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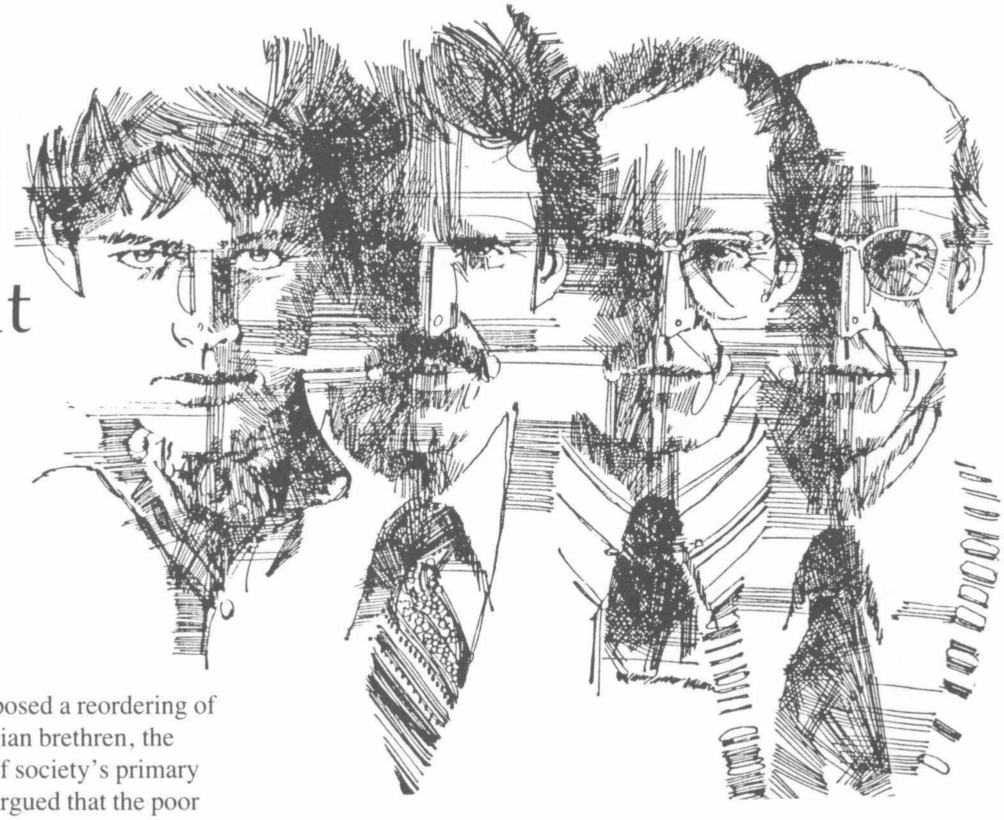
Ethics and Economics



A management reply to the Catholic bishops

by R. Edward Freeman and Ian Maitland

The American Catholic bishops recently proposed a reordering of our economic system. Following their Canadian brethren, the bishops called for a more equal distribution of society's primary goods, especially income and wealth. They argued that the poor must be given the chance to participate in the economic system, for they, too, have a moral right to find dignity and meaning in work. The bishops call on all citizens of all faiths to help establish these principles, and to judge institutions, especially government, by whether or not they help to alleviate the plight of the poor.

Now that the first wave of outrage has passed, perhaps it is time to take a more serious look at the proposals which the American bishops have made for economic reform, and the principles on which these reforms are based. While a full analysis of the 100+ page letter is not possible here, we shall concentrate on four key issues which, so far, have been overlooked in the debate.

Human dignity is fundamental to the moral point of view

The bishops rightly claim that human dignity is crucial to evaluating any economic system. We shall follow other moral philosophers, especially John Rawls, and go beyond the bishops to argue that human dignity is critical to all aspects of our lives: economic, political, social, cultural and religious. However, the crucial issue is how we define "human dignity." It should not be defined in terms of social institutions, whereby one has dignity if, and only if, one can participate in a particular social institution, be it the Catholic Church or IBM.

The essence of human dignity is that each of us can exert some meaningful measure of control over our lives, choosing our own destiny, and ultimately, pursuing whatever kinds of life projects we prefer. The very meaning of "a moral life" is to want such

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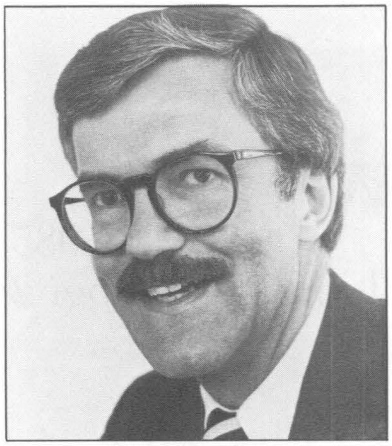

Preston Townley

Dean's Message
Preston Townley, Dean

The School of Management boasts a close relationship with its customers.

We have a lot going that involves direct interaction with the management community. Many are the faculty with productive research and consulting relationships throughout the area. Departmental advisory committees and departmental research centers provide direct counsel from managers and excellent forums for discussions and research generation. Courses such as the MBA 8065 Field Project and MBA 8095 Marketing Research bring students and companies in direct contact. And our newly launched Senior Executive Fellows program should contribute expanding knowledge on both sides of our walls.

This kind of dynamic School/Community bonding impressed **In Search of Excellence** co-author Tom Peters. As you read in the last **Minnesota Management Review,** last summer he gave a cash gift to the School of Management. Peters' gift recognized the School for its innovative interaction with the management community and its resultant contribution to excellence in management education.

Indeed, the School can be proud of Peters' gift. However, I'm convinced we have the potential to contribute even more significantly to a productive business-academic relationship. In spite of the above, I sense that the linkages are nowhere near fully developed. My frequent meetings with local executives, outside business groups, our Board of Overseers, faculty, staff and students reinforce the preception that we can get closer in a most positive way.

I'm committed to developing these linkages. Therefore, with the Peters' gift, I am encouraging a new approach—the Dean's Innovation Fund.

The Dean's Innovation Fund will support new initiatives in faculty research, teaching and program development that help create and sustain a close working relationship with the management community. I am encouraging faculty to explore new education and research ventures with management practitioners. In general, the Fund will provide seed money to launch these new undertakings that, I hope, will lead to furthering excellence in management.

Many areas are calling for our attention. Potential subjects include: international competitiveness and education; improvement in managing not-for-profit entities; decision making in short product life/high technology environments; enhancing the success rate for new ventures; career-long renewing of executive knowledge; the firm in the public policy debate; etc.

These and other issues will very likely beget dozens of initiatives and activities that can be seeded through the Dean's Innovation Fund.

But major issues simply cannot be addressed effectively by one individual or even a single organization. Identification of issues and priorities really needs to come from you as well as our faculty.

I have shared the idea of the Dean's Innovation Fund with management and community leaders, including our corporate contributors and members of the Business and Technology Partners Program. Feedback has been good. The concept is well received. Financial contributions are encouraging.

But, success depends on broad involvement. Your comments and financial help are needed as well. Are we on the right track? I invite your thoughts—if you are so inclined, please record them on the attached form.

If you agree with the concept of the Dean's Innovation Fund, I am seeking your financial support. Please send your contribution with the attached form. You'll be recognized in our School publications and the Dean's Innovation Fund annual report, published next spring.

With your help, we can accomplish a great deal.

Together, we can strengthen and expand that close working relationship that so excited Tom Peters. □

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Enclosed is my investment of

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The School of Management is on the right track Yes____ No____

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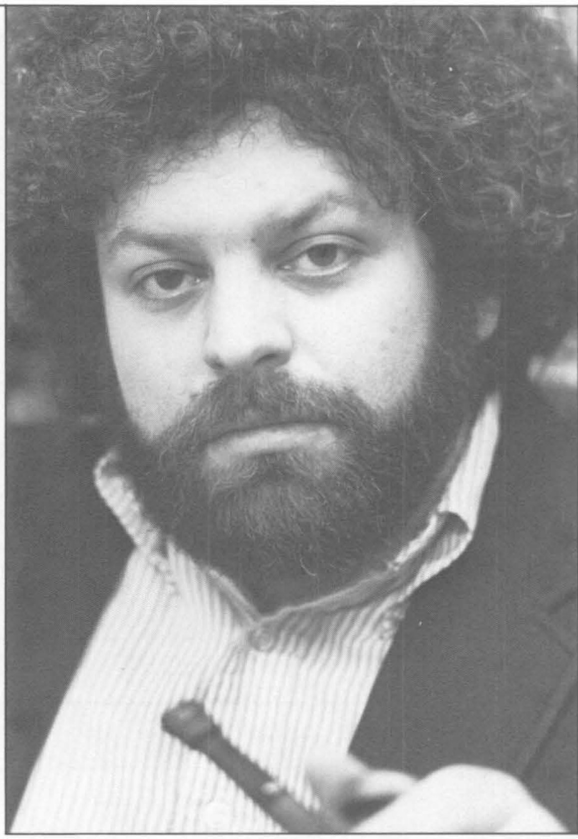
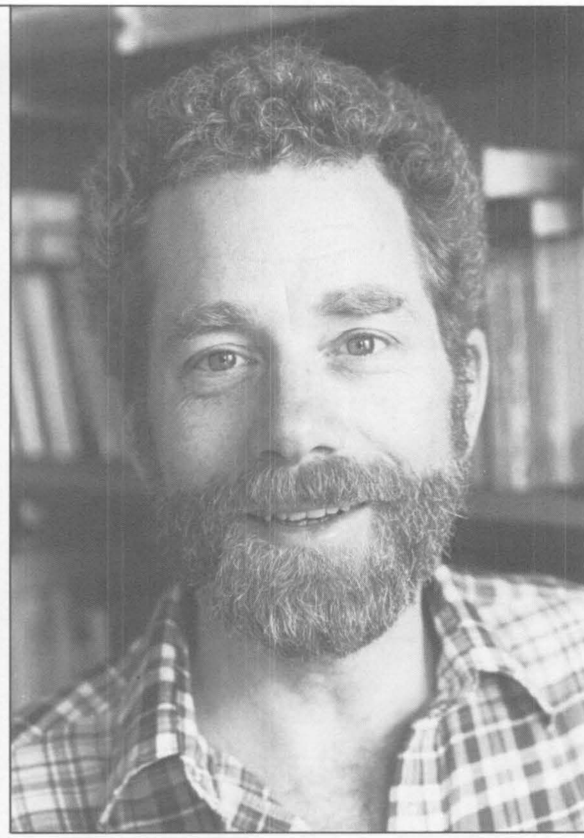
I would like to see School of Management faculty address the following management issues through the Dean's Innovation Fund.



R. Edward Freeman



Ian Maitland

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dignity for ourselves and others. Therefore, we should engage in those activities which yield dignity for ourselves, and which allow others in the human community to pursue their own projects.

Social institutions, including the Church, must be judged in terms of the autonomy they allow. Without freedom to choose our own life course we cannot have dignity. Our choices may bring evil into the world, but better to have eaten of the tree of knowledge and experienced the freedom of choice that is the essence of the human condition.

The bishops misunderstand the nature of the marketplace

The bishops are not alone in their mistaken conception of the marketplace as an institution for financial gains and losses, where it takes a substantial initial stake of "capital" or "labor" to participate. Some corporate managers, government officials, university administrators and professors of economics also believe and theorize about such a marketplace. But, these theories have forgotten the philosophical principles of the marketplace and the basic idea which makes the marketplace work: voluntary exchange.

"The marketplace" or "the economy" is a theoretical abstraction which stands for the countless millions of exchanges which take place daily among persons, organizations and other institutions. Ultimately, individuals choose to exchange something of value with another person, for something of value to themselves. Perhaps over time individual exchanges turn into voluntary contracts between parties. Firms and other institutions emerge that efficiently administer these contracts.

The beauty of "capitalism" as an organizing principle of exchange is that there is a multitude of choice with whom one makes an exchange. Whether or not the marketplace is conducive to human dignity is therefore a function of the degree to which persons can engage in voluntary exchanges. Perhaps the bishops can be reinterpreted to mean that our current system of economic activity does not allow enough voluntary exchange; that it is coercive through its reliance on monopolistic business practices and the pervasiveness of the government's role. But, if the bishops are claiming this, then their recommendations for reform are contradictory. One does not promote human dignity by constraining the process of free exchange through government intervention.

The bishops misunderstand government's role in the marketplace

Government is not a benign influence on business activity. Nor is it necessarily conducive to the promotion of human dignity. We need only remember the history of regulation in the U.S., from the establishment of the Interstate Commerce Commission to the deregulation of the airline, trucking, and telecommunications industries. Rarely has government policy promoted the establishment of free and open marketplaces, understood as institutions of voluntary exchange. Rather, import quotas and trigger price mechanisms to favor one industry over another, tax incentives to "protect" investors, labor laws to "protect" employees, etc. all raise barriers to entry and make it harder for entrepreneurs to offer products and services that others may want to pursue as their life projects. We are not arguing that no social good has come of these policies. Rather they are antithetical to the notion of human dignity we've articulated: that each of us must remain free to pursue our own projects.

Thomas Hobbes, author of **Leviathan,** and other philosophers have rightly argued that government is necessarily coercive. At some level we must be protected from ourselves and the harm we would do each other if left to our own recourse. But even so, human dignity is not promoted. Rather, we have found necessary institutions to deal with the fact that we cannot always rely on our fellows and they cannot always rely on us to follow the moral point of view and respect the automony of each other.

The search for voluntary solutions

Surely there are real problems with our economic system. Surely the bishops are correct arguing that any economic system must promote human dignity. But, solutions which promote human dignity must do so voluntarily. We must find methods and business practices which encourage managers as well as employees, owners, customers, suppliers and local communities to deal with how to promote the dignity of those not currently participating in the economic system. How can they enter into voluntary agreements with their fellows which help them to realize their life projects?

"Our choices may bring evil into the world, but better to have eaten of the tree of knowledge and experienced the freedom of choice that is the essence of the human condition."

"...solutions which promote human dignity must do so voluntarily."

The real problem is not constraining the marketplace, understood as a system of voluntary contracts and exchanges. It is finding innovative ways to let the marketplace work. The bishops are gravely wrong that the marketplace is to blame for the incredible amount of human misery in the world. Rather, it must be given a chance.

R. Edward Freeman is an associate professor of strategic management and organization, University of Minnesota School of Management.

Ian Maitland is an assistant professor of strategic management and organization, University of Minnesota School of Management. □

The LIFO paradox and efficient stock markets

by Shyam Sunder

The Last-In, First-Out (LIFO) method of inventory accounting can save many businesses millions in tax dollars when unit prices rise.

However, one of the more fascinating puzzles of corporate behavior is that LIFO accounting was not widely used until the mid-1970s when inflation soared. Internal revenue code has permitted LIFO accounting for almost 40 years. Businesses could have saved billions of tax dollars using LIFO earlier. Many firms who would benefit from it are still reluctant to adopt it.

Manufacturers and traders often buy identical goods at different prices in different transactions. Under LIFO cost of latest purchases is deducted from revenue to reckon profit. If the cost of later purchases is higher, use of LIFO yields a lower profit as compared to the First-In, First-Out (FIFO) method where cost of earlier purchases is used to compute profit. Smaller profit is accompanied by a smaller income tax payment.

