former president of the American Accounting Association.

Professor Jagdish Sheth, College of Commerce and Business Administration, University of Illinois, spoke on "Multivariate Perceptual Mapping: A Comparison of Factor Analysis, Discriminant Analysis and Nonmetric Scaling" during the Marketing Department's Seminar offerings, as well as Professor Douglas Tigert, School of Business Administration, University of Toronto, who presented "The Effect of a Price War on Supermarket Share of Market in Toronto."

The Finance and Insurance Department presented three seminars: Professor J. Peter Williamson, Dartmouth College, spoke on "Setting Objectives and Measuring Performance of Investment Funds," C. Robert Carlson, Assistant Professor of Finance, University of Michigan, "Clarification of the Reinvestment Assumption: The Discounted Cash Flow Techniques," Professor Alden C. Olson, Michigan State University, "The Art of Investing: Can It Be Taught?"

The Management Sciences Department presented William H. Cooper, Dean of the School of Urban and Public Affairs, Carnegie-Mellon University, in "Measuring, Monitoring, Modeling—The Quality of Life," and Dr. David P. Baron, Northwestern University, in "Mathematical Programming under Uncertainty."

Manpower research and development was the subject discussed by Dr. Howard Rosen, Director, Office of Research and Development, U.S. Dept. of Labor in a seminar sponsored by the Industrial Relations Dept.

tioner is staggering. Users are spending billions of dollars and receiving surprisingly little identifiable benefits. In the face of these complex problems our study may seem quite small. We felt, however, that we are gaining knowledge and insight into basic 'causal' relationships in the information system/user/problem interface that could produce substantial improvement and savings in the MIS analysis and design practice."

Research contract renewed – "mis effectiveness"

The Management Information Systems Research Center (MISRC) has had its research contract renewed by the Office of Naval Research (ONR) for 1972-73 for \$35,000. Principal investigators are faculty members N. L. Chervany, G. W. Dickson and R. F. Sauter.

The objective of the project is to improve the effectiveness of management information systems by better understanding the interaction between the nature of the design features of the information systems, the type of decision problem being supported, and the characteristics of the system users. The results of this type of research should be of importance to all types of organizations (governmental, non-profit, and corporate) which expend large sums to develop improved systems for command and control.

During the past two years, MISRC personnel working with ONR support have designed and conducted three ex-

periments. Results to date indicate the quality of operations management decision making effectiveness is related directly to several information systems characteristics supporting the decision making (e.g., extent of summarization of the data given to managers).

The research results suggest that the experimental environment used in the research be widened. The investigators propose to expand the research into other planning and control problems. In particular, they plan to study the use of information systems in "one-time" planning decisions (e.g., capital expenditure decisions). They feel that this type of research should be particularly relevant for any organization that devotes substantial resources to the development of large scale projects.

Evaluating their project (both past and future work), Professor Chervany feels that "the totality of information systems design problems facing the practi-

From the Faculty Pen

Additions to Reprint Series

"New Product Decisions by Marketing Executives: A Computer-controlled Experiment" by Richard N. Cardozo, Ivan Ross and William Rudelius, reprinted from *Journal of Marketing*, Jan. 1972. (No charge)

This article describes a computer-controlled experiment in which marketing managers and researchers from consumer products firms were given an actual new product situation and were asked to decide whether or not to introduce the product.

The results of this experiment provide insights into (1) the kind of information executives desire for making new product decisions, and (2) how they buy and process information to estimate sales and profits on a new product to make a "go" or "no-go" decision. The results have implications for improving marketing decision making and for recognizing potential conflicts between what marketing managers and marketing researchers consider relevant information for a particular decision.

"Analyzing State Tourism: A Case Study of the Midwest" by William Rudelius, Allan L. Pennington, Ivan Ross, reprinted from *Journal of Leisure Research*, Fall, 1971. (No charge)

This paper attempts to outline practical research a state may use to identify its prospective vacation market and to shape its tourist offerings, information, and advertising to the market's needs. In the past, state tourism studies have often emphasized interviews of in-state tourists, thereby obtaining no information on weaknesses of the state's vacation offerings as perceived by tourists who chose to vacation elsewhere. A sampling method used in this study, a regional mail panel of families in the twelve Midwestern states, permits an analysis of these vacationers, which enables a state to assess its weaknesses more precisely.

Alternative methods of collecting tourist information are identified, and the methods used in this research are described. Detailed information is provided about the vacation destinations of Midwestern tourists. Feasible actions available to Minnesota—the sponsoring state—resulting from the research are identified. Suggestions are made to supple-

ment existing survey research on tourism questions with field experiments and benefit-cost studies.

"Sterling-Dollar Forward Exchange Rates" by Roger B. Upson and James Fisher, reprinted from *ABACUS, A Journal of Accounting and Business Studies*, December 1971. (No charge)

This paper reports on an investigation into certain statistical properties of sterling-dollar forward exchange rates, as revealed by the use of runs tests. The tests are applied to data for 1961-67, and a concluding commentary relates the results to balance of payments crises and official intervention in the forward exchange market. Non-parametric tests were employed to examine the applicability of the random walk hypothesis to dollar-pound 90-day forward exchange rates.

The authors conclude that for the period as a whole the data are consistent with the random walk hypothesis; for specified sub-periods there are a few departures from randomness at varying levels of significance. There does not appear to be any clear relationship between official intervention in the forward exchange market, balance of payments crisis, and randomness or non-randomness in exchange rate changes.

"The Myth of the Historical Cost Model" by James Don Edwards, reprinted from *Dr. Scott Memorial Lectures in Accountancy*, School of Business and Public Administration, University of Missouri, 1971. (No charge)

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C. A. Williams, Jr., Dean

Mary Louise Hill, Editor

In this lecture Dean Edwards reviews the use of "historical cost" and the issues surrounding its acceptance and use by accountants. Historical costs, he states, can only meet the first of the three criteria (objective, realistic and relevant), it is objective. Historical cost represents the economic sacrifice for an asset at the time of acquisition. It is factual and verifiable. It is both realistic and relevant at that time. But historical cost is neither realistic nor relevant when it differs significantly from current value. The value of an asset normally changes over time to reflect the changes in the value of money, technology, taste, and the supply and demand of goods. The cost of an asset acquired long ago seldom resembles its current value. Thus, historical cost is not realistic because it does not reflect the real current value of the asset; it is not relevant because it represents some out-of-date data which can hardly be used for business decisions.

Edwards concludes, "accountants must realize the plain fact that users of financial statements are entitled to have relevant and useful information concerning the impact of current economic and operating conditions on their corporation's financial position. . . . The urgent and important task facing the accountant should not be whether to change the historical concept but how fast to change it before significant and costly damage is done to accounting as a profession."

The reprints may be obtained upon request at no charge from the Division of Research, College of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.

"The Changing Dimensions of Field Selling" by Edwin H. Lewis, *Working Paper No. 2, School of Business Administration*, University of Minnesota, 1972. (No charge)

Professor Lewis interviewed sales and marketing executives of thirty manufacturing companies to determine the current needs and problems in sales organizations. This paper reports on the survey conducted during the summer of 1970.

Always dynamic, manufacturers' sales organizations have been subject to accelerating change during recent years. Higher selling costs per call, greater sophistication of buyers—itsself the result of better training and education and more help from the computer—and better sales management have brought about major changes in the utilization of personal selling as a component of the marketing mix.

The results of the survey indicated no reduction in the importance of the personal selling function, as some trade-

More From the Faculty Pen

paper articles have implied, but rather a significant upgrading of personal selling and, consequently, of the caliber of salesmen employed.

The author concludes "it was abundantly clear from the study that personal selling remains a major part of the promotional mix of most manufacturers. The shifts which are occurring involve an upgrading of the function not a displacement of it. Product innovation, the opening of new markets, the greater sophistication of buyers, and the growing need for more service all place greater demands on the sales organization. The question is not whether the sales function can in some way be limited but rather how the efficiency of the field sales force can be increased. This is the challenge to management for the 1970's."

"The Twin Cities Wholesaler: Growing in Sophistication" by Edwin H. Lewis, *Working Paper No. 3, School of Business Administration, University of Minnesota, 1972.* (No charge)

This paper is based on research conducted during the past summer including interviews with 40 Twin Cities merchant wholesalers in a wide variety of commodity fields.

The metropolitan area of the Twin Cities, the largest wholesale trade center between Chicago and the West Coast, ranks eighth in wholesale sales in the nation. Some 2,100 merchant-wholesalers with sales of \$3.7 billion were located in the metropolitan area in 1967, the year of the most recent business census. During the post-World War II period, the number of merchant-wholesale establishments in the metropolitan area increased nearly 50 percent while sales more than doubled (139 percent). This post-war increase in sales is the third highest among the top wholesale centers in the country.

The largest increases occurred in furniture and home-furnishings, where sales increased five fold; the smallest increases occurred in piece goods and apparel, and agricultural raw materials. In addition to the growth, major shifts in area growth patterns have occurred. In 1948, there were only 19 wholesalers located in Hennepin County outside Minneapolis. In 1967, there were 436, nearly one-third of the total in the county. To a lesser degree the same thing has happened in Ramsey County.

Other changes, shifts and developments covered in the study include

growth of wholesaling in secondary centers, specialization by product line and type of customer, growth of electronics wholesaling, and use of computers.

"An Empirical Determination of the Discount Rate for Hospitals" by Gavin L. Collins, *Working Paper No. 4, School of Business Administration, University of Minnesota, 1972.* (No charge)

The purpose of this paper is twofold. First it explains the intuitive significance of the market rate of interest and why the market rate of interest is appropriate for evaluating capital-expenditure projects regardless if the sponsor is a profit-seeking or a nonprofit-seeking firm. Second, the paper presents a matching technique, as well as results from its use, for determining the rate of cost on money-capital hospitals in Iowa would have been required to pay at the end of 1968 if they had gone to the free market for money-capital instead of to nonmarket sources.

The study of empirical costs of capital is directed primarily towards hospitals in Iowa, and the data are for December 31, 1968. The methodology as well as the results should be useful to any other nonprofit-seeking institution capable of establishing its risk-class, as well as to profit-seeking firms needing an alternative technique for corroborating the costs of capital already being used for capital-expenditure decisions.

Results of the study should be used in view of three limitations. First, the figures apply to the State of Iowa. Hopefully, figures for other states are similar. Second, the figures are for the end of 1968, and costs of capital can be expected to change over time. Finally, the sample is small. Thus, only the range within which costs of capital might fall are suggested. In view of these three caveats, costs of capital for hospitals in Iowa were predicted between 10.84 and 13.96 percent if each hospital in the state is considered an independent unit for capital-expenditure planning purposes. Costs of capital predicted were between 8.58 and 9.44 percent if all hospitals within each planning region are considered a combined "firm" for planning purposes.

Working papers No. 2, 3, and 4 may be obtained at no charge upon request from the Division of Research, College of Business Administration, University of Minnesota, Minneapolis, Minn. 55455.

Faculty Publications

"Guide for Public Employment Labor Relations" by Cyrus Smythe, Jr. *League of Minnesota Municipalities, Municipal Reference Bureau, University of Minnesota, Minneapolis, Minn. 55414, 1972.*

This booklet is a compilation of the articles written by Professor Smythe, for his column in MINNESOTA MUNICIPALITIES in his role as consultant to the League of Minnesota Municipalities.