For example, if a barrel of oil is purchased at $20 and sold at $25, profit is $5. Oil purchased later for $22 and sold for $25 yields $3 profit. FIFO accounting assumes that the barrel of oil purchased first is the first sold. LIFO assumes that the last barrel in is the first to go out. Even with identical purchase and sale transactions the choice of inventory valuation method has a major impact on annual profit and taxes.

Corporate charity towards government is too unconvincing an explanation of business' reluctance to adopt LIFO. Corporate irrationality at this level is too facile an explanation as well. Most observers blame the structure of managerial compensation plans and stock market inefficiency for such corporate behavior. But neither explanation survives close scrutiny.

Compensation of senior managers is often linked to reported profit. Managers may be expected to avoid LIFO for the fear that its lower reported profit will reflect poorly on their abilities and results in lower compensation for them. However, managers who use LIFO can save the company millions, far in excess of the extra compensation they could personally earn from FIFO-based accounts. A smart board of directors should ensure that the bonus formula for managers encourages their value-maximizing decisions for the firm through generous rewards.

Indeed, an empirical study of the effect of applying LIFO to managerial compensation revealed no adverse effects. Compensation theory of reluctance to adopt LIFO simply shifts the irrationality to the board of directors. Therefore it's unconvincing.

It's also argued that managers are reluctant to use LIFO for the fear of hurting their firm's stock price. Unsophisticated investors may fail to appreciate that the only real effect of this accounting technicality is to put more money in the firm's bank account through taxes saved. Lower reported income that accompanies LIFO may be interpreted by such investors as a sign of the firm's

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poor management or poor prospects. It may induce them to lower the price they are willing to pay for stock. Lower stock price hurts managers who hold shares or options to buy the shares. The firm will very likely be subjected to a take-over bid.

However, this explanation is based on the assumption of inefficiency and lack of sophistication in the stock market not supported by evidence. Twenty-five years of accounting and finance research strongly suggests that stock market prices adjust quickly and unbiasedly to public information. LIFO's been around a long time and people know about it. It's unlikely that a firm's stock price will go down if LIFO is properly adopted. Empirical measurements of stock market reaction to LIFO adoptions do not support fear of adverse reaction.

Given stock market efficiency, stock price would promptly reveal the firm's value under current management, distinguishing good managers from poor managers. The poorer managers, once identified, will be forced to acquire better skills or forced out by competitors inside and outside the firm.

The LIFO puzzle cannot be solved by assuming that individuals behave irrationally; that they choose from known and available options those less satisfactory to them. A solution can be constructed by assuming that the information and beliefs they hold about their environment do not necessarily conform with the facts. Others may or may not know the facts. Economics of uncertainty suggest a way to solve this puzzle.

Reluctance to adopt LIFO cannot be explained by irrationality on the part of managers, boards of directors or investors. If all managers and investors were rational, and their bonus schemes properly designed, managers may still fail to adopt LIFO if they perceive investors as irrational. Even though investors know that adopting LIFO is rational, many managers simply do not believe that investors will value stock based on cash flow rather than accounting earnings. Therefore, the managers' decision not to adopt LIFO is, for them, rational. It is much easier to accept that such beliefs about others' irrationality coexist with their actual rationality. The discrepancy between the actual behavior of investors and how some managers *believe* the investors behave leads to their reluctance to adopt LIFO.

Coexistence of facts and beliefs contrary to facts is easy to confirm by direct observation. Different people often hold diametrically opposed beliefs about the same phenomena. Both cannot be correct. Such diversity of beliefs often persists over time because the mechanisms for testing the validity of beliefs are far from perfect. A manager who believes investors are unsophisticated in valuing stock based on accounting income and not on the firm's cash flows may have ample environmental evidence to reinforce that belief. Evidence to refute that belief may be unavailable or take a long time to gather and analyze. Revision of beliefs on the basis of observable evidence is neither prompt nor certain.

It is an empirical fact that many managers believe that individual investors are unsophisticated and that even the overall stock market may behave in an unsophisticated manner. When such managers choose between LIFO and FIFO, they seek to maximize what they expect their firm's stock price to be under each option.

Rational investors value the stock, and the stock price is in turn observed by the managers. This stock price does not necessarily inform the managers that their beliefs about investors are incorrect. The stock price the managers expect to observe can be very

Shyam Sunder

close to what they actually observe. The market does not always help managers discover their beliefs are wrong because they continue to act according to these beliefs.

Revision of managers' beliefs about how stockholders behave happens over time through non-market mechanisms. Reading the financial press and attending seminars and courses slowly change the managers' beliefs. Only then do they change their decision rules. With LIFO, it's taken almost 40 years to change the beliefs of many managers. The job is not yet done.

Shyam Sunder is a Honeywell professor of accounting at the University of Minnesota School of Management. □

Alumni recruiting gains popularity

When recruiting new graduates for their companies, many School of Management alumni consider their alma mater the first—and best place to start.

Alumni recruiting is gaining popularity with Minnesota graduates. Some areas, like Industrial Relations and Accounting, have long seen the value in recruiting on home turf. Others are catching up fast. Currently, some 60 alumni actively recruit at the School of Management. Their numbers are rapidly increasing.

Benefits abound for companies and the School alike.

Alumni are an integral part of a strong placement program, says Jan Windmeier, placement director. Their efforts help bolster the School's impressive placement record. Nearly 80 percent of the registered students actively looking for work were placed as of August 31, 1984.

"We have lots of alumni calling in with leads and job openings," Windmeier says. Most recruiters visit campus twice a year to meet one-on-one with students. "I like to think alumni support reflects how well they were treated when graduating," she says.

"It always helps when an alumni is placed in a position of hiring," notes Mary Drew, recruiting coordinator. "Recruiters are much more likely to hire someone from their alma mater," Windmeier says. Alumni's solid knowledge of University operations, programs, courses and faculty is a real plus, Drew adds.

Knowing the School is a big advantage, agree recruiters. That certain element of the unknown is eliminated when one is familiar with the organization.

"I know the School's quality, its strengths and weaknesses," says Jane Altobelli of R.R. Donnelly & Sons Co., Chicago publishers. She says that Minnesota provides high caliber grads. Altobelli, who recruits for personnel nationally, says Minnesota more than holds its own with other top schools.

The University is extremely competitive in terms of educational quality, agrees K. David Hirschey, personnel director for General Mills' Marketing Services Division. "Students have a definite edge with the number and variety of internships and in-school experiences offered," he says.

"I know what I'm looking for and don't have to guess at what I'll get," says 3M Controller Bob Manke. Earl Klein of Arthur Andersen Co., CPAs, says that he can understand their backgrounds and problems better than those of students from other institutions.

Indeed, familiarity makes for effective recruiting.

Hirschey says he tends to be more critical of University grads because of his knowledge of the programs and courses. But, he adds, he can also be more appreciative of what it takes to get the degree. "I value the realistic, practical, hands-on education they've received," he says. "They've come a long way. My original resume can't hold a candle to theirs."

Recruiters say they're looking for the kind of well-rounded student the School of Management produces. Steve Broz of Larson Allen Weishair & Co., CPAs, says he's impressed with the balance between management theory and skills, and liberal arts background. It prepares them to handle a wide range of responsibilities.

"Academic standing is certainly important," Klein explains, "but strong communication and people skills are equally so." Altobelli and Manke agree, adding preparedness, professionalism, initiative, experience and outside activities to their lists of selection criteria.

Keeping abreast of what's happening at the University is beneficial too, say recruiters. Broz likes the continual involvement in the academic sector. Manke says it keeps him from developing "tunnel vision." "We have a tremendous resource in the University," he says. "Alumni recruiting helps strengthen 3M's relationship with the School of Management." Placement's Drew agrees that alumni recruiting is "just plain good for school/community relations."

While many companies recruit regionally and nationally, most alumni have Minnesota as their primary or exclusive domain. Some companies encourage all employees to get involved, others have designated recruiter programs. Alumni spend about 10 percent of their work time recruiting and say they enjoy the change of pace.

Recruiting holds many personal rewards as well, say alumni. They enjoy returning to campus, keeping up on changes and meeting with faculty, staff—and most of all—students.

"My being an alumna puts them at ease, boosts their self-confidence," Altobelli says. "It therefore becomes a very effective tool for selling my company." Broz enjoys making that initial offer and then watching the employee move ahead over time. Klein likes sharing his experience, insights and perspective.

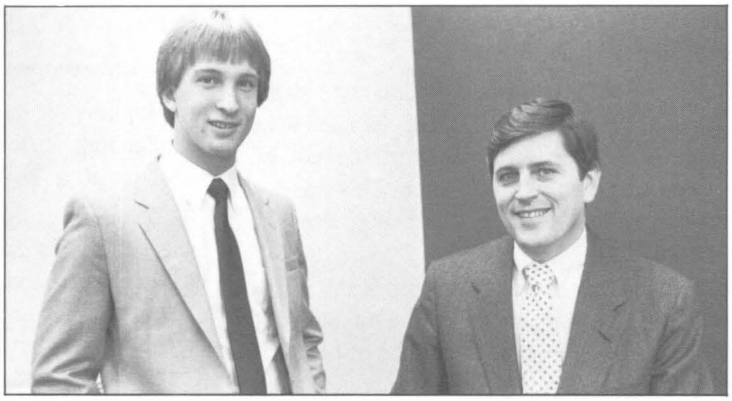
In addition to campus recruiting, many alumni let the placement office know of openings within their companies by calling, sending in job descriptions, or by requesting resumes.

"Placement really appreciates alumni support," Windmeier says. She calls it one of their most effective resources.

"We can't have too many alumni involved," she concludes. "Anyone interested, please call!"

For more information on recruiting, contact Jan Windmeier, Director, Office of Career Planning and Placement, School of Management, University of Minnesota, 271 19th Ave. So., Minneapolis, Minn. 55455 (612) 373-4174. □

General Mills' Dori J. Molitor, K. David Hirschey and John Callender are actively involved in alumni recruiting at the School of Management.



School of Management alumnus and Arthur Andersen and Co. partner Earl Klein (right) welcomes recently graduated Matt Ginter to the company.

Jane Altobelli interviews a student for prospective employment with R.R. Donnelly & Sons Co. She calls alumni recruiting very effective in selling her company.

Photos by Tim Rummelhoff

Strategic Management:

The evolution of a concept

by Raymond E. Willis

Strategic management is a new term in the business lexicon. It's the way that organizations and businesses perceive, adapt to, and cope with a complex, uncertain, and ever-changing external environment.

Strategic management is preceded by a much older concept, business policy. Understanding how business policy evolved into strategic management is also to see how our broader ideas of management have changed and matured.

The study of business has formally existed for about 100 years. Until the late 1930s, Business Administration was considered a form of applied economics. Economics was primarily the study of business. Most schools of business or commerce were also schools of economics.

The University of Minnesota's economics department was part of the School of Management until 1963.

Business and economics students took basically the same required courses, with business students taking a bit more accounting. Statistics (now quantitative analysis) was largely descriptive and focused on the analysis of economic time series and index numbers. As specific business courses such as marketing or finance developed they essentially applied economics to particular aspects of business.

Period business texts were little more than descriptions of current business practice and the legal structures within which business operated.

Production was a partial exception, based on microeconomic principles, but also involving engineering elements such as time and motion study, plant layout, and quality control. This was how business policy courses first developed.

A course was needed that would ''integrate'' other course ideas and give a ''top management perspective,'' rather than one which dealt in an isolated and compartmentalized way with the individual problems of production, marketing, or finance. This was achieved through the study of specific cases describing actual business situations or problems.

The underlying model was a business as an economic unit in an essentially static economic environment. It focused on those problems in the company or organization which could be resolved by the application of economic principles such as pricing decisions or a re-allocation of economic resources.

Business problems were seldom this simple in practice, a fact clearly recognized by those who taught the policy courses. For the most part however, no clear theory existed for dealing with these non-economic aspects of a problem. They had to be approached through common sense or ''experience.'' It evolved that policy courses were largely taught by the senior and presumably more experienced faculty members who had actual business or consulting experience.

In the late 1950s, a major conceptual change took place in the study of management. A new concept developed during the second world war. Operations (or operational) research which gradually evolved into management science was introduced. The shift was from a metaphor which viewed business almost entirely in economic terms to one which thought of management as a form of engineering.

This new metaphor did not replace economics. Rather, it subsumed it, adding new concepts and more formal analysis techniques. New words were added to the business vocabulary—mathematical models, decision making, objective functions, constraints, payoff tables, algorithms, stochastic processes, etc.

The changes went far beyond the addition of a few new courses. They fundamentally affected the way existing courses were conceptualized and taught. New textbooks appeared with titles such as **Mathematical Models in Marketing, Quantitative Methods in Finance,** or **Manpower Modeling.**

This new metaphor extended beyond the separate functional areas to the analysis of the overall organization. It also analyzed procedures for integrating individual functional concerns into the broader ''top-management perspective'' which had been the hallmark of business policy. The terms ''planning,'' ''long-range planning,'' ''corporate planning,'' and eventually ''strategic planning'' referred to this essentially engineering orientation to the analysis of broad business or organizational problems.

''We were coming to view management's job less as that of troubleshooting and repairing a malfunctioning tractor and more of dealing with a recalcitrant working elephant.''

An engineering view of management was well suited to the relatively stable environment of the 1950s and 1960s, and matched society's preoccupation with technology. Whether building an automobile or a computer model of a corporation we assume we can distinguish between the problem's design and construction phases and that of use or implementation. The model (or car) is built and de-bugged. Then the customer can treat it as a ''black-box'' and drive it away without worrying about what is under the hood. Similarly, under the guidance of the corporate planning staff, a strategic plan could be developed, bound into a book, and distributed to line management for implementation.

In the turbulent environment of the 1970s, this view of management proved no longer adequate. A new metaphor began to evolve—one which viewed the organization and management's job more in a biological than in an engineering sense. A new vocabulary again appeared. It emphasized the external environment and organizational adaptation with terms like ''stakeholders,'' ''mission,'' ''growth,'' ''innovation,'' ''entrepreneur,'' ''situation audit,'' ''environmental scanning and monitoring,'' ''scenario,'' etc. We were coming to view management's job less as that of troubleshooting and repairing a malfunctioning tractor and more of dealing with a recalcitrant working elephant.

This new way of viewing the business or organization produced a new concept and term—''Strategic Management.'' As with the earlier concept of operations research, this new metaphor is not a replacement but an extension and building on the previous concepts. As with management science, the real impact will not appear in courses specifically labeled STRATEGIC MANAGEMENT but in the indirect impacts it will have on other functional areas. Indeed these indirect effects are already evident in the rapid growth of management books which incorporate ''strategy'' in the title.

In one sense our historical concept of business policy and our current use of the term ''Strategic Management'' are very much alike. In both cases, we are concerned with the whole organization or business and with improving its ability to survive and adapt to its external environment. The difference lies in how we view that environment—its complexity, its dynamics of change, its uncertainty—and the methods we develop for understanding and dealing with its problems.

Looking ahead, the central question is: Can we develop the concepts and techniques necessary to apply this new view of management in a form as useful in the study and practice of management as those of economics and management science were in the past? Or will the Strategic Management metaphor prove only a new buzzword without any real useful content? I believe time will prove it at least as powerful an idea as those which preceded it. As with any new idea in management—we shall see.

Raymond E. Willis is chairman and professor of strategic management and organization at the University of Minnesota School of Management. □

Photo by Tim Rummelhoff

Raymond E. Willis

Marketing responds to legal demands

Ignorance is not bliss.

Marketers lacking knowledge about the legal ramifications of their activities can find themselves in big trouble.

Companies like AT&T and Union Carbide are discovering it the hard way.

As marketers become more aggressive in their techniques, lawyers are doing likewise with consumer rights, explains Ivan Ross, School of Management marketing professor. ''You'd be hard pressed to find any large company not involved in some kind of marketing litigation,'' he says. More and more companies are being served with false advertising, trademark infringement and product liability lawsuits, he adds.

Demand for Business Law courses has steadily increased. While some courses on public policy issues affecting marketing are offered, nothing directly addressing marketing law has been available, Ross says.

This winter the Marketing Department responded with ''Legal Aspects of Marketing Strategy.'' The course is designed to educate and sensitize marketing students to legal aspects of marketing strategy. It is not a traditional law course. Students will acquire a basic working knowledge of consumer protection and antitrust law.

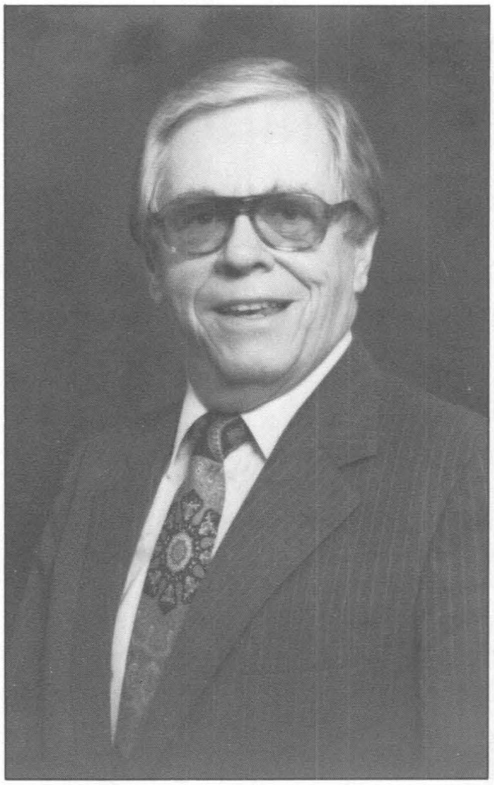
Ross developed and teaches the four-credit Topics class which serves as a Marketing elective. ''Legal Aspects of Marketing Strategy'' is a major breakthrough in marketing education, notes Ken Roering, Marketing Department chairman.

Ross, whose teaching and consulting expertise lies in trademark infringement, has long been interested in offering such as class. Lack of a good textbook hindered the process. That problem was solved and the course launched. The move proved popular. The course is fully subscribed.

A variety of relevant topics is covered. Trademark cases, warranties, packaging and labeling, product liability, mergers, acquisitions and joint ventures are just some of the highlights. Guest lecturers include Steven Demeritt, vice president of Marketing Services for General Mills and Elliot Kaplan of the Robins, Zelle, Larson and Kaplan law firm.

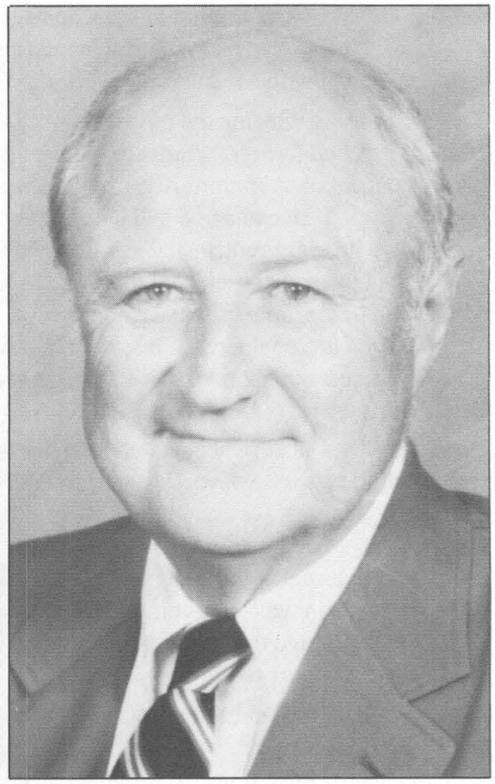
''It's vital that marketers understand this area,'' Ross states. ''In the last five years, there's been tremendous deregulation coupled with changing political philosophies within agencies like the Federal Trade Commission, Justice Department and Food and Drug Administration. Take price fixing. It's sending people to jail. Most marketers don't even know what it is!''

As with most Topics courses, ''Legal Aspects of Marketing Strategy'' will be offered biennially. □



Ogden P. Confer

Vernon H. Heath



William D. Sweasy

Business Hall of Fame inducts three School of Management alumni

Three School of Management alumni and outstanding business leaders are 1984 Minnesota Business Hall of Fame Laureates.

Ogden P. Confer, Vernon H. Heath and William D. Sweasy were inducted at the Ninth Annual Awards Program luncheon last November. Senator Dave Durenberger was on hand to congratulate the laureates.

The Business Hall of Fame recognizes people who have shown entrepreneurship, community and business leadership and personal and business ethical qualities. Since its establishment in 1976 the Hall of Fame has inducted 37 business leaders.

Confer, a 1943 BSB graduate, is chairman of the board of Hubbard Milling Co., Mankato. Grandson of the founder, he joined the firm in 1946 and became its youngest president at age 38. Through his leadership Hubbard Milling has grown and diversified. He is highly regarded for his active and long-time involvement in the feed industry.

Confer has an outstanding record as a community leader. He has held numerous board positions in a variety of business, civic and public service organizations, including the Kiwanis, Salvation Army, Boy Scouts and YMCA.

Heath is a 1950 accounting graduate. He co-founded Rosemount, Inc., Eden Prairie, in 1956. He's been president and chief executive officer for 17 years. Through his leadership the company has continued its policy which strongly supports research and development of new products.

Heath is strongly committed to community service through involvement in numerous organizations such as the University of Minnesota Foundation, Sister Kenny Institute, Courage Center and the United Way.

Sweasy is chairman of the board of Red Wing Shoe Co., Red Wing, and a 1939 BSB graduate. His commitment to quality is reflected in his company's products. He assumed leadership of the small family-owned company in the late 1940s. Under his direction a number of significant innovations led to a doubling of the company's employment.

He has played a major role in the development of a quality community, including involvement in the Red Wing YMCA and Board of Education. He helped establish the Environmental Learning Center which provides fundamental environmental education to young people. □

School reunions set

Mark your calendars now for upcoming School of Management reunions!

The School is sponsoring reunions for the classes of 1935, 1945 and 1960. Depending on interest, the School will coordinate events for 1955, 1965 and 1975 graduates as well. Activities will take place October 24-27, 1985, Homecoming Weekend (U of M vs. Ohio State).

This is the first time reunions are not coordinated on an all-University basis by the U of M Alumni Association. Those wishing to help with reunion plans or with program ideas or suggestions, please contact Jeanne Carroll, assistant director, alumni relations, School of Management, University of Minnesota, 271 19th Ave. So., Mpls., Minn. 55455 (612) 373-3217. □

Management, common sense, and a troubling concern

by Norman L. Chervany

The Minnesota Executive Program, an educational program for senior managers, focuses on strategic thinking. At a recent session two interesting discussions pointed to a troubling concern for the practice of management.

The first discussion evolved out of a case study that dealt with the role of "quality" in organizational strategy. Case analysis pointed out that quality was not just the responsibility of manufacturing. Rather, to achieve quality in an organization, everyone—the receptionist, field sales staff, corporate controller, everyone—must be involved. Further, to achieve total corporate quality, the commitment and behavior has to start with top management. Anything less is bound to fail.

Toward the end of class discussion, one participant said, "The prescriptions make sense; they are not terribly complex. I have trouble understanding why they're so difficult to put into practice!"

The second discussion followed a presentation on the key ingredients for a successful strategic planning process. The speaker, a strategic planning consultant in the retail industry, identified some of the key ingredients as:

- *a commitment by top management*
- *a customer-driven orientation*
- *a willingness to take risks*
- *a willingness to bend conventional rules*
- *honesty in assessing what is possible*
- *effective communication*
- *an obsession with execution*

In the informal discussions that invariably take place over coffee several managers observed, "The list is excellent. It's good common sense. Why do we have so much difficulty practicing the obvious?"

"Why do we have so much difficulty practicing the obvious?"

This question arises over and over as I work with practicing managers. In a reflective environment what needs to be done to solve most complex management problems is relatively easy to define and explain. (This isn't meant to imply that implementation of a plan will not involve hard work. More often than not, good implementation is an extremely difficult task.) In the "heat of the battle," however, all too often the "common sense" of management seems to disappear. The question is not whether or not this type of behavior takes place. The evidence is everywhere. The question is "Why?"

Many possible reasons could explain the frequent failure to use common sense in management. My favorites are:

1. *We have a bias towards immediate rather than correct action.* We pride ourselves for "being decisive," for "seizing an opportunity," and for "striking while the iron is hot." The emphasis is on *quick* action not results. When this interpretation is challenged, everyone says that quality results are assumed. The reality, however, is that the assumption is often forgotten.
2. *We fail to consider all of a decision's consequences.* Coupled with the bias for immediate action is the failure to think through all of the second and third order effects of our actions. This is hard work! The number of possibilities is often enormous. The chain of reasoning, for example, in our "competitors' reaction to our action to their move etc." is infinite. Faced with this, the frequent reaction is to ignore these complexities. This amounts to assuming that either they are unimportant or will cancel one another; these are tenuous assumptions at best.
3. *We place unwarranted value on sophisticated solutions.* We all "know" that management has become increasingly more complex. The news tells us this. We read about it in the business press. The frequent implication is that simple answers to complex problems cannot, by definition, work. All too often we overlook the obvious. As Tom Peters of **In Search of Excellence** observed in a presentation to an alumni meeting of the Minnesota Executive Program, "Many corporations seemed to have forgotten that the American consumer 'grooves' on products that work."

All these "causes"—and any others that you may suggest—are ingrained in our behavior. They will not be easy to change. If, however, we are going to improve the practice of management, they must be changed. How? A "simple" approach is to think about how each of your decisions would look if they, and the attendant logic, were written up and included in your resume.

Norman L. Chervany is professor of management sciences and director of professional management programs at the University of Minnesota School of Management. □

Norman L. Chervany

Business Day '85

The School of Management is gearing up to celebrate its 25th annual Business Day, Tuesday, April 23, at the Radisson South Hotel in Minneapolis.

This year's theme is "The Challenge of Change: Risks and Opportunities." Activities begin at 12:45 p.m. More than 1000 people generally participate in the event.

Business Day is presented to:

Promote education on current business topics and practices.

Encourage interaction among students, corporate representatives, alumni, faculty and staff.

Celebrate the achievements of members of the School of Management community through presentation of various awards.

Joel Barker, founder and president of Infinity Limited, Inc., will open with a speech on "Discovering the Future: The Business of Paradigms." A panel of corporate executives, including Charles M. Denny Jr., president and CEO, ADC/Magnetic Controls Co., and Deborah Howell, executive editor of the St. Paul Pioneer Press and Dispatch, will respond to Barker's address.

A variety of concurrent discussion/education sessions on the "Challenge of Change" will be offered. Topics include: International Marketing; Role of the Middle Manager; Information Systems; Business Ethics; and Small Business.

The day will conclude with a social hour, banquet, awards presentation and keynote address. Keynote speaker Harvey Mackay, founder and chairman of the board of Mackay Envelope Co., will speak on "Ten Lessons You Didn't Know You Already Knew."

Business Day, sponsored by more than 60 area corporations, was founded in 1961 by the late Paul Grambsch, former dean of the School of Management. The aim was to involve the business community in a program that would keep business students up-to-date on companies' goals, future plans and staffing needs. The event provides companies the opportunity to "sell" themselves to students. Business Day participants include students, faculty, corporate representatives and alumni.

If your company is interested in being a Business Day '85 sponsor and hasn't received an invitation, or if you would like more information about corporate sponsorship, contact Jean Byrne, Business Day coordinator at (612) 373-3745.

Alumni interested in attending Business Day '85 should fill out the attached alumni registration form, or call the Alumni Relations Office at (612) 376-3217. □

Joel Barker

Shaping the future with Joel Barker

"You can and should shape your own future, because, if you don't someone else surely will," says Joel Barker, opening speaker for the School of Management's 25th annual Business Day.

Barker, a 1966 University of Minnesota graduate, is founder and president of Infinity Limited, Inc. The consulting firm specializes in "process futuring"—skills for thinking about the future. The company's mission is helping organizations shape their own future.

Since 1978, Infinity Limited has worked with many major companies, including IBM, Johnson Wax, CPC International, AT&T, Pillsbury and 3M. Because it focuses on "how" rather than "what" to think, Infinity Limited moves easily among companies with great differences in needs and products.

Infinity Limited emphasizes the value of anticipation and exploration related to strategic management and innovation. Process skills range from strategy exploration to strategic planning and management.

Barker has served as director of the Future Studies Department at the Science Museum of Minnesota and a faculty member at several Minnesota colleges. He has lectured to more than 500,000 people in business, education, government and religion. □

Harvey Mackay

Harvey Mackay to deliver keynote

Business Day '85 keynote speaker Harvey B. Mackay's address is "Ten Lessons You Didn't Already Know You Knew."

Mackay is chairman of the board of Mackay Envelope Co. of Minneapolis, which he founded in 1959. He is a University of Minnesota graduate and member of the School of Management's Board of Overseers. He has a colorful and very active career, including president of the Envelope Manufacturers Association of America, Greater Minneapolis Chamber of Commerce, Young Presidents' Organization and University of Minnesota "M" Club.

He is a director of the Minnesota Orchestral Association, University of Minnesota Alumni Association, Guthrie Theater, Mount Sinai Hospital and Hennepin Center for the Arts.

Mackay has also held leadership roles in the Minnesota Businessmen's Trade Delegation to China, University of Minnesota Concert Band's tour to China, American Cancer Society and United Way. He was honored as Volunteer of the Year by the National Society of Fund Raising Executives and awarded an honorary Doctor of Laws degree by Iowa Wesleyan College. □

Alumni Registration Form
Business Day 1985
RSVP by April 10, 1985

Mail to: Jean Byrne, Office of the Dean, University of Minnesota,
School of Management, 271 19th Avenue South, Minneapolis, Minn. 55455

For further information, call Jean Byrne at 373-3745.

Alumni are cordially invited to attend (and bring a guest!) the Business Day 1985 opening address, and response panel and concurrent discussion sessions, and/or social hour and banquet. There is no charge for attending the afternoon sessions, but tickets must be purchased in advance for the banquet. Banquet tickets may be picked up at the registration table on April 23 at the Radisson South Hotel from 12:15-6:30 p.m.

______ Yes, I/we will attend Business Day.

(Please indicate the sessions you will attend.)