The unionization of public employees is, and will continue to be, one of the most important and pervasive developments affecting the conduct of governmental affairs. There are very few other areas in which the decisions of one governmental unit can have such a profound effect upon neighboring public jurisdictions or in which the lack of the necessary knowledge and skills can have such devastating long-term consequences. It was in recognition of these facts that the League of Minnesota Municipalities, acting with several other organizations engaged Professor Smythe as a labor relations consultant.

Professor Smythe believes that the growth of unionism in the public service demands new expertise on the part of public sector management in order that the change in employment relationships as a result of unionization can be constructive rather than disruptive of the vital services which the public sector provides.

Introduction to FORTRAN IV Programming by Gary W. Dickson and Harry R. Smith, Rinehart Press, San Francisco, 1972.

The purpose in writing this manual is to make learning to write computer programs in the FORTRAN language as easy as possible while at the same time reducing the need for formal lecture on the subject by an instructor. In order to achieve the purpose, this manual is written so that concepts are presented one at a time to avoid overwhelming the reader with masses of new material all at once. The authors hope, by taking this approach, to avoid one of the major problems encountered when teaching programming languages. This problem is that a person who gets lost at an early point in the learning process cannot easily recover when subsequent material is dependent upon a clear understanding of the preceding material. This manual makes a conscious effort to get everyone off to a good start.

Each chapter begins with a section explaining what an understanding of the material in the chapter will allow the programmer to do. Understanding material presented in this key chapter will allow the student to write a complete

(cont'd on page 5)

Consultative council

(cont'd from page 1)

business executives named by the University president to advise and consult with the College of Business Administration. The committee presented the proposed program to the Board of Regents on May 11.

The proposed program was developed by the College Long Range Planning Committee during the past year. The main points under the three basic elements of teaching, research, professional activities are:

Teaching

1. Restore quality program by reducing class sizes
2. Innovate
 - a. More interactions with business
 - b. More attention to administration of other organizations and areas of concern to society
3. Personalize the counseling process
4. Expand placement facilities

Research

1. Increase output with emphasis on Minnesota-related and problem-oriented research
2. Disseminate results more widely and effectively

Other Professional Activities

1. Increase market for present adult education programs, and develop new programs
2. Develop more opportunities for professional commitment for faculty
3. Facilitate involvement by faculty in public service

The resolution adopted by the Council stated "that the Chairman of the Council is directed to advise the President of the University of Minnesota and the Chairman of the Board of Regents that the Council endorses the said program for the College of Business Administration and the Graduate School of Business Administration."

Faculty Publications

(cont'd from page 4)

(although simple) FORTRAN program, and run the program on the computer.

Experience in teaching programming has shown that one of the major difficulties students encounter involves the logistics of running programs, especially early in the course. The authors believe students should begin running programs on the computer early in a programming

B week

(cont'd from page 1)

dents sponsored jointly by the College of Business Administration Alumni Association and the Business Board. Mr. Brown received the Recruiter-of-the-Year Award given by the Placement Office of the college on the basis of student evaluation of the interviewers who visited the school this year.

Goetz in stressing what he believed the relationship should be between business and society said, "I do not mean simply that business should have its fair share of influence at the state legislature or at the governor's office or wherever you may suggest. That's not what I mean by Minnesota being part of us.

"On the contrary, it seems to me that we should be citizens first and businessmen second. We must be Minnesotans for Minnesota's sake, for the sake of making our state livable and equitable for all those who wish to be here. We cannot do this to the best of our real abilities if we think only of ourselves as businessmen period. This is far too parochial for today's society."

Mr. Goetz went on to emphasize the interrelationships and joint responsibilities. He said, "Business must become a hub of the society, a pivotal center in the entire structure of our environment in our communities, not just statistically, not just in terms of the gross national product, but in terms of the society as a whole and its problems. And this my friends is not just the cost of doing business, it's a responsibility of doing business in this state and this nation today." Goetz concluded by telling the students he was glad that they were the ones to carry the burden of getting the society back together again, because they were better prepared than any generation before them; because they had had the opportunity to interact with all elements of the society, they should be better able to answer the challenges of society and to deal with them.

Copies of Mr. Goetz' address will be available at no charge upon request from the Division of Research, College of Business Administration, University of Minnesota, Minneapolis, Minn. 55455.

course in order to overcome these problems as quickly as possible. Their goal is to provide the best possible basic competence in solving problems using the FORTRAN computer language.

Administrative Control and Executive Action by James Don Edwards and B. C. Lemke, Chas. E. Merrill Publishing Co., Columbus, Ohio, 1972.

The purpose of the book is to provide a balanced, concise, and varied source

for the study of the many aspects of control. It is the second edition of a book of readings, the majority of which are new. While there is no sharp break in subject matter from the first edition, the reduction in the number of articles reflects a shift in emphasis away from the "how to" articles toward those more mathematical in nature.

Executive and management development programs and continuing education courses offered to employees in business, government and the professions not only should but must include the study and discussion of elements of control, because control is an essential ingredient of successful management at all levels. In fact, the proper exercise of control is often the key to managerial effectiveness and growth.

College and university preparation for administration—whether in business or the professions—must effect a thorough understanding of the function of control, of its varied applications and principles, and of the skills and techniques needed to control the activities of an enterprise. This book of readings is designed to serve these areas by grouping carefully selected readings in the theory and application of control and in the broader aspects of management and reporting relating to control.