______ 12:45 Opening Address

______ 2:30 Response Panel Session

______ 3:45 Concurrent Discussion Sessions

______ 5:30 Social Hour (cash bar)

______ 6:30 Banquet (tickets are $25 per person)

______ I am enclosing a check (payable to: School of Management) for $______.

My preference for banquet seating assignment is:

______with students ______with other alumni ______no preference

Name______________________ Degree & Year of Graduation______________________

Company______________________ Title______________________

Address______________________

City, State, Zip______________________

Guest's Name______________________

Commencement '84
Management and the human touch

Love, reality, human beings, sharing and pain.

That's what management is all about, according to Deborah Howell, executive editor of the *St. Paul Pioneer Press and Dispatch*. Howell addressed 151 School of Management baccalaureate degree candidates last December.

Claiming "average brainpower, a mediocre education, and lack of a long-range plan," she said she got where she is through hard work, commitment and sheer chance. Her loosely self-described collegial and supportive management style have also played a major role.

"You probably know a whole heck of a lot more than I do about how management is supposed to happen," Howell told her audience. "But what you don't know is about life in the trenches of management."

She shared her formula for effective management, shaped by her long-time experience in the "deepest trench"—the newspaper business.

"Great ideas and technical smarts" are important, she said. But to be a world leader or have any impact on organizations and the world at large, other people's help is crucial.

Loving your people, or at least deeply liking them is perhaps the most important part of good management, Howell said. "Even when I'm angry at three-quarters of them, they all know that deep inside I love them as a race. Communicate it by enthusiasm over their work and commiseration in their failures," she added.

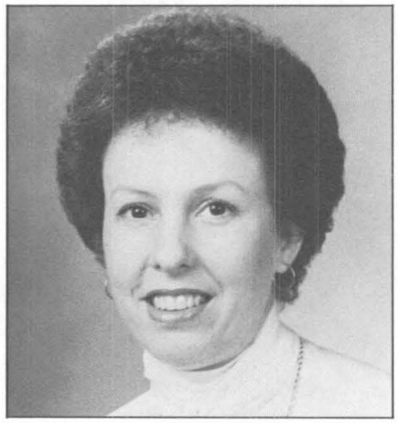
A good manager must have a vision of what he or she wants and then insist on getting it, Howell said. "You must be able to communicate that vision and make people want to join you in the quest."

Once you set high standards, give lots and lots of very specific feedback, she suggested. Be generous with the compliments and unafraid to criticize. "Criticism is often hard to give, but vital," she said. "Be direct, professional, and above all, human. Remember, you don't always have all the answers."

"Don't play God. It's not worth it. You need all the help you can get."

Howell said one does not have real power unless he or she knows how to give it away. "Don't play God," she advised. "It's not worth it. You need all the help you can get." She stressed the importance of getting employees involved in decisions and seeking their opinions. "Admit your mistakes," she added. "That's humbling and necessary for a boss."

Be human, Howell urged. "There's no sense trying to hide it. Don't let a mixture of ice water and blue blood run in your veins."



Deborah Howell

She encouraged managers to be honest about their own feelings, and attentive and empathetic to those of their employees. Always remember that everybody is "somebody's other," she said, "sombody's father, husband, sister, child. Don't be afraid to share and help with problems and pain. Understand the importance of vacations and Cub Scout meetings."

"Your job is a lot of politics and people expect you to notice what's going on in their lives," she added. "Besides, if you deal with the whole person, you will get more of a whole commitment from them on the job."

It all gets back to love, Howell concluded. Strong leadership and strategic planning are important. But they don't take the place of shared vision carried out through everyday loving actions. □

AIESEC sweeps honors

The University of Minnesota AIESEC committee received four awards at AIESEC's national conference at the University of Colorado at Boulder in December.

More than 50 U.S. AIESEC committees were represented. AIESEC-Minn. awards included outstanding marketing, most improved local committee, most outstanding local committee in the central region and best project.

AIESEC is a student run, non-political, nonprofit association that trains members for effective international management and leadership.

It provides the business community with a cost effective international trainee exchange program. The exchange is managed by each university committee which seeks job opportunities in its local business committee. Each job commitment allows the chapter to send a member trainee abroad.

U.S. companies are keenly sought for foreign training. Foreign trainees have a high academic standing, outside business experience and speak fluent English.

AIESEC, French for International Association of Students in Economics and Commerce, has operated for 25 years. Its U.S. headquarters are in New York City, with local committees at more than 400 universities in 60 countries.

For more information about AIESEC call 376-8745. □

Seminar focuses on high-tech future

"Tracking Technological Change" was the theme of a January seminar for Business and Technology Partners Program members.

Nearly 50 executives from research, finance, operations, marketing, management information systems and human resources attended. The special program focused on technological trends and accompanying strategic and management decisions.

Featured speaker Earl Joseph explored the future of rapid-growth high technology in the U.S. and international arenas. A noted forecaster and adjunct U of M professor, Joseph discussed the characteristics of companies that have successfully integrated strategic planning into their corporate structure.

Computers, artificial intelligence and expert systems, robotics, telecommunications, and instruments and tools were some of the areas highlighted. Panelists from the School of Management and Institute of Technology elaborated on issues raised by Joseph.

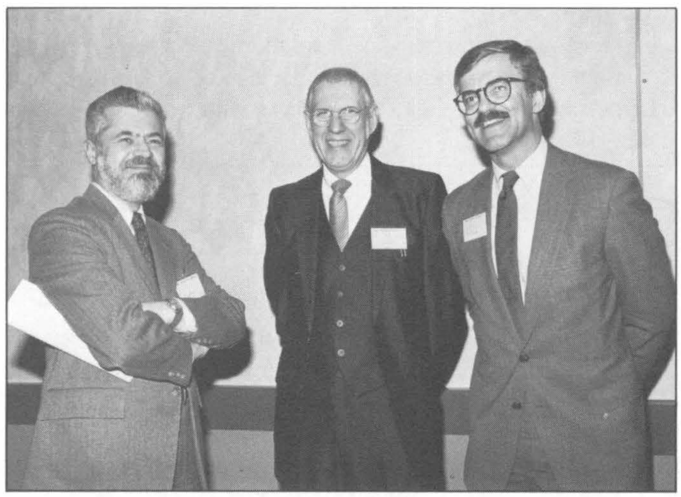
The Partners Program is a joint venture of the School of Management and the Institute of Technology. It develops significant working relationships between the two colleges and member companies, allowing them advantage of the resources each offers. It also generates recurring support from business, enabling the colleges to maintain and strengthen educational and research programs.

Since its inception in 1979, 38 companies have joined the Partners Program as full members or affiliates, providing nearly $2 million in unrestricted funds to the two colleges. Money is used for faculty development, graduate assistantships and fellowships, course and curriculum development, and undergraduate scholarships.

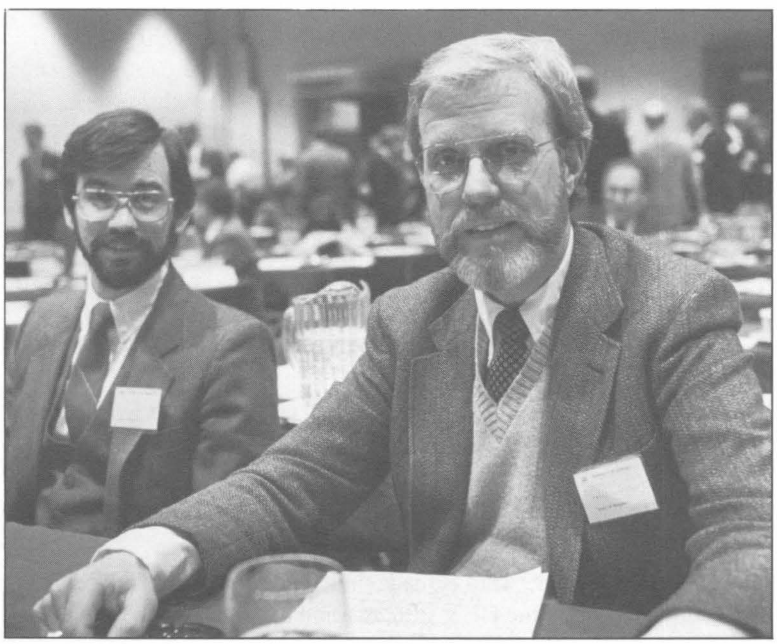
For more information on the Partners Program, call Kay Hubbard, (612) 376-9246. □

Photos by Tim Rummelhoff

School of Management Dean Preston Townley welcomes from left to right: guest speaker Earl Joseph and panelists Paul Johnson and Sal March of the School of Management, and Klavs Jensen and Subbiah Ramalingham of the Institute of Technology.



Left to right: Institute of Technology Dean Ettore Infante, featured speaker Earl Joseph and School of Management Dean Preston Townley. Joseph outlined the future's high-tech agenda, focusing on trends, forces of change, opportunities and major implications for education.



School of Management faculty members Sal March (left) and Paul Johnson responded with their assessment of changes in Management of Information Systems and Expert Systems.

Members of the Business and Technology Partners Program shared ideas on technological change at a reception following the program.

Marketing sheds light on consumer eating patterns

Why do consumers eat what, when and where they do?

That question has long baffled nutritionists and other health care professionals.

Three School of Management faculty members are integrating consumer behavior research findings to shed light on this vital area. Marketing Department Chairman/Professor Kenneth Roering and doctoral students David Boush and Shannon Shipp presented a paper on the "whys" of consumers' eating patterns at the National Academy of Sciences in Washington, D.C. in December.

The paper, "Factors That Shape Eating Patterns: A Consumer Behavior Perspective," was delivered during an annual symposium on food and nutrition. It was sponsored by the Food and Nutrition Board (FNB), one of the National Research Council's oldest operating units.

Including a marketing perspective was a bit of a departure for the FNB, which traditionally deals in the hard-core, empirical sciences, Roering noted. It reflects their growing recognition of marketing's importance in this area.

Much progress has been made in studying the long-term health implications of America's eating patterns, according to Roering. Minimum daily nutrition requirements have been established. Large data bases facilitate the study of eating patterns' relationship to health.

"Unfortunately, little has been done to understand the 'why' of consumer eating patterns," Roering said. "Understanding that is critical to developing programs that will change America's eating patterns for the better."

Consumer behavior is an area of study that focuses on individual acts that directly involve obtaining and using economic goods and services, including the decisions which precede and determine these acts, Roering explained. Consumers are viewed as gatherers, organizers and users who attempt to obtain the greatest benefit from their resources, such as time and money.

"When one considers that consumers are bombarded daily by some 650 commercials, it's easy to see why only a limited amount of information is used in decision-making," he said. "If consumers attended to all the messages sent, they would have little time to make consumption decisions, much less consume the goods they've purchased."

Using the information processing perspective as a framework, consumer choices are affected by information acquisition, organization and utilization, he added.

The FNB is a multidisciplinary group of scientists with expertise ranging from nutrition and food science to epidemiology and food toxicology. Group members deliberate global issues related to food and nutrition, and initiate and monitor studies designed to further knowledge in this area.

CPA Coaching Series offers exam aid

Many CPA candidates believe their college coursework sufficiently prepares them for the Uniform CPA Examination.

"That's not the primary objective of most courses taken in an accounting degree program," explains Dana Chabot, coordinator of the School of Management Accounting Department's CPA Coaching Series. Students who have done well in class often find they are not adequately prepared to answer certain questions routinely found on the CPA exam, he says.

The CPA Coaching Series, offered twice annually, prepares candidates for all facets of the exam—practice, theory, auditing and business law. The next Series will be offered June 18-Oct. 26, Tuesday evenings and selected Saturday mornings. Candidates will prepare for the November 1985 exam.

Although the Minnesota pass rate is higher than average, only 10 to 15 percent of all candidates nationwide pass all parts of the exam in one sitting, Chabot notes. By comparison, some 40 percent of those who take the CPA Coaching Series pass all four parts. Many Series participants receive local and national awards for outstanding exam performance as well.

Chabot notes several distinctive features of the Series that contribute to student success. They include faculty lectures and "practice exams" that simulate real CPA exam conditions. Assignments and practice exams are graded by CPAs. Candidates learn to budget study and exam time, and develop a personal strategy for taking the exam.

The Summer Coaching Series is open to all who qualify to take the November CPA Exam. For applications or more information, call or write Dana Chabot, Coordinator, CPA Coaching Series, University of Minnesota, 645 Management and Economics, 271 19th Ave. So., Mpls., Minn. 55455 (612) 373-4648. □

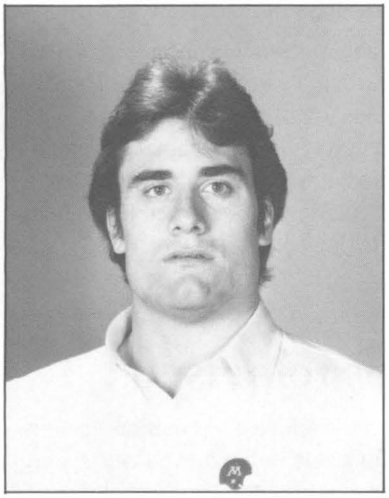
Ph.D. student awarded grant

Michael S. Schadewald, a graduate student in the doctoral accounting program at the School of Management, received a two-year, $15,000 Doctoral Fellowship from the Deloitte Haskins & Sells (DH&S) Foundation.

A 1980 accounting graduate from the University of Wisconsin at Whitewater, Schadewald was a tax accountant for two years in Milwaukee. He received a Master of Taxation from the University of Wisconsin at Milwaukee. Schadewald is concentrating his doctoral work in behavioral research in accounting.

The Schadewald award is made under a five-year, $1.5 million commitment by the DH&S Foundation to support accounting education and research in the U.S.

Deloitte Haskins & Sells is an international public accounting firm with offices in more than 100 U.S. cities, including Minneapolis. □



John Kelly

Undergrad receives Butch Nash Award

School of Management senior John Kelly won the first annual Butch Nash Award for outstanding football performance.

Established by the University Men's Athletic Department, the new award recognizes competitive excellence on the field and in the classroom.

George (Butch) Nash is a University legend in football as a player and coach.

Gopher Coach Lou Holtz presented the award to Kelly at the Annual Minneapolis Athletic Club Gopher Football Banquet in November.

Kelly is in the BSB program, concentrating in marketing. He's currently interning for Naegele Outdoor Advertising and plans on graduating next fall. He hopes to attend law school.

"Balancing athletics with academics is important," Kelly says. Academics heads his list of priorities.

Kelly joined the football team as an offensive center in 1981. He received a major knee injury and worked hard at rehabilitation for two years. His efforts paid off when he rejoined the team this fall, winning the prestigious award.

Kelly says he is honored by the award. "I see the importance of working as a team member on and off the field, especially in business," he says. He notes that his experiences as a football player and his internship have taught him a lot. "As in football, it is important that everyone in the company work as a team toward a common goal." □

Holloway honored by Japanese managers

School of Management Marketing Professor Robert J. Holloway is the first non-Japanese recipient of a prestigious award from a major Japanese management organization.

Holloway received the Japan Management Association's Award for Service to Marketing and Japan Management. The annual award is given to individuals who promote Japanese Management in an outstanding way.

He accepted the award when he visited Japan last November. He lectured on a variety of marketing issues in Tokyo and Osaka during his visit.

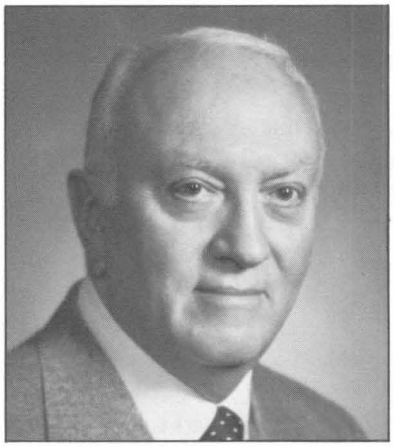
Holloway met with executives from Dai Ichi Kikaku advertising, Shiseido Cosmetics, 7-11 Stores, Suntory distillers and the Richo Corp., manufacturers of cameras and photocopy equipment. He also visited Keio University, where the School of Management operates an academic exchange program.

Holloway, who specializes in international marketing, has visited Japan more than a dozen times in 14 years. He was the American academic delegate to the Japan-USA Marketing Tokyo Summit in 1982. He taught at Doshisha University in Kyoto in 1978-79, and held the Dai Ichi Kikatu Chair in Advertising/Marketing at the University of Keio in 1983. □

Photo by Tim Rummelhoff

First Bank Alumni Reception

Rolland Glessing, '68 BSB, and Barb Drillick, '81 MBA, helped coordinate a reception for School of Management alumni employees of First Bank Minneapolis and First Bank St. Paul in November. Guest of honor, Dean Preston Townley, briefly addressed more than 50 people who attended. The idea was generated by the Alumni Advisory Council (AAC) and coordinated through the Alumni Relations office. The AAC hopes this is the first of many company-based Twin Cities' alumni receptions and networks. Those who would like to see a similar activity at their workplace, please call Jeanne Carroll, assistant director, alumni relations, 376-3217.



Howard Strauss

New program seeks senior executives

Howard Strauss heads the School's newly launched Senior Executive Fellows Program (SEF).

Through SEF, private sector senior executives will play an active role at the School of Management.

The program is designed to further strengthen ties between the management community and the School. SEF provides a direct communication channel between the two sectors, making the needs, experience and resources of each more readily available to the other.

Strauss is the first Senior Executive Fellow to be appointed. He has more than 30 years of diversified industrial experience, most recently as director and vice president of the billion dollar INCO Electroenergy Corp. in Philadelphia. He taught at The Cooper Union, New York City, Rockford College, Rockford, Ill. and Columbia University.

The School seeks a limited number of Senior Executive Fellows. Participants will have suitable academic interests and have, or have had, senior executive positions in operations management. "We're looking for people with advanced expertise who are still very active in positions of management leadership within their companies," Strauss says.

The specific activities in which an executive is involved depend on his or her interests and capabilities, as well as the availability of appropriate faculty. Executives will devote a given amount of time to the program. They will choose from teaching, research, writing, advising, seminars, outreach, promotion—or some combination. Time and scheduling are flexible.

SEF will be tested in the School's Operations Management division. Once successful there, it will be incorporated in other departments and programs as well.

"An innovative feature of SEF is that it is a direct action program in which each participant will be paired with a faculty member to facilitate interaction with the School and the use of its resources," Strauss says. He notes that he would like to see small, as well as large companies take advantage of the program.

"SEF is a tremendous opportunity for the management community," Strauss says. "They can advance executive excellence, and make the curriculum, research programs, seminars and continuing education activities of the University more immediately responsive to their changing needs. In addition, faculty will have timely access to the ideas and resources of the private sector."

Senior executives' salaries and benefits would continue to be paid by their employers while they participate in the program. Employers are also asked to provide grants to cover direct operating and special expenses. The University provides physical facilities and administrative services. Additional grants and endowments to fund retired executives and particularly well-qualified individuals without an active corporate affiliation are also sought.

For more information on SEF, call Howard Strauss, 376-1376. □

MN labor issues televised

"Minnesota Labor '85" offers cable television programs about issues and concerns facing the Minnesota Labor movement.

The Industrial Relations Labor Education Service produces the innovative half-hour shows that air weekly to Twin Cities suburbs.

Current shows include: "Legislative Report '85," featuring Bernard Brommer and Dan Gustafson of the AFL-CIO, the Minnesota Federation of Teachers' "Dial-a-Teacher" program, and "Corporate Campaign in Austin," examining the Hormel P-nine situation.

Interested viewers should consult their cable listings for schedules.

"Minnesota Labor '85" welcomes program ideas from labor organizations and individuals. Videotapes are available through the Labor Education Service.

For more information call John See (612) 373-7732. □

School wins case study tournament

A School of Management team won the McIntire Commerce Invitational (MCI) in Charlottesville, Va. in early February.

MCI, established by the University of Virginia's commerce school in 1980, is the nation's first undergraduate business case competition.

Honor students Ruth Bakken, Robbinsdale, Minn., Bruce Polikowsky, Byron, Minn., Lisa Risser, Owatonna, Minn. and Paul Springer, Rochester, Minn. competed with students from national top-ranked business schools to analyze and solve "real-world" business problems. They developed three written case analyses and oral presentations to prepare for the competition.

MCI is a national showcase for bachelor undergraduate students in business from among the nation's finest programs. It seeks to arouse national industry and media awareness of the growing importance of bachelor's degree candidates in business. Participants benefit from contact with other national undergraduates as well.

Other schools represented in the competition were last year's winner, the University of Notre Dame, the University of Florida-Gainesville, University of Illinois and Texas A & M.

John Mauriel, associate professor of strategic management and organization, coached the team. Strategic management faculty members Ed Freeman, Stefanie Lenway and Kenneth Cooper judged practice sessions.

The University of Minnesota will return to Charlottesville next year to defend its title. This year's tournament was its first appearance. □

Accounting computers

Curriculum integrates "PC's"

Accountants and auditors are moving quickly into the personal computer age. Most large public accounting firms provide personal computers, audit software and training to their members.

The School of Management Accounting Department is making the transition to meet the profession's changing technological needs.

Three Auditing 5125 classes spent time training at the University of Minnesota Earle Brown Training Center's Executive Education Facility last fall. Some 100 students spent two hours each working six auditing cases using IBM-PC computers and LOTUS 123 spread sheet software.

"We wanted to introduce auditing students to applications of personal computers in auditing," said Gordon Duke, course instructor.

Students' backgrounds ranged widely. About 25 percent had no experience. Another 25 percent used personal computers in their classes or on the job.

Students worked in teams of two at their own pace. Three advisors answered questions. Cases focused on specific problems, such as whether accounting forecasted sales were reasonable. Students then used the personal computers to address that issue.

Some cases were developed at the University. Others were donated by Deloitte, Haskins and Sells, Certified Public Accountants.

"This activity differed from introductory computer sessions where the focus appears to be the computer and what it can do," Duke noted.

Those with no experience quickly became proficient. By the session's end, all students were designing their own spread sheet programs for specific needs," Duke said.

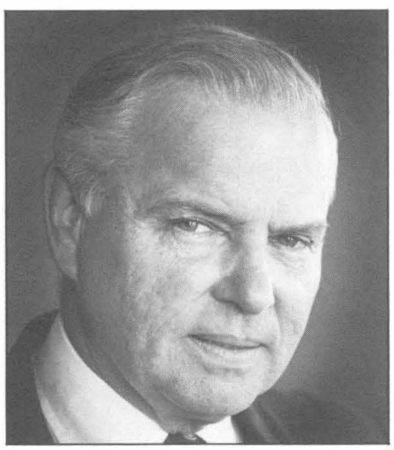
Students were shown some of the most powerful applications of spread sheet software such as graphics and regression analysis as well.

Photo by Tim Rummelhoff

Accounting students learned some of the most powerful applications of spread sheet software such as graphics and regression analysis.

All students expressed a desire for more of this type of computer education, Duke said.

The School will fully integrate personal computers in the auditing class by Spring Quarter. □



David K. Roe

IR honors David Roe

David K. Roe, past president of the Minnesota AFL-CIO and University of Minnesota regent, received the Industrial Relations Alumni Society's "Distinguished Service Achievement Award" at the 6th Industrial Relations Institute last October.

The award honors distinguished individuals in industrial relations/ human resources.

Roe, the award's sixth recipient, was selected for leadership in establishing Minnesota's constructive and stable relationships between labor and management, and for constant support and commitment to the University of Minnesota and the Industrial Relations Center's educational efforts.

Roe was president of the Minnesota AFL-CIO from 1966 until his retirement in January. He was very active in a wide variety of labor organizations for many years. He currently is co-chair of Minnesota Wellspring, a coalition of business, government, education and labor that seeks economic development and job creation through new technology. □

Faculty News

New Appointments

Mindy Anderson was hired as executive assistant to the director for Professional Management Programs.

Andrew D. Bailey, chairman and professor of accounting, will leave the School of Management to assume the Arthur Young Professorship of Accounting at Ohio State University next summer.

Ann Carey was hired as the associate project manager for the Industrial Relations' Northwestern Bell project.

Gene Daniels joined the Industrial Relations' Labor Education Service as director of private sector programs.

Jolanta Sears was hired as program director for the Industrial Relations' Employer Education Service.

Shyam Sunder, professor of accounting, was reappointed to a third three-year term of the editorial board of the *Journal of Accounting and Economics,* 1985-87.

New Grants

Australian National University's Development Study Center to **Dennis A. Ahlburg,** assistant professor of industrial relations, to direct a project on Causes and Consequences of Population Change in the Pacific.

ACM Special Interest Group on Business Data Processing (SIGBDP) to **Gerry DeSanctis,** assistant professor of management sciences, and **Brent Gallupe,** Ph.D. student in management information systems (MIS), for a project titled "Information Systems Support for Group Decision-Making." **James C. Wetherbe,** professor of management sciences and director of the MIS Research Center, is the project director.

General Electric Foundation to the **Management Information Systems** (MIS) doctoral program to increase U.S. faculty in MIS.

Graduate School to **Kathy Gardner,** assistant professor of marketing, to conduct research on consumer complaints.

University of Minnesota Microelectronic and Information Science Center to **Paul Johnson,** professor of management sciences, to continue a second year of research on intelligence systems.

Honeywell to the **Management Information Systems Research Center (MISRC)** to support a program for visiting scholars in MIS. Money will fund the visit of Professor **Ruyong Wang** from the Management Science Department, Shanghai Institute of Finance and Economics, China.

Graduate School Faculty Summer Research Fellowship to **Mark Treleven,** assistant professor of management sciences, to study scheduling in job shops.

Publications and Activities

Dennis A. Ahlburg, assistant professor of industrial relations: "Commodity Aspirations in Easterlin's Relative Income Theory of Fertility," *Social Biology.*

Richard Cardozo, professor of marketing, attended the Marketing Science Institute Conference on "Charting New Business Directions." He led two groups of business people and academicians in exploring marketing's contribution to new business ventures.

Gene Daniels and **Ken Gagala** of the Industrial Relation Center's Labor Education Service: **Labor Guide to Negotiating Wages and Benefits,** released by Reston Publishing Company in early January.

Gordon Davis, professor of management sciences and accounting, spoke on building management information systems (MIS) programs at a seminar sponsored by the American Assembly for Collegiate Schools of Business in Tucson, Ariz.

John Dickhaut, associate professor of accounting, was a guest faculty member at the Alabama Research Convocation where he presented a paper, "A Perspective on Accounting Research." He also presented a paper testing the Principal Agent-model at the University of Arizona.

Alan Dubinsky, visiting associate professor of marketing: "Purchasing Insurance: Predictors of Family Decision-Making Responsibility," *Journal of Risk and Insurance,* September 1984 (with Steven Skinner). "Differential Impact of Role Conflict and Ambiguity on Selected Correlates: A Two-Sample Test," *Psychological Reports,* December 1984 (with Francis Yammarino). "From Selling to Sales Management: A Developmental Model," *The Journal of Consumer Marketing,* No. 3, 1984 (with Thomas Ingram). "Job Status and Employees' Responses: Effects of Demographic Characteristics," *Psychological Reports,* summer 1984 (with Steven Skinner). "The Use of Social Bases of Power in Retail Sales," *Journal of Personal Selling and Sales Management,* fall 1984 (with Steven Skinner and James Donnelly).

Stefanie Lenway, assistant professor of strategic management and organization: **The Politics of International Trade: Protection, Expansion, and Escape,** Pittman Publishers, Inc.

Ian Maitland, assistant professor of strategic management and organization: "Reinventing Business Self-Regulation: A Game-Theoretic Analysis," in a forthcoming *California Management Review.*

Charles Manz, assistant professor of strategic management and organization, **Harold Angle,** associate professor of strategic management and organization, and **Andrew Van de Ven,** professor of strategic management and organization: "Integrating Human Resource Management and Corporate Strategy: A Preview of the 3M Story," *Human Resource Management Journal,* spring 1985.

Alfred A. Marcus, assistant professor of strategic management and organization, organized sessions of "Business Strategy and Public Policy" at the Association of Public Policy and Administration's annual research conference in New Orleans. His book, **The Adversary Economy: Business Responses to Changing Government Requirements,** was published by the Greenwood Press.

Peter S. Ring, professor of strategic management and organization: "Strategic Management in the Public and Private Organizations: Implications of Distinctive Context and Constraints," the *Academy of Management Review,* April 1985. (with James Pewry).

Roger Schroeder, professor of management sciences, and Scott Hamilton, Comserv: "Computer-Based Manufacturing and Accounting Systems for Small Manufacturing Firms," *Production and Inventory Management.*

Shyam Sunder, professor of accounting, "Economic Interest in Accounting Standards," *Modern Accounting Theory: History, Survey and Guide,* published by the Canadian Certified General Accountant's Research Foundation, August 1984 (with S. Harib-

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Black MBA group lauds School support

The School of Management MBA Program received an appreciation award from the Twin Cities Chapter of the Black MBA Association at the Association's annual dinner in December.

The award recognized support and endorsement of the Black MBA Association. Four other local companies received awards as well.

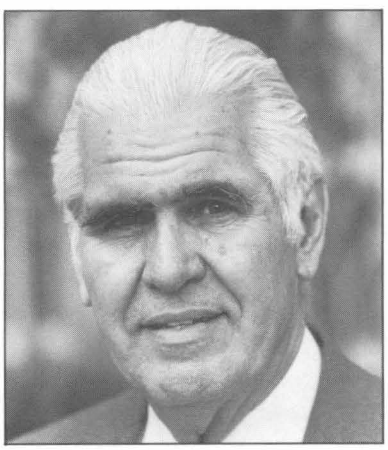
The National Black MBA Association is a nonprofit organization of minority MBA's in the private and public sectors around the country. Members share the common goal of improving their professional skills and obtaining responsible positions in the community.

The Association began in 1970 at the University of Chicago. The Twin Cities' chapter started in 1982. The concept was to organize as a body of MBAs with a variety of skills in several fields and focus their combined leverage toward achieving meaningful goals for the minority MBA professional.

Through seminars, guest speakers, panels, open discussions and a newsletter, the Association established and strives to maintain communication with its members. Membership is composed primarily of MBA graduates and candidates from various business schools.