Reprint series

(cont'd from page 3)

"Is Hiring the Handicapped Good Business?" by C. Arthur Williams, Jr. reprinted from *Journal of Rehabilitation*, March-April 1972. (No charge)

Is hiring the handicapped good business? Numerous studies provide a partial answer to this question by comparing handicapped workers and other employees with respect to such criteria as productivity, absenteeism, injuries and turnover. Although the findings are sometimes at variance, the most common conclusion is that handicapped workers have, on the average, performed at least as well as their non-handicapped counterparts.

The two purposes of this paper are (1) to describe how the employability of handicapped persons might be tested from the viewpoint of the employer and (2) to summarize the 1970 opinions of the 108 Minnesota employers on whether it is good business to hire handicapped persons. The study provides some information on the extra benefits and costs that one group of employers associate with hiring handicapped persons. The author concludes that, although it may be good business to hire the handicapped, these employers believe (rightly or wrongly) that the costs exceed the benefits.

CONTINUING BUSINESS EDUCATION

• PROGRAMS SCHEDULED FOR 1972-73 •

SUPERVISORY MANAGEMENT SERIES

Sheraton-Ritz Hotel, Minneapolis
8:30 a.m.-4:30 p.m. beginning September 7, 1972

Designed to provide the manager or supervisor with basic leadership and communication skills as well as new insights into the behavioral sciences that have emerged in recent years, and to give him the opportunity to develop his skills in motivating, leading, managing and communicating.

COMMUNICATION SERIES

1. *Effective Listening*—Why listening is good business. Will be conducted by Ralph Nichols. September 7, 1972.
2. *Effective Written Communications*—How to avoid irritating people who receive your letters and memos. Will be conducted by Thomas Pearsall. September 14, 1972.
3. *Efficient Reading*—Demonstrates and provides practice in the techniques of handling printed material more effectively. Will be conducted by Eugene Wright. September 21, 1972.
4. *Face-to-Face Communication*—A probing demonstration to explore the way face-to-face communication problems occur in actual situations. Will be conducted by Paul Cashman. September 28, 1972.

LEADERSHIP SERIES

5. *Behavior, Attitudes, Frustration*—How is behavior caused—where do the causes lie? Understanding vs. evaluating behavior. What are the functions of attitudes. How can attitudes be changed? Motivated vs. frustrated behavior. The symptoms of frustration. How to deal with frustration. Will be conducted by Kjell R. Knudsen. October 11, 1972.
6. *Problem Solving, Decision Making*—What is a problem? Dimensions of effective solutions. Methods for achieving quality and acceptance. Problem solving vs. decision making. Idea getting vs. idea evaluation. Group decision process. Will be conducted by Kjell R. Knudsen. October 18, 1972.
7. *Motivation, Leadership and Introducing Change*—Motivating employees—the theory and practice. Leadership skills—setting objectives, delegation and coordination. Effective strategies to effect change and supervisory strategies for implementing change. Will be conducted by Rene Dawis, Kjell Knudsen, John Mauriel, and Patrick Pinto. October 25, November 1 and 8, 1972.
8. *Performance Appraisal and Employee Development*—Is appraisal needed? Comparison of actual performance with predetermined criteria. Decisions for corrective action. Workshop, video-taping sessions. Will be conducted by Patrick Pinto. November 15, 1972.
9. *Time Management and Delegation*—Assigning priorities on value/time ratio. Improving time utilization of others in your organization. Dealing with procrastination. Will be conducted by John Schreiner. November 29, 1972.

ELEMENTS OF MANAGEMENT PLANNING AND CONTROL SYSTEMS

September 13, 20, and 27, 1972
8:30 a.m. to 4:30 p.m. each day
At a Twin Cities location to be selected.
Sessions will be conducted by Jack Gray and Robert Zimmer

Designed for the non-financial manager who takes an active role in the planning process and who uses managerial accounting reports as a partial basis for evaluating subordinates. Use will be made of the text, *MANAGEMENT ACCOUNTING—TEXT AND CASES*, by Robert N. Anthony.

WORKSHOP IN EMPLOYMENT INTERVIEWING

September 21-22, 1972 also offered on March 5-6, 1973
Nolte Center—U of M Campus
8:30 a.m.-4:30 p.m. (each day)
Sessions will be conducted by Lowell Hellervik and Charles Mannel

Designed for interviewers with a year or less of experience, and for interviewers who want to update their skills and knowledge. Limited enrollment of 24.

BASIC SEMINAR IN COMMUNICATION FOR EXECUTIVE SECRETARIES

October 5, 1972
At a Twin Cities location to be selected.
9:00 a.m.-4:30 p.m.
Session will be conducted by William Howell and George Shapiro.
Designed for executive secretaries who wish to improve their communication skills. Will provide an increased understanding of individual attitudes and the insights needed for effective communication.

ELEMENTS OF HUMAN BEHAVIOR FOR EXECUTIVE SECRETARIES

February 13, 1973
At a Twin Cities location to be selected.
9:00 a.m.-4:30 p.m.
Session will be conducted by Kjell Knudsen and John Mauriel
Designed for the secretary who assumes an administrative supporting role for executives and managers. Provides useful information and techniques to increase their understanding of management problems and human behavior in organizations. Limited enrollment of 40 persons.

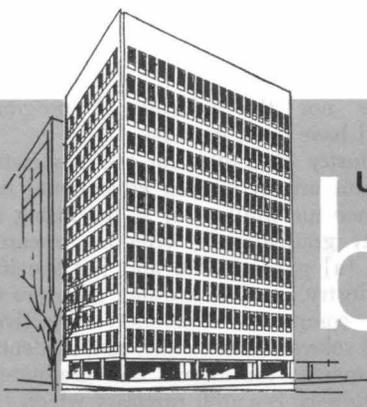
INDUSTRIAL MARKETING STRATEGY

October 16, 17, 18, 1972
The Ramada Inn—St. Paul
Sessions will be conducted by Frederick Beier, Richard Cardozo, and C. William Rudelius
Designed for marketing directors and/or their staff members in companies whose principal customers are businesses or other organizations. Will provide expanded perspective and enhanced skills in identifying and coping with industrial marketing problems and new concepts and techniques for handling these problems. Experience with the computer will be obtained in a newly-developed marketing planning simulation. Limited enrollment of 25.