Those presenting awards at the Black MBA Association's annual dinner included left to right: Jasper Tanner, president Local Black MBA Association; Marvin Trammel, director of corporate recruiting, General Mills; Kathryn Carlson, director of admissions and marketing, MBA program, School of Management; Paul Cimmerer, director of human resources, 1st Bank Minneapolis; Al Nuness, national product sales manager, the Pillsbury Co. Not pictured is Edwin H. Wingate, senior vice president, Dayton Hudson Corp.

The School of Management is committed to increasing minority enrollments in its MBA Program. The School is working to strengthen its recruiting efforts, including the development of several substantial minority fellowships. □



Paul Grambsch

Grambsch leaves legacy of independence, innovation

We were all saddened by the sudden death of former School of Management Dean Paul Grambsch.

He died of a heart attack in November.

Grambsch, 65, served as dean from 1960 to 1970. In 1970 he returned to teaching as a management professor and this past year was on sabbatical.

Under Grambsch's direction the School of Management underwent a major transition. The school established an independent identity, experienced tremendous growth, moved into its new quarters and established its departments. Grambsch supported and initiated a variety of innovations, including paving the way for computerization and establishing the Management Information Systems program.

''The death of Paul Grambsch is a loss, not only to the school and community, but to me personally,'' said Ray Willis, Grambsch's colleague and chairman of the School's department of strategic management and organization. ''During the period when Paul was dean, I was just starting as a new, young assistant professor. The support and encouragement that Paul gave me over the years is something that will stay with me always.''

Grambsch was active on corporate boards for many years. He was a director of McQuay Perfex from 1965 until its recent dissolution. Since 1978 he had been a board member at Midwest Federal Savings and Loan, where he helped expand computer usage. Grambsch had also served as a director of DTL Technology.

He held a variety of community and professional positions, including chairman of the board of directors for the Federal Home Loan Bank of Des Moines. He was chairman of the Minnesota Council on Economic Education and a member of the U.S. Department of Commerce's Regional Export Expansion Council. He was also an elected fellow to the Academy of Collegiate Schools of Business.

Grambsch received his Ph.D. in business administration from Indiana University and a master's degree from the University of Mississippi. He received a bachelor's degree from North Central College in Illinois, where he was named a distinguished alumnus of 1968. Before joining the University of Minnesota, he was dean of the School of Business Administration at Tulane University.

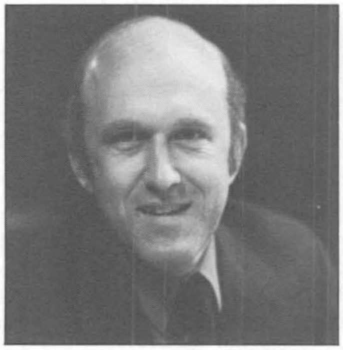
Grambsch was born in Dayton, Ohio. He is survived by his wife, Betty, and eight children. □


Bette Abraham


Kay Barber


Nancy Browning


Jim Cox


Steve McArthur


Jim Miller


Merle "Buck" Menssen

Introducing The Alumni Advisory Council

The Alumni Advisory Council (AAC) is the governing body that represents all School of Management alumni.

The AAC was established during the 1981-82 academic year after a committee of the School's former Business Administration Alumni Society spent a year in strategic planning. The group works to get alumni more involved in School activities through a variety of committees. They coordinated the Alumni Leadership Workshop and hosted MBA and Business Day receptions.

We'd like to introduce you to the 12 volunteers who comprise the AAC...

Bette Abraham, AAC Chair, is an '81 MBA grad and vice president of marketing and strategic planning at Glengarry, a small St. Paul proprietary company. Bette, a Connecticut native, also has a M.A. in psychology. Before entering the MBA program she was a private counselor. She and husband Al, a tax lawyer with Arthur Andersen & Co., love to travel.

Kay Barber is a '75 MBA and a '73 BSB grad. She is group marketing manager of new products in Pillsbury's Refrigerated Foods Division. Kay has also been an active recruiter at the School of Management for Pillsbury in finance and accounting.

Tom Brakke, '83 BSB, is a securities analyst at IDS/American Express in Minneapolis. While at the U of M, Tom was editor of the *10K Review* and involved in the Business Board. While on the AAC he wants to see alumni working to recruit high caliber students into the business program.

Nancy Browning, an '81 MBA, is actively involved in the AAC's fundraising committee. Nancy is manager, Midwest Consumer Packaged Goods, Tymshare in Minneapolis. Her job requires much travel. Before coming to the MBA program she recruited for a West Coast company.

James Cox, '50 BSB grad, is vice president and treasurer at NSP. Past president of the CBA Alumni Society, Jim currently represents the AAC on the Undergraduate Advisory Council. He is also NSP's program liaison with the School's Partners Program. Jim and his wife live in Plymouth and have a sailboat on Lake Superior near the Apostle Islands.

Karen Hawley, an '81 Ph.D. grad, is a program manager at Honeywell in the defense division. She has an undergraduate degree in engineering. Karen is concerned that students learn to use networks. She leads School of Management workshops on mentoring for that purpose.

Steve McArthur, a '67 BSB grad, is vice president and controller at B. Dalton. Past chair of the AAC, steve worked with Touche Ross before joining Dayton Hudson. Steve and wife Terry live in Bloomington with their two children.

Merle D. (Buck) Menssen, is sector controller at 3M and has extensive experience in international business. He has a '59 BBA degree and a '73 MBA. Buck is interested in company networks of SOM grads, and he is working on the establishment of the Corporate Liaison Committee that will work to link companies with SOM programs.

Jim Miller, '68 BSB, is president of Employer's Overload in Minneapolis. A dynamic proponent of small business, Jim's interest is getting students and the School to realize the importance of small business to employment and the economy.

Ken Reynolds, a spring 1982 grad of the Executive Development Center's Minnesota Management Institute (MMI), is the district manager of information services for Northwestern Bell. He received his bachelor's degree in mathematics from Colgate University, Hamilton, N.Y., in 1969.

Jim Rustad, an account executive with Merrill Lynch, has a bachelors in Engineering, a '67 law degree and a '72 MBA. He has served as AAC liaison to several student organizations, including the 1985 Business Day Committee. He chairs the programs committee and wants more alumni to get involved in all aspects of the AAC's efforts.

E. Palmer Tang, is a retired partner-in-charge and senior partner of Touche Ross. Palmer is a former member of the School of Management's Board of Overseers and currently involved in the AAC's fundraising efforts. During the winter, Palmer and his wife divide their time between Minneapolis and Arizona.

If you are in small business and interested in "networking" and sharing experiences and/or battle stories with other alumni in small businesses, contact the alumni relations office at (612) 376-3217. (The first task on the agenda is developing a mailing list!) □

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hakti). Sunder presented his paper, "Market for Information: Experimental Evidence," at the Accounting and Finance Workshop at the University of California in Los Angeles. He also presented this paper at the annual meeting of the Southern Economic Association in Atlanta. Sunder presented his paper, "A Contract Model of Governmental and Nonprofit Organizations: Implications for Accounting (with James Chan) at the Governmental and Nonprofit Accounting Research Symposium at the University of Illinois, Chicago.

Terry Tranter, adjunct assistant profesor of accounting, presented a two-day update on Financial Accounting Standards Board pronouncements at the Minnesota State Society of CPAs.

C. Arthur Williams, Jr., professor of finance and insurance, and R. N. Heins: **Risk Management and Insurance,** fifth edition (New York: McGraw-Hill, 1985). Williams' "Some Practical Applications of Risk Management Theory" appeared in *Risk and Insurance Management,* No. 12, September, 1984. This was the first English article in this publication of the Japan Risk Management Society. He also presented a paper, "Risks-Return Relationships in Workers' Compensation Insurance Excess Profits Statutes," at a seminar on Economic Issues in Workers' Compensation, sponsored by the National Council on Compensation Insurance, New York.

Visiting Faculty

Susan Brender, professor of information sciences at Boise State University, is visiting the Management Information Systems area through June.

Zhao Ke-qun, a systems engineer with the China Computer Technical Service Corporation, Beijing, People's Republic of China, is visiting the Management Information Systems area through December 1985, pursuing research in the data base area.

Deceased

Paul Grambsch, '65, former School of Management dean and faculty member, died November 1984 in Minneapolis.

John R. Immer, '69, former School of Management faculty member, died November 1984 in Washington, D.C. □

AKP marks 65th year

Alpha Kappa Psi alumni gathered for Homecoming '84 at the Radisson Metrodome in Minneapolis to celebrate the national organization's 80th anniversary and the local chapter's 65th anniversary.

Tom Loberg, '77, alumni president, outlined extensive upcoming plans for the chapter. The group meets the third Thursday of each month. St. Paul Mayor George Latimer addressed the group in February. In April they will have the grand opening, rededication of their house. It will be named the **"Raymond G. Woolever House"** in honor of the fraternity's "grand old man."

Woolever, '22 BSB, was instrumental in "saving" the chapter in the 1930s, according to **Tom Bastaez,** former president and national board member. He was treasurer of the national organization and president from 1950-1956 when the fraternity experienced its strongest growth. **Woolever** retired as president of Maico Electronics, Minneapolis, in the 1960s. He died November, 1984.

The building rededication also recognizes the alumni building effort's August 1984 $125,000 goal. To date, $55,000 has been raised. This is the third house for the fraternity since its inception in the 1920s.

According to **Loberg,** the 2,200-member professional fraternity has four goals. They are to: keep members in touch; form a network for current students in job placement and professional contacts; provide professional seminars for alumni and active members; and provide social activities and entertainment for members. Twin Cities alumni meet monthly over lunch as well.

Loberg and **Bastaez** are proud that they have had many alumni in national fraternity leadership positions. The chapter is rated number one for performance and assisting active members. □

Alumni Workshop

The Alumni Advisory Council is hosting its second annual Alumni Leadership Workshop, Saturday, May 4, starting at 8:45 a.m. and concluding with a luncheon. It will be held at the Calhoun Beach Club in Minneapolis.

All alumni are invited to participate. The Workshop is planned for past, present and future alumni volunteers who wish to roll up their sleeves and get more involved in the schools day-to-day activities. For more information on the Workshop, contact the Alumni Relations Office at the School, 271 19th Avenue South, Minneapolis, Minn. 55455 (612) 376-3217.

Alumni Update

1920s

Russell Ewing, '22, is president, National Institute of Leadership, Beverly Hills.

Robert E. Borden, '28, is head of Robert E. Borden & Associates, a public relations and advertising agency in Chicago.

Gordon M. Larson, '28, is a retired federal employee living in Arlington, Va.

1930s

Paul E. Almquist, '30, retired as New York manager of the systems division in 1966 after 35 years with Remington Rand-Sperry. In 1970 he received his L.L.D. from Eastern College and in 1982 was named Director Emeritus from the Eastern Baptist Theological Seminary and Eastern College. He lives in St. Davis, Pa.

1940s

Paul F. Reed, '47, is director of building and finance, Lutheran Church in America, New York. In February he moved to Sun City, Ariz. and commutes monthly to New York for meetings.

Wendell L. Olson, '48, is vice president, Independent State Bank of Minnesota, Minneapolis.

1950s

Harmon W. Ruliffson, '56, is executive secretary of the Scottish Rite Bodies in Minneapolis and a fellow in the International Biographical Association which is limited to 2,000 fellows worldwide.

1960s

C. David Jones, '61, '70MBA, president of Roth Young Personnel Services in Minneapolis is chairman of the Bloomington Chamber of Commerce and a district director of the Minnesota Commission on Small Business.

Robert N. Knoch, '63MBA, is vice-president, human resources, Piper, Jaffray & Hopwood, Minneapolis.

William K. Elwood, '63, '72MBA, is vice-president, information systems, T.G.&Y. Stores' national headquarters, a subsidiary of Household International, Inc., in Oklahoma City.

Gregory J. Liemandt, '67, is chairman of the board, UCCEL Corporation, UCCEL Tower, Dallas.

Frederick H. Gravelle, '68, is vice-president, trust division, National Bank of Detroit, Bloomfield Hills, Mich.

Michael L. Lovdal, '69, was recently promoted to vice-president in charge of strategic planning consulting practice for Temple, Barber & Sloane, Lexington, Mass.

Charles A. Schone, '69, is a representative for Aetna Life & Casualty, Minneapolis.

1970s

Fred E. Kickertz, '71MBA, is vice-president of finance and control, Loram Maintenance of Way, Inc., Hamel, Minn.

James A. Kottmeier, '71, is president, Twin Cities Unlimited, Bloomington, Minn.

William L. DeCoursey, '71, '73MBA, is production manager with Lifetouch-National School Studios in Bloomington, Minn. He has been with the company for 37 years.

Mike Ziegler, '71, is with Basic Systems & Supplies, Inc., a computer sales company in Anoka, Minn.

Fekadeselassie Bezuneh, '72MBA, is general manager of Audit Services Corporation, Addis Ababa, Ethiopia.

Thomas Holmes, '72MBA, is manager of R.J. York & Associates, St. Paul.

James M. Reineke, '72MBA, is manager of planning for Northwestern Bell Telephone, Plymouth, Minn.

William Leo Sonterre, '73, is director of information systems at Abbott Northwestern Hospital, Minneapolis.

Scott D. Prueter, '74, '77MBA, is marketing manager for Warn Industries, Seattle.

Gregory E. Kuderer, '75, became a partner/shareholder in the law firm of Erickson, Zierke, Kuderer, Myster, Madsen & Wollschlager, P.A. in Fairmont, Minn.

Alan J. Kieger, '75MBA, is treasurer of Northern Screw Machine Co. Inc., St. Paul.

Mark Morneau, '75MBA, is manager of systems development, Gannett Co. Inc., Rochester, N.Y.

Gary Hagopian, '75MBA, is senior counsel with Procter and Gamble in Cincinnati.

Robert C. Maxwell, '76, is branch manager of Security Federal Savings and Loan, Elk River, Minn.

Lee B. Skold, '76MBA, is president of First Horizon Insurance Company with Cargill, Inc., Minneapolis.

Thomas Nelson, '76, '80MBA, is director of petro planning and economics, CENEX, St. Paul.

David P. Beyer, '78MBA, works for IBM as an advisory systems engineer on the John Deere account, Moline, Ill.

Roy Martens, '78MBA, is a senior financial analyst with Farm Credit Services, St. Paul.

David P. Lux, '78MBA, is a senior financial analyst with Farm Credit Services, St. Paul.

Paul B. Whitebread, '79, is supervisor of sales training for CPT Corporation, Minneapolis.

Charles S. Salewsky, Jr., '79MBA, is manager, planning and information systems for Ansul Fire Protection, Marinette, Wis.

Thomas E. Poe, '79MBA, is director of investor relations for the Pillsbury Company, Minneapolis.

Michael D. Fisher, '79, graduated from the U of M School of Dentistry in 1983 and has a general dentistry practice in Roseville, Minn.

1980s

Marcy Tavernier Minikus, '80MBA, is a financial planner, defense system division at Honeywell, Minneapolis.

Robert J. Simon, '80, is vice-president of Bradford Ventures, Ltd., a venture capital firm specializing in mergers and acquisitions. He lives in New York City.

Stephen P. Dunphy, '80, is a key account manager for Procter & Gamble, Minneapolis. He lives in Omaha.

Wiliam P. Brady, '80MBA, is the corporate controller for ADC Magnetic Controls Company, Minneapolis.

Maureen R. Steinwall, '81MBA, is vice-president of Steinwall, Inc., Fridley, Minn.

Virginia L. Smith, '81MBA, is manager, marketing information at Cray Research, Inc., Minneapolis.

Dale L. Wittenberg, '81MBA, is branch business manager for Hewlett-Packard Co., Rolling Meadows, Ill.

Mary Jo Schifsky, '81MBA, is a buyer in sporting goods for Target, Minneapolis.

Kirsten J. Langohr, '81MBA, is a marketing research manager at General Mills, Minneapolis.

Bette Abraham, '81MBA, is vice-president, marketing and strategic planning at Glengarry Company, St. Paul.

Jennie Hilburn, '81MBA, married Kenneth Barker in October, 1984. They met at a Deloitte Haskins & Sells seminar in 1983. They live in Pittsburgh in a gothic revival home called Heathside Cottage.

Bruce C. Jondahl, '81MBA, is marketing research manager at General Mills, Minneapolis.

Mark A. Heaner, '80, is a real estate sales associate with Straet Realty, Springfield, Mo.

Steve Berch, '81MBA, is EDP operations manager, Hewlett-Packard/Disc Memory Division, Boise, Idaho.

Bernard S. Tuohy, '81MBA, is vice president of marketing with Tuohy Furniture Corporation, Minneapolis.

Kenneth C. Dickman, '81MBA, is district manager for Franklin Electric, Minneapolis.

Aziz Ahsan, '81MBA, is a paralegal engineer with Honeywell, Inc., Minneapolis. He graduated from William Mitchell College of Law in December, 1984. At Honeywell he will specialize in international corporate and patent law.

Ginny Grossman, '81MBA, is an account executive at Dancer Fitzgerald Sample, Inc., Minneapolis.

Richard A. Enger, '81MBA, is manager for business development at Land O'Lakes, Minneapolis. He married Julie Offendahl in September, 1984. She will complete her MBA in 1985.

Louis C. Arp, '81MBA, is manager of manufacturing systems with G. D. Searle, Skokie, Ill.

William L. Mateo, '81MBA, is treasurer and controller of Johnston Southern Company, Chattanooga, Tenn.

Jean Erickson, '81MBA, and husband Keith, recently opened Dagwood's, a restaurant in the Minneapolis skyway system.

Steven W. Hartley, '81MBA, is a professor at the University of Denver.

Timothy G. Indihar, '81, is communications specialist, benefits, Cargill, Minneapolis.

Gordon C. Ortler, '81MMI, is manager, personnel placement and health services, personnel department for Northern States Power.

William H. Pearson, '81MBA, is director of marketing, New Vector Communications, Bellevue, Wash.

C. Matthew Olson, '81MBA, is vice-president, senior investment officer at Norstar Bank of Maine, Portland, Maine. He was awarded the Chartered Financial Analyst (CFA) in September, 1984.

Jerry A. Larson, '81MBA, is a product manager at E. A. Sween Co., Eden Prairie, Minn. He married Dianne Claude in September 1984 and they live in Eagan, Minn.

Linda E. Novotny, '81MBA, is a systems engineer in the information systems group, national accounts division, IBM, Los Angeles.

Tim Larson, '81MBA, is a systems analyst at Honeywell, Minneapolis.

Richard Tim Leung, '81MBA, is assistant vice-president, Citibank N.A., Hong Kong.

Judith Henton Cox, '81MBA, is supervisor, customer service, Cardiac Pacemaker, Inc., Arden Hills, Minn.

Kevin A. Schmitting, '82MBA, is a portfolio analyst, State of Wisconsin Investment Board, Madison.

Sandra K. Schmidt, '82MBA, is an information systems consultant for Booz-Allen & Hamilton, Inc., Bethesda, Md. She lives in Washington, D.C.

Howard W. Schwartz, '82MBA, is administrative director, department of radiology, University of Minnesota Hospitals, Minneapolis. In addition to publishing several papers and making numerous professional presentations, he was appointed as member of the editorial board for *Radiology Management,* a national publication dedicated to the professional management of hospital radiology departments.

William R. Gasteyer, '82MBA, is an account representative for Texas Instruments, Minneapolis.

Caroll E. Southam, '82MBA, is an operations analyst with Chevron, San Francisco. She lives in Castro Valley, Calif.

Michael W. Marben, '82, is a police officer with the Prior Lake Police Department, Prior Lake, Minn.

Carol Kronebusch Hubbard, '82MBA, is a business planner with IBM, Rochester, Minn.

Mark E. Mundahl, '82MBA, is a consultant with Coopers & Lybrand, Detroit.

Theodore Biesanz, '82MBA, is an associate account executive with Stone and Alder, Chicago.

Jane K. Erie, '82MBA, is a consultant with Interactive Data Corp., Chicago.

Jeffrey L. Gauvin, '82MBA, is a senior consultant with Arthur Andersen and Co., Milwaukee, Wis.

Victoria Burns, '82MBA, and her husband opened Golden Oak Framing, Golden Valley, Minn.

Jon S. Lebewitz, '82MBA, is a securities analyst with Dain Bosworth, Inc., Minneapolis.

Gregory M. Heetland, '82MBA, is a product volumes planner with IBM, Rochester, Minn.

Michael Braverman, '82MBA, is in corporate accounting systems with Hewlett-Packard, Palo Alto, Calif.

Victor E. Sannes, '82MBA, is tax manager for Larson Allen Weishair & Co., Minneapolis.

Katie M. White, '82MBA, is director of marketing for Fairview Southdale Hospital, Minneapolis.

Nancy J. Shea, '83MBA, was promoted to associate product manager for the Oscar Mayer bacon, pork sausage, ham and "Lean 'n Tasty" product lines. She is based at the company's corporate office in Madison, Wis.

Scott P. Baril, '83MBA, is an advanced staff accountant with Ernst & Whinney, Boston.

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Wan-Chong Kung, '83MBA, is a member of the technical staff at Cytrol, Inc., Edina, Minn.

Paul A. Kiolbasa, '83MBA, is a registered representative for Piper Jaffray & Hopwood, Stillwater, Minn.

Philip L. Bergman, '83MBA, is a systems analyst at McDonnell Douglas Corp., St. Louis, Mo.

Richard McNeil, '83MBA, is director of accounting for Cub Foods, Stillwater, Minn.

Jeffrey K. Erickson, '83MBA, is a material planner, institutional division, U.S. operations, Economics Laboratory, St. Paul.

Peter A. Mandell, '83MBA, is an accountant with Honeywell, St. Louis Park, Minn.

Olivier P. Laurent, '83MBA, is a systems analyst with Borroughs Corp., Detroit.

Doreen K. Waltz, '83MBA, is a programmer analyst with Hewlett Packard, Palo Alto, Calif.

Diane Marie Emerson, '83MBA, is market research manager for H. B. Fuller Company, St. Paul. She is also helping found a Twin Cities' women's newspaper.

Michael W. Gilbertson, '83MBA, is self-employed as a market research consultant.

Ann S. Lee, '83MBA, is a data analyst with Northwestern National Life Insurance, Minneapolis.

James S. Vogel, '83MBA, is a registered representative of the Equitable Financial Services through his own company, James A. Vogel and Associates, Milwaukee, Wis. He and his wife had their second child, Emily, in 1984.

Scott F. Peterson, '83MAIR, is an organizational analyst for Philip Morris, Richmond, Va.

Scott D. Opsal, '83MBA, is a securities analyst-equities at Value Investors, Inc., Des Moines, Iowa.

Kenneth G. Dzugan, '83MBA, is assistant director of industrial development, Energy Park Coordinator for the St. Paul Park Authority, St. Paul Park, Minn.

Lindsay A. E. Shorter, '83MBA, is operations manager for the Rochester Chamber of Commerce, Rochester, Minn.

Neal D. Rogachefsky, '83MBA, is marketing manager, American Community Cablevision, Ithaca, N.Y.

Linda M. Hennum, '83MBA, is an information systems planner for the State of Minnesota, IBS, St. Paul.

David R. Johnson, '83MBA, is a product manager for TRW, Cleveland, Ohio.

Douglas P. Henrich, '83MBA, is a systems marketing representative for Control Data, Minneapolis.

Gary P. Gengel, II, '84MBA, is an attorney with Lommen, Nelson, Sullivan & Cole, P.A., Minneapolis. They specialize in antitrust.

Antony X. Selvam, '84MBA, is an accounting analyst with the Burroughs Corp., Edina, Minn.

Steven W. Virnig, '84MBA, is a programmer-analyst at the Pillsbury Company, Minneapolis.

Marc Stuart Phibbs, '84MBA, is a market analyst with the Tennant Company, Minneapolis.

Lisa Zakrajzek, '84MBA, is a market assistant in the dry grocery division, Pillsbury, Minneapolis.

Jocelyn T. Teh, '84MBA, is a programmer-analyst for FMC Corporation, Minneapolis.

Steven L. Nygren, '84MBA, is a financial analyst at 3M, St. Paul.

Jonathan D. Schmidt, '84, is a systems analyst for American Hardware Mutual Insurance Co., Minneapolis.

Kristi A. McNamara, '84MBA, is a financial analyst with Northern Telecom, Richardson, Texas.

Mark Patzloff, '84MBA, is a market analyst with Pasilac Therm, Kolding, Denmark.

Thomas J. Solberg, '84MBA, is a financial analyst with the Pillsbury Company, Minneapolis.

Jim Huninghake, '84, is an installment loan officer with North Star State Bank, Roseville, Minn.

Catherine Salmon, '84MBA, is a marketing research analyst at St. Jude Medical Center, St. Paul.

Cindy J. Mueller, '84MBA, is a programmer analyst with Hewlett-Packard, Boise, Idaho.

Steven M Edgett, '84MBA, is a system consultant for Arthur Andersen & Co., Los Angeles.

John Lamers, '84 MBA, is a programmer analyst at The Pillsbury Co., Minneapolis.

Christine N. Anderson, '84MBA, is a project director for Market Trends, Inc., Minnetonka, Minn.

Lori J. Larson, '84MBA, is a product manager-limited partnerships, IDS/American Express, Minneapolis.

Jeffrey J. Prohofsky, '84MBA, is a programmer with C.O.M.B. Co., Minneapolis.

Thomas W. Harold, '84MBA, is a marketing assistant at the Pillsbury Co., Minneapolis.

David L. Johnson, '84MBA, is a systems engineer, information systems group, national marketing division, IBM, Minneapolis.

Randy E. Paulson, '84, is with corporate financial audit at Honeywell, Minneapolis. His job takes him around the world.

Margaret R. Thomas, '84MMA, is executive director of Metro Deaf Senior Citizens, Inc., St. Paul.

Ralph R. Wilkes, '84MBA, is manager, accounting systems, Burlington Northern Railroad, St. Paul.

David P. Sell, '84MBA, is a marketing research analyst, U.S. Data Processing group, NCR Corp., Dayton, Ohio.

John R. Speltz, '84MBA, is an account executive with Merrill Lynch Pierce Fenner & Smith, Minneapolis.

Joel P. Helixon, '84MBA, is an agent for American Family Insurance, Mondovi, Wis.

Kevin J. McCarthy, '84MBA, is a transportation operation analyst with Target, Minneapolis. □

What's New?

The *Minnesota Management Review's* "Alumni Update" is one of its most popular sections. All alumni of the School of Management are encouraged to submit information for inclusion in the *Minnesota Management Review*. To do so, mail the form at the end of the "Alumni Update" section to the School of Management. Information from press releases send by companies/organizations is also used in the "Alumni Update" section. Send press releases to: Jeanne Carroll, assistant director, Alumni Relations, School of Management, University of Minnesota, 271 19th Ave. So., Minneapolis, Minn. 55455.

Grads network at MBA reception

More than 120 School of Management MBA alumni, faculty, staff and guests gathered for the annual MBA reception at the Minneapolis Athletic Club in early December.

The informal social gathering was sponsored by the Alumni Advisory Council (AAC), and was designed to provide an opportunity for networking among MBA grads.

"The AAC is committed to planning activities which are beneficial to our alumni, and one of the groups we're starting with is our local MBA alumni group," stated Bette Abraham, Alumni Advisory Council chair. "The success of the MBA reception is prompting us to plan even more alumni activities, including some special alumni programming at Business Day on April 23," she concluded.

If you are a Twin Cities' alumnus of the MBA program, and did not receive an invitation to the MBA reception, contact the School of Management Alumni Relations Office at 376-3217. A number of MBA alumni completed the MBA program but not their Plan Bs. Consequently, they are not on the University's data base as MBA graduates. In conjunction with the MBA curriculum revision in 1981, some MBA alumni are finishing their Plan Bs (and subsequently, receiving their degrees) within the context of courses offered in the School of Management MBA program. For more information call the Alumni Relations Office at 376-9483. □

Photo by Tim Rummelhoff

The politics of U.S. trade

Stefanie Lenway, assistant professor of strategic management and organization, explored the politics of international trade at a Strategic Management Research Center Colloquium in November. She explained how the General Agreement on Tariffs and Trade (GATT) has reduced the domestic protectionists' ability to influence U.S. trade. Lenway's recently published book, **The Politics of U.S. International Trade: Protection, Expansion, and Escape** (Pittman Publishers, Inc.), presents a balanced understanding of current U.S. trade policy.

ALUMNI UPDATE

Information furnished by alumni on this form will be used for the "Alumni Update" section of the *Minnesota Management Review* and will help the School maintain accurate home and business address records. Send to: Jeanne Carroll, assistant director, Alumni Relations, School of Management, University of Minnesota, 271 19th Ave. South, Minneapolis, Minn. 55455.

Name____ Date________________
(First) (Middle or Maiden) (Last)

Year of Graduation and Degree(s) granted from School of Management____________________

Employer________________________
Position

____
Company Organization

____
Mailing Address

____
City, State, Zip

____
Phone

Home________________________
Mailing Address

____
City, State, Zip

____
Phone

Information you would like to share with the School of Management (career, family, awards, weddings, births, etc.):

Executive Development Center Programs

I. GENERAL MANAGEMENT RESIDENTIAL PROGRAMS

☐ **Minnesota Management Institute** (4 weeks)
Modular format; begins February, 1985

☐ **Minnesota Management Academy** (9 days)
Begins March 23, 1985

II. MANAGEMENT SPECIALIST PROGRAMS.

☐ **Systems Analysis and Design** (5 days)
Residential program; three times a year
Upcoming session—May 12-17, 1985

☐ **Strategic Management of Manufacturing** (7 days)
Residential program; once a year
Upcoming session—June 16-22, 1985

☐ **Controllership Academy** (6 days)
Residential program; once a year
Upcoming session—June 23-28, 1985

☐ **MIS Executive Institute** (8 days)
Residential program; once a year
Upcoming session—June 8-15, 1985

III. GENERAL MANAGEMENT SEMINARS

☐ **Finance for the Professional Manager**
Mpls./St. Paul location; four times a year
Upcoming sessions—March 18-20, 1985 and June 12-14, 1985

☐ **Marketing for the Professional Manager**
Mpls./St. Paul location; four times a year
Upcoming sessions—March 18-20, 1985 and June 12-14, 1985

☐ **Analyzing Business Performance**
Mpls./St. Paul location; four times a year
Upcoming sessions—March 18-20, 1985 and June 12-14, 1985

☐ **Competing with Computing**
Mpls./St. Paul location; four times a year
Upcoming sessions—April 1-3, 1985 and June 19-21, 1985

☐ **Problem Formulation for the Professional Manager**
Upcomine session—March 20-22, 1985 and June 17-19, 1985

Information Request Form

______YES, I am interested in more information on the seminars I have indicated above.

______YES. Please ADD MY NAME TO THE EXECUTIVE DEVELOPMENT CENTER LIST to receive brochures on individual seminars as they are published.