COMMUNICATION AND PERSUASION—BASIC

November 7-8, 1972 also offered on March 12-13, 1973
Nolte Center—U of M Campus
10:30 a.m.-5:00 p.m. (first day) 8:30 a.m.-3:00 p.m. (second day)
Sessions will be conducted by William Howell and George Shapiro.
Designed for people in business and other organizations who have a need for improving communication skills. Will provide an increased understanding of individual attitudes and the insights needed for effective communication. Includes lecture and participation exercises developed from the seminar text: *INTERPERSONAL COMMUNICATION WITHIN THE MODERN ORGANIZATION*.
For further information on any of the programs listed above, please write or call:

Program Director, Continuing Business Education
College of Business Administration
University of Minnesota
Minneapolis, Minnesota 55455
612-373-3680



UNIVERSITY OF MINNESOTA

business news

SCHOOL OF BUSINESS ADMINISTRATION

Special Report

University of Minnesota, Minneapolis, Minnesota 55455

August 1972

Interaction with business community through research centers and executive program

This article is intended to up-date and highlight the efforts of the College of Business Administration to relate to the business community through its Centers and Minnesota Executive Program. The three centers are: Center for Experimental Studies in Business, the Industrial Relations Center and the Management Information Systems Research Center.

The Center for Experimental Studies in Business (CESB), supported by the University and the business community since 1962 to foster the Program in Marketing Studies, conducts basic research into significant marketing problems and integrates this research with teaching and service activities of the Graduate School of Business Administration.

Research is clearly recognized as essential to the practice and study of marketing. Indeed, no business school can achieve any degree of excellence today without a viable program of basic research. To meet this responsibility, the Program in Marketing Studies was developed. Because government does not support business research nearly as well as it does many other areas, and foundations typically do not include business schools in their lists of eligible recipients, business support was sought for the program. It was felt that if the business community wanted an outstanding school of business in Minnesota and to be able to hire capable young people, then it would be willing to share with the University the responsibility for supporting such a program.

The Program in Marketing Studies involves research, teaching, and service activities. Research projects themselves serve as teaching vehicles. In addition, research results are presented in courses and disseminated to the business community. Research in the program complements, rather than duplicates, commercial marketing research. Projects may develop new concepts or ways of thinking about marketing problems. Frequently they involve experimentation with new research methods and techniques.

(cont'd on page 2)

The Management Information Systems Research Center (MISRC) was established at the University of Minnesota four and one half years ago. The purpose of the Center was to assist in the development of curriculum for the emerging area of management information systems, and to conduct research in MIS related topics.

The Research Center was the first of its type in the nation and helped to establish Minnesota as one of the foremost centers of research in computer-based management information systems. The Center provides research support, both facilities and funds, for faculty and graduate students engaged in research related to management information systems. It maintains a close and continuous interaction with the business community through the MISRC Associates program.

RESEARCH

Research efforts of MISRC are directed toward contributing significantly to the development of underlying theory and to providing results which have immediate practical application. The current program encompasses four major areas:

- (1) Analysis, design, and evaluation of management information systems
- (2) Computer-assisted decision making
- (3) Computer-assisted corporate planning
- (4) Management and control of the information system.

Several families of research projects are currently being pursued by the faculty in conjunction with MISRC. These can be loosely described as 1) behavioral research, 2) technical research and 3) educational development. On the behavioral side, Gary W. Dickson and Norman L. Chervany have conducted several experiments to test the subject's ability to make profitable decisions using various information presentation techniques.

(cont'd on page 2)

The Industrial Relations Center (IRC), which was instituted through a Rockefeller Foundation grant in 1945 when the program of Industrial Relations was formally established, has provided the facility over the years for joining the related disciplines of psychology, economics, business administration, sociology, law, political science and industrial engineering in a more productive investigation of problems of manpower utilization than was possible within any single discipline.

While established as a research and service unit of the University, the IR Center has significantly influenced the development of curricula and education programs in the related disciplines.

Research and service activities provided through the Industrial Relations Center are vital elements of the integrated program in industrial relations; research conducted through the Center contributes both directly and indirectly through the opportunities for professional experience provided graduate students and the further development of knowledge; the activities of the Labor Education Service provide education, research and service directly to the community outside the University.

The service activities of the Center include speeches, consulting, professional and public service meetings, conference planning, participation and direction, library resource center and reference service.

During a recent three month period the staff spoke at meetings or participated in some twenty conferences or institutes including an International Conference on Corporate Planning in Montreal, the Secretary of Labor's Conference on Public Employment—Collective Bargaining Problems in Washington, Southern Minnesota Local Labor Leaders panel on Safety Legislation and Workmen's Compensation Practices in Albert Lea, and the National Telephone Cooperative Assn. Managers Conference

(cont'd on page 4)

The impact of the program extends beyond research and teaching in marketing to the University and the business community. Results from research in the program are disseminated to the business community through publications, seminars, continuing education programs, and informal contacts.

THE ASSOCIATES

An Associates Group made up of firms supporting the Center provides a forum in which to exchange ideas and information through periodic research seminars and informal contacts.