NAME______________________TITLE______________________ORGANIZATION______________________

STREET__________CITY__________STATE__________ZIP__________COMPANY PHONE (   )______________

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School of Management, University of Minnesota

July 1985

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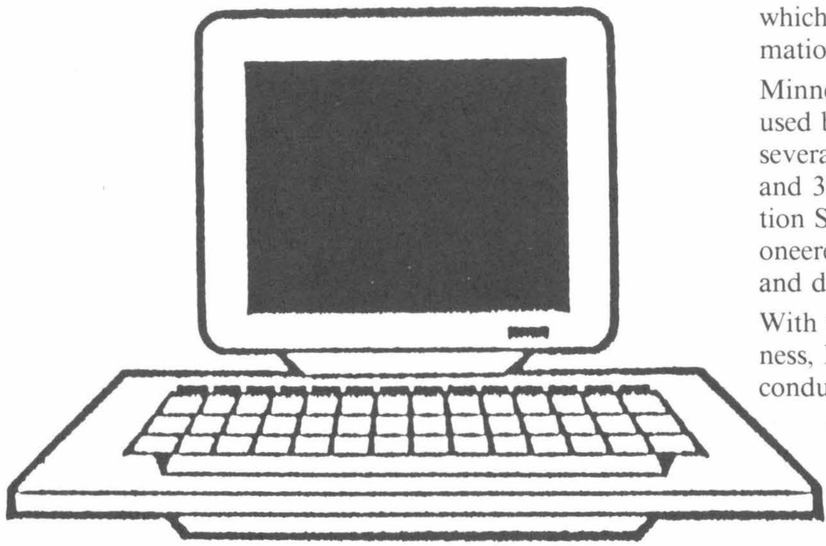


School receives $2 million IBM computer grant

The University of Minnesota School of Management recently received a $2 million IBM grant to expand its graduate instruction, faculty and research relating to the management of information systems in organizations.

During the next five years, the grant will be matched to provide a total of $4 million to continue and enhance the school's strong national standing in the management of information systems. The IBM grant provides the school with $1 million in IBM equipment and $1 million in cash.

"Competition for the grants was rigorous and the university's selection attests not only to the quality of its proposal, but to its reputation for having one of the finest programs in the country in management information systems," said Larry Osterwise, general manager of IBM's manufacturing facility in Rochester, Minn. "With the rapid growth in the use of information systems, this grant puts the university in a leading position to produce tomorrow's most sought-after business managers."

The School of Management has long been a major force in education and research in information systems, with such innovations as the "Minnesota Multiplier Effect," through which research begun at the university has affected information systems education and research worldwide.

Minnesota faculty have produced 34 textbooks that are used by more than 1 million students and have published several hundred articles in the field. More than 400 MBAs and 30 Ph.D.s have been awarded in Management Information Systems (MIS) at the university. Faculty have pioneered curriculum design, sponsored scholarly interaction and developed and supported scholarly journals.

With the American Assembly of Collegiate Schools of Business, IBM and other industry sponsors, the MIS faculty conduct the Information Systems Faculty Development Institute to train non-MIS faculty from the United States and Canada to become MIS teachers. More than 100 institute graduates teach information systems courses in colleges and universities.

"We're pleased and grateful for IBM's recognition of Minnesota's front-line role in the management of information systems, as well as this very generous gift to expand and enhance that role," said Preston Townley, dean of the School of Management. "Clearly, this school has pioneered in helping management evolve and innovate to meet the demands of the computer era."

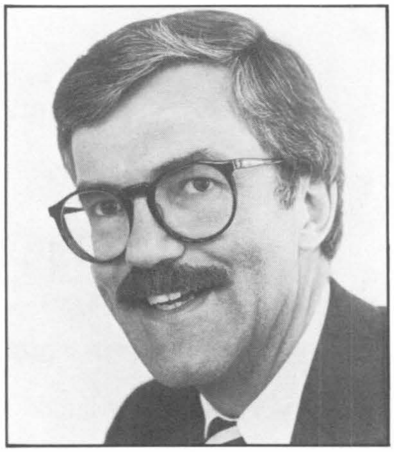
IBM grant monies will be aimed specifically at extending the school's graduate curriculum in the management of information systems through the following:

- Enhancement of the MBA curriculum for all students, with MIS specialists receiving added instruction.

All concentrations will have greater information systems orientations, including accounting, finance, marketing and operations. End-user computing issues and concerns will receive special attention. Faculty will be further trained, new faculty hired, course work developed and disseminated and

IBM grant to page 5

INSIDE



Preston Townley

Dean's Message
Preston Townley, Dean

As my first year as Dean of the School of Management closes, I would like to comment on several important developments.

Much has occurred; a team of undergrads won the McIntire Commerce Invitational case study tournament; the Dean's Innovation Fund is off to a strong start with more than $25,000 and faculty project proposals under review; the Kappel Chair in Business and Government has been filled; and the Executive Development Center has a new director.

The School has made some important progress and been recognized for its national leadership and achievements in a number of critical areas. Let me share my thoughts on two of them.

I am delighted with the national recognition and financial support provided by the $2 million IBM grant to expand our graduate instruction, faculty and research relating to the management of information systems (see story, page 1). Competition was stiff. The award reflects the quality of our proposal, and acknowledges the strength of the school's outstanding Management Information Systems (MIS) program.

To me, the IBM grant recognizes the MINNESOTA MULTIPLIER EFFECT, where research and teaching here has affected information systems education and research worldwide. The concept measures our on-going influence with students, faculty, alumni and the management community — both national and international.

In particular, the grant recognizes the many achievements and accomplishments of our MIS area. Under the MIS umbrella, Minnesota's leading and innovative faculty have produced many textbooks, published hundreds of articles, pioneered curriculum design, sponsored scholarly interaction and developed and support scholarly journals. The Management Information Systems Research Center (MISRC), solidly supported by industry, was, to my knowledge, the first on-campus academic research center devoted to the field. It is one of the school's outstanding programs devoted to increased academic/management interaction.

Building on our strengths — top faculty, excellent students, a large university, close ties to an innovative management community — our objective is to continue to lead in the management of information systems education and research. The IBM funding is critical. It will help us maintain our cutting edge position, enabling us to expand our current resources and stay in the forefront of the field.

Our Accounting Department, too, received important national recognition recently. While I was not overly surprised, I was very pleased with its strong showing in a citation analysis study conducted by New York University researchers.

This breakthrough study that analyzed the impact of research contributions of 76 national accounting programs ranked Minnesota eighth overall. Twenty percent of all research leaders listed were Minnesota faculty or graduates.

Indeed, departing Accounting Chairman Andrew Bailey leaves a legacy of an excellent department. Innovative faculty and programs and a productive placement program have made Minnesota a long-time leader. This study reinforces our academic soundness and high-impact role in accounting research.

Other good news for Accounting includes a $30,000 Coopers & Lybrand grant that will aid the integration of microcomputers into the curriculum. Recruiting went well last spring with several outstanding newcomers joining the faculty. And, a search is well underway for a new accounting chair who will continue the tradition of curriculum and research growth and development, and community interaction so ably overseen by Andy.

I commend MIS and Accounting for their outstanding achievements. Truly, this important national recognition is most timely and well deserved.

I am glad to have a chance here to single these two out. I will have more to report on other areas and departments of the school in forthcoming issues of the *Minnesota Management Review.* □

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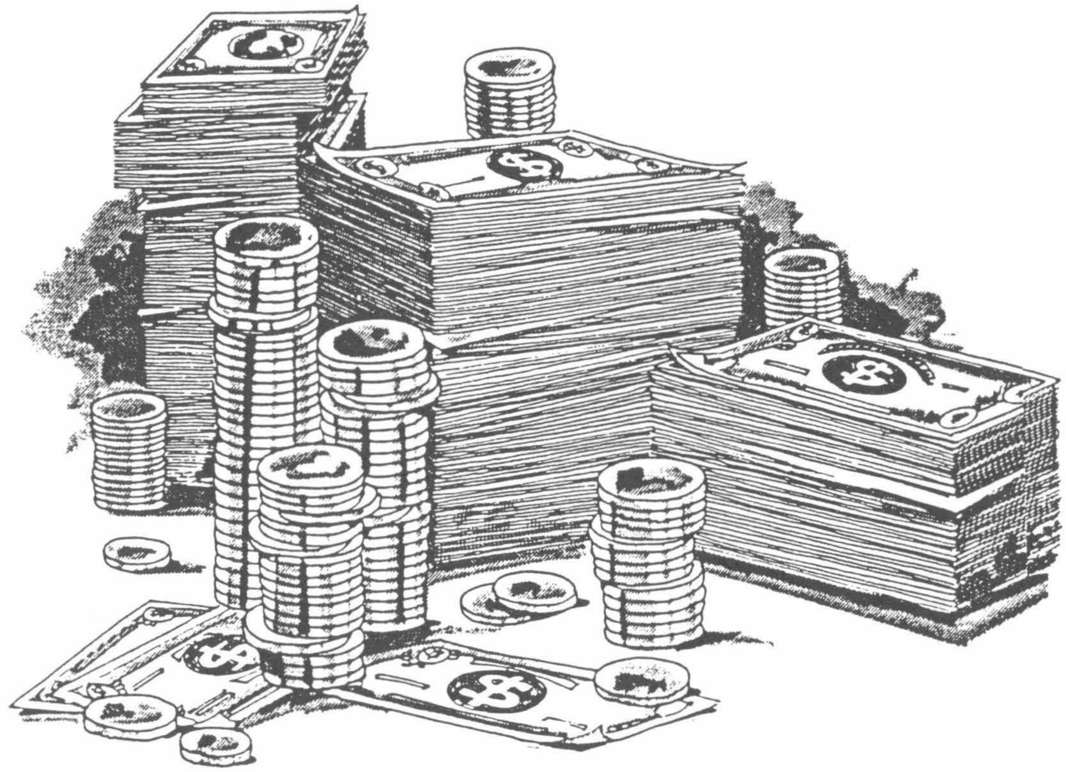
Corporate Takeovers:

A lesson in economics and lexicography



by Timothy Nantell

Would you rather spend your business career as a *corporate raider* or a white knight? Can you imagine boasting of your success in a *junk-bond bust-up* takeover? Does *greenmail* sound like a valuable economic activity? Could any good possibly result from a *minority freezeout*? As a risk-taking manager of an industrial giant, would you demand a *golden parachute* as part of your employment contract?

Today's financial press is filled with a new vocabulary. Its message is very clear. One party to a takeover battle is a "raider," while the other is described as being forced to use various "shark repellent" techniques, such as *Pac-Man defenses* (let's buy them before they buy us) or *crown-jewel options* (let's sell off the best division to make our firm less desirable).

The lexicography of the corporate takeover is fascinating. However, it is laced with preconceptions that value judge the activity. The terminology suggests that corporate takeovers should be severely restricted — the sooner the better. Let's hope the public jury is still out on this issue, because a large and growing body of scientific evidence strongly suggests the opposite.

Research on takeover activity addresses three questions: Are there gains from takeover activity for the stockholders of the firms involved?; How are such gains distributed between the buying and selling stockholders?; and, What are the sources of the gains to the stockholders? The many studies that have addressed this issue generate similar answers to these questions. Given the descriptive terminology, what may be most surprising about these studies, beyond similarity of results, is that the answers they give to the questions set forth in the opening paragraph are quite different from the answers begged by judgments of the terminology. Examination of a few of the common lexicographic judgments makes the point.

Raiders and White Knights

A takeover is commonly accomplished in one of two ways. In a hostile tender offer, management of the buying firm ("raider") offers to buy shares from the stockholders of the selling firm ("target") at a specified price. Such offer price is always above the market price on the stock exchange. If the target stockholders tender or sell enough shares so that the raider ends up owning more than 50 percent of the outstanding shares, the raider can control the target's board of directors and company operations.

For a variety of reasons, some self-serving, some not, target management will often use a variety of tools, "shark repellents," to squash the attempted takeover. One of the more time-honored shark repellents is to negotiate a merger with a third party ("white knight"), thereby discouraging the raider from further pursuit.

However, evidence indicates that the labels may need to be switched when seen from the target stockholders' perspective. Research concludes that target stockholders enjoy a 30 percent gain in their stock value when the takeover is effectuated by a tender offer. Target stockholders for whom a merger has been negotiated with a white knight enjoy only a 20 percent gain.

Four things are worth emphasizing about this finding. The tender offer takeover generally provided more value for the target stockholders than did the negotiated offer. The gains are permanent rather than temporary. *Raiding* firm stockholders in tender offer takeovers receive a larger gain than

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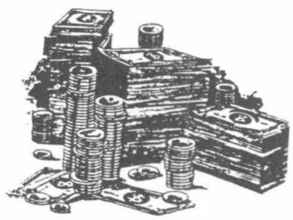


Takeovers continued

buying firm stockholders in the negotiated white knight mergers. Finally, the gains to both groups of buying stockholders are permanent. Although in percentage terms the gains are not nearly as large as the 20 and 30 percent permanent gains experienced by the target stockholders, they are almost as large in dollars. This apparently contradictory finding results from the disparity in the raider and target firm average size.

Evidence concludes that stockholders should want to free raiders while finding some shark repellent for the white knight, or more correctly, find some shark repellent for the white knight when a raider lurks nearby. One footnote to this bit of lexical re-rendering: permanent gains to the stockholders of both of the firms involved in the takeover are not due to any increase in monopoly power, but to improvements in production efficiency. This conclusion is drawn from evidence that the competitors of the firms involved in the takeover do not suffer any corresponding losses due to takeover.

Greenmail

In this common shark repellent ploy, target management offers to buy back the shares the raider has acquired in the earlier stages of the takeover attempt. Obviously, the price offered the raider is at a premium above the price where the raider purchased the shares. (Remember, the price paid by the raider is above the market price before the takeover attempt). Greenmail is said to be the takeover equivalent of blackmail because of the premium extracted by the raider in order to be convinced to drop the takeover attempt. Indeed, evidence shows that the raider-accepted offer results in a permanent loss to target stockholders.

In this lexicographic mixup, it is the target managers that offer the premium above the raider's takeover offer. They remove their stockholders' opportunity to sell shares above original market price. Perhaps more interesting though, is that, even after the greenmail operation, the stockholders of the target firm enjoy a permanent gain *relative to the market price before the takeover attempt.* The raider is invited by the target to commit greenmail. Accepting the offer leaves the target stockholders permanently worse than if the takeover had been successful, but permanently better than if the raider never made the original takeover offer. The raider cannot be blamed for accepting the offer to greenmail, and certainly shouldn't be blamed for the initial takeover offer.

Minority Freezeout

Minority freezeouts have received particularly bad press. Here a block of minority or outside shareholders are bought out by firm managers or by managers and private investors. Managers and private investors often raise the huge sums necessary to finance the buyout through the loans from financial