Each associate firm has designated an executive who acts as a liaison between the firm and the Center. In addition to arranging informal contacts between members of the Company and the Center, this executive is invited to participate in periodic research seminars involving both faculty and graduate students in marketing.

The present associate firms and their representatives are

Dayton Hudson Corporation
Mr. Howard Kushmar
 General Mills, Inc.
Mr. Hal Reed
 General Mills Foundation
Dr. Frank Hildebrand

Some Recent Research

Results from a new product decision simulation "New Product Decisions by Executives: A Computer-Controlled Experiment" by Professors Richard Cardozo, Ivan Ross, and William Rudelius (*Journal of Marketing*, January, 1972) reviewed on page 3 of MBN #40 indicated that executives differ widely in the amount and type of information they seek to make new product decisions, and in the assumptions they make about the market for particular new products. Additional research in executive decision-making, using this and related simulations, is now underway.

The first phase of a continuing study on the effect of interest limitation laws, "Retailers' Reactions to Interest Limitation Laws—Additional Evidence" by Professors Orville Walker and Richard Sauter, found that interest limitation laws will produce lower credit costs for all credit customers only if retailers absorb the resulting reduction in interest income while maintaining prices and services at previous levels. The second phase of the study, an analysis of consumers' reactions to possible consequences of interest limitation laws, is currently in progress.

"An Experimental Study of Industrial Buyer Behavior" by Professors Richard Cardozo and James Cagley (*Journal of Marketing Research*, August, 1971) reviewed in the February, 1972, MBN, found that industrial purchasers have clear preferences for particular types of suppliers and specifications of bids submitted. The authors conclude that it may be possible to segment industrial markets on the basis of identifiable behavior pat-

terns. Such segmentation would increase the effectiveness of industrial marketing efforts, and could enhance the efficiency of procurement operations.

"Analyzing State Tourism: A Case Study" by William Rudelius, A. L. Pennington and Ivan Ross (*Journal of Leisure Research*, Fall, 1971) reviewed on page 3 of MBN #40, used a regional mail survey of over 7,000 Midwestern families to permit Minnesota to assess its strengths and weaknesses more precisely and to suggest actions to improve the Minnesota tourism business. In the past, state tourism studies emphasized interviews of in-state tourists, thereby obtaining no information on weaknesses of the state's vacation offerings as perceived by tourists who choose to vacation elsewhere.

A study of Twin Cities wholesalers, "The Twin Cities Wholesaler: Growing in Sophistication" by Professor Edwin H. Lewis (reviewed on page 4 of MBN #40) found that these wholesalers are maintaining and perhaps increasing their strength. The wholesalers have increased substantially their flexibility and ability to respond to changing market conditions, largely through improving service to customers and suppliers, and by controlling operating costs.

Director of the Center for Experimental Studies in Business is Professor Richard N. Cardozo. Robert Holloway, on leave this year, is former director.

MISRC

(cont'd from page 1)

By way of educational development, a series of courses addressed to the data processing professional were researched, developed, and introduced in September, 1971, offered through the Continuing Education and Extension Division. The series will be expanded in the coming academic year.

On the technical side, Peter C. Knobloch is leading several projects related to systems analysis and design. The objective of this research is to develop a workable problem statement language which will unambiguously specify the information processing requirements of an organization.

Gordon Everest's continuing involvement with the CODASYL Systems Committee is another branch of the technical research stream. The committee is currently investigating selected problems relating to the implementation and use of data base management systems, including a delineation of user classes and an identification of their requirements.

THE ASSOCIATE COMPANIES

The result of the interaction has acted to improve both the relevance and the quality of the research being performed. Also, without the additional financial resources contributed by the Associates program, neither the research

center nor the educational program would have been possible.

Industry objectives for the Associates program are 1) growth educational experience for employees; 2) the hiring of quality graduates; 3) effective research (both [a] general MIS and [b] specific to industry); and 4) learning exposure to other companies. University objectives are 1) relevance for faculty and students; 2) a market for interns and graduates; 3) a quality research program which (a) advances the state of the art and (b) assists in industrial MIS problem solving; and 4) the attraction, development, and output of superior students.

The companies which were invited to participate as Associates were large companies having complex and large-scale information requirements. They are: each devoting substantial resources to their computer-based information systems; all have their headquarters in Minnesota and are national or international in their operations. The founding Associates each provided three years of support to initiate the program.

MISRC Associate Firms for 1972-1974 are:

Burlington Northern, Inc.
 Dayton Hudson Corporation
 Farmers Union Central Exchange, Inc.
 The First National Bank of St. Paul
 General Mills, Inc.
 Gold Bond Stamp Company
 The Theodore Hamm Company
 Honeywell, Inc.
 International Multifoods
 Minneapolis Gas Company
 3M Company
 Northern States Power Company
 Northwest Bancorporation
 The Pillsbury Company
 The St. Paul Companies, Inc.
 Soo Line Railroad

Consistent with the dual quests for relevancy in education and interaction between the University and industry, four Associate firms have made formal presentations to the total Associate group in a series entitled, "Associates Talking to Associates." Pillsbury, General Mills, International Multifoods, and Honeywell presented programs describing near-state-of-the-art design relative to system efforts within specific management information systems.

COMMITTEES

Since the Fall of '70, MISRC has sponsored joint industry-university committees. These committees have been given responsibility in various areas of concern such as research, curriculum, etc. and have attempted to bring real-world relevance to the educational process.

Steering committee members are: **Joseph Stejskal**, 3M, Chairman; **Roger Palmer**, First National Bank of St. Paul; and **Joseph Timpe**, Honeywell, Inc.

Gary W. Dickson is acting director of MISRC in the absence of Gordon Davis who is on leave this year.

Minnesota Executive Program Completes First Year

Seventeen top executives of Minnesota firms have completed a six-week course, part of the Minnesota Executive Program (MEP), run by the Graduate School of Business Administration of the University of Minnesota. Rarely has such a high level group been immersed for such a long time studying problems of general management and corporate strategy formulation. Reactions to the program from participants have been extremely favorable.

The MEP, launched in 1971 with the consultation and assistance of top management of approximately forty major companies, is designed to have an organizational impact on a firm, rather than just affecting individuals. The general aim of the program is to help develop general policy and strategy-making skills. Subject matter is chiefly concerned with corporate strategy formulation and implementation.

A board composed of the following individuals serves the MEP in an advisory capacity:

- Elmer L. Andersen**, President, H. B. Fuller Company
- W. Joseph Blood**, President, Cornelius Company
- Curtis L. Carlson**, President, Gold Bond Stamp Company
- F. H. Corrigan**, President, Peavey Company
- Frank A. Donaldson**, President, Donaldson Company
- Carl Erickson**, Chairman of the Board, Dayton's
- David A. Koch**, President, Graco, Inc.
- Paul W. Kraemer**, President, Minneapolis Gas Company
- I. J. Holton**, President, George A. Hormel & Company
- W. P. Langhaug**, President, Lutheran Brotherhood
- Sylvester Laskin**, President, Minnesota Power & Light
- William G. Phillips**, (chairman), President, International Multifoods Corporation (also on Consultative Council for College)
- M. W. Reif**, President, Blandin Paper Company
- Donald B. Shank**, Vice President, Duluth Missabe and Iron Range Railway
- Lowell T. Swenson**, President, Arctic Enterprises, Inc.

Ross L. Thorfinnson, Chairman, National Car Rental System, Inc.

C. H. Wooll, President, Hart-Carter Company

The course began in September with a two-week module at the Madden Inn in Brainerd, Minnesota; followed by a week in October at Arrowwood Lodge, Alexandria, Minnesota; and a week in December at Quadna Mountain Lodge in Hill City, Minnesota. The final two weeks were held in the Twin Cities, first at the Decathlon Athletic Club and then at the Radisson South Hotel.

The executives, in a long day from 8:15 a.m. to 10:15 p.m., were involved in case discussions, syndicate meetings, project reports and intensive reading. The basic theme of the program centered around the problems of corporate strategy formulation and implementation. The following topics were discussed: Corporate Strategy, Marketing Strategy, Financial Management, Human Resource Management and Environmental Concerns of Business.

Faculty members, chiefly from the Graduate School of Business Administration, moderated discussions, delivered short lectures and worked on a one-to-one basis with participants. In addition to the Program Director, Professor John J. Mauriel, other University of Minnesota instructors involved in the course were: Professors Roger Upson, Mario Bognanno, Richard Cardozo, Nicholas Glaskowsky, Jack Gray, Allen Solem, Herbert Heneman and Richard Gaumnitz of the Graduate School of Business Administration, and Professors Thomas Bouchard, William Howell, John Turner and Mulford Q. Sibley of the College of Liberal Arts.

During the final week of the course held February 7-11 at the Radisson South Hotel, several outside speakers were involved in a series of panels discussing the external environment of business.

A concluding discussion aimed at the future featured Professor Kenneth Boulding, nationally known economist, and also included a session on probing the future with Earl Joseph of UNIVAC.

The Program Director conducted post session interviews and discovered that participating executives felt: 1) the course was quite beneficial to them, and 2) they have already applied new tech-

niques and new approaches to their jobs as a result of MEP attendance.

Listed are the companies participating in this program and the names and titles of their first entrant into the Minnesota Executive Program.

Duluth Missabe and Iron Range Railway Company—**Melvin G. Alderink**, Gen. Superintendent

The Cornelius Company—**B. J. Am-dahl**, V.P., Finance and Treasurer

Applebaums' Food Markets, Inc.—**Stuart Applebaum**, V.P., Meat Division

H. B. Fuller Company—**David Croon-quist**, Exec. V.P., Finance and Treasurer

National Car Rental System, Inc.—**James H. Dommel**, V.P., Administration

Lutheran Brotherhood—**Theodore Q. Feig**, Treasurer

Premium Corporation of America—**H. W. Greenough**, Vice President

Donaldson Company, Inc.—**Otto Greven**, Vice President

George A. Hormel & Company—**Lee D. Housewright, Jr.**, Group V.P.

First National Bank of Mpls.—**Joseph R. Kingman, III**, Sr. V.P., Retail Banking Group

Dinner Bell Foods, Inc.—**John L. Mills**, Plant Manager

Graco, Inc.—**Charles F. Murphy**, V. P., Research and Engineering

Arctic Enterprises, Inc.—**William G. Ness**, V.P.

Minnesota Power and Light Company—**Jack F. Rowe**, Executive V.P.

International Multifoods—**Darrell M. Runke**, Exec. V.P., Operations

Peavey Company—**William G. Stocks**, V.P., Finance and Treasurer

Carter Day Company—**Arden E. Swanson**, President and Chairman of the Board

Blandin Paper Company—**Harold F. Zigmund**, V.P., Manufacturing

Almost all of the above companies will repeat this year. The average level of executive will be about the same as above for the 1972-73 class which begins with a two-week module September 10-22, 1972. One new company has been added this year, IDS, as of June 12. Additional participants are being sought.

in Missouri. Staff members were consulted on twenty-eight subjects from wage-price control to employee selection and staff training. During the same time span they attended professional and public service meetings such as the Governor's Manpower Advisory Council, the Industrial Relations Executive Council, Banff School of Advanced Management and the Twin Cities Business Agents Policy Meeting. They helped plan or directed conferences and institutes including American Postal Workers Union Leadership Training, Trustees of Union Welfare-Pension Funds Conference, American Federation of Teachers Continuing Education Conference.

The Reference Room of the Center maintains a unique collection of library resources in industrial relations not duplicated in other libraries of the University and serves students and faculty, business and labor. In addition, it answers numerous off-campus calls for information from business, labor and public agencies as well as from individuals. They range from inquiries about employment outlook for various types of skills to the numbers of blacks in the labor force, from personnel management questions to the output per man hour in the construction industry.

A Reprint Series and Working Papers Series reporting on research projects and results are available through the Center.

RESEARCH

A review of recent research and publications of the IR faculty reveals the same depth of involvement and broad variety of interests.

Manpower Resources and Markets

Professors Mario Bognanno and Mahmood Zaidi are conducting several studies of manpower resources in the health services industries. One study is directed at the development of a model for estimating the labor supply of professional nurses, labor force participation, weeks worked per year, and hours of work. A working paper, *Market Supply of Labor Offered by Professional Nurses and Turnover among Professional Nurses in Hospitals* by Mario Bognanno and Jesse Hixson reports earlier results of this research.

Professor George Seltzer is conducting an examination of the evolution of the concept of "suitable employment" as it relates to labor force measurement, unemployment insurance and welfare programs. Additionally, Professor Seltzer is conducting an examination of the relationships of public and private sector programs for manpower development.

Thomas Mahoney and George Milko-vich are continuing their studies of internal labor markets and the interface between internal and external labor markets. One of these studies, an application of a stochastic process model to the internal labor market, has been completed and a report is being prepared.

Organized Labor and Collective Bargaining

Mahmood Zaidi and Mario Bognanno are working to develop an empirical model of aggregate wage rate determination in the United States; Cyrus Smythe continues his studies of collective bargaining in the public sector, specifically the variation in bargaining practices and legal structure for negotiations. Emil Starr has initiated a comprehensive study of political attitudes and behavior of trade unionists. Jack Flagler completed two projects prior to going on sabbatical leave: one concerns a cost-benefit analysis of Canadian federal and provincial agencies providing manpower services; the second project is an analysis of trade union structure and membership in Minnesota. While on leave, Flagler will lecture in Belgium, Israel and Norway.

Organization Theory and Behavior

John Campbell is continuing his research into organization climate as related to work group performance. Thomas Mahoney and William Weitzel have completed an analysis of the influence of organization size upon organizational performance and effectiveness; a working paper reporting this analysis is available.

Patrick Pinto has completed an application of cluster analysis to organizational characteristics in developing a taxonomy of organizations; results are available in a working paper, *A Cluster Analytic Approach to the Study of Organizations*.

Studies based upon "the theory of work adjustment" are continuing with Professors René Dawis and Lloyd Lofquist.

Personnel Assessment

George England is continuing his studies of managerial value systems including comparative studies of managers in Australia and India. John Campbell is conducting a series of methodological studies to evaluate the effectiveness of a variety of psychometric prediction techniques.

ADVISORY COUNCIL

A council of some thirty individuals representative of business, labor and government serve the Center in an advisory capacity. They are:

- Norbert R. Berg**, Vice President of Administration and Personnel, Control Data Corporation
- Perrie C. Boliou**, Vice President, First National Bank of St. Paul
- Donald M. Buckner**, Assistant Commissioner, Minnesota Department of Manpower Services
- Louis H. Ervin**, Director, Department of Human Rights, City of St. Paul
- Robert L. Fjerstad**, Manager, Employee Relations, Northern States Power Company
- Frank Frison**, Director, District Council No. 6 AFSCME
- Donald G. Jackman**, Recording Secretary & Business Agent, Carpenters Local #1644
- John W. Jackson**, Director of Civil Service, State of Minnesota
- R. L. Johansen**, Director of Public Relations, Farmer's Union Grain Terminal Association
- Elmer R. John**, Elmer R. John Associates
- Robert Killeen**, International Representative, United Auto Workers
- Florine Koole**, Representative, Communications Workers of America
- Leonard LaShomb**, Executive Vice President, Minnesota Federation of Labor
- Charles A. LaValley**, Commissioner, Federal Mediation and Conciliation Service
- David A. Leonard**, Administrative Associate, Mayo Clinic
- Harry E. Leonard**, Industrial Relations Consultant, Minnesota Nurses Association
- Gerry E. Morse**, Vice President of Employee Relations, Honewell, Inc.
- Clarence W. Nelson**, Director of Research, Federal Reserve Bank of Minneapolis
- Peter E. Obermeyer**, Labor Relations Consultant
- Warren Phillips**, Assistant Director, Dunwoody Institute
- Joseph Prifrel, Jr.**, Secretary-Treasurer and Business Agent, Mail Order Retail Department Stores & Warehouse Employees #149
- William F. Richter**, Representative, United Steelworkers of America
- David K. Roe**, President, Minnesota AFL-CIO Federation of Labor
- Frank E. Schiel**, Vice President and Director of Personnel, Super Valu Stores, Inc.
- Ross W. Steele**, Twin City Placement Bureau
- Adolf Tobler**, Retired Business Representative, St. Paul Trades & Labor Assembly
- Robert D. Watson**, Balch, Hollowell and Watson
- Edwin B. Wenzel**, Director of Education and Training, Potlach Forests, Inc.
- Carl Winn**, Regional Director, AFL-CIO—Region 13

Professor Herbert G. Heneman, Jr., Chairman of the Department of Industrial Relations, is Director of the Industrial Relations Center. Professor Thomas Mahoney is Assistant Director.

For further information about any of the Centers or the Minnesota Executive Program, please contact the director of the program through the College of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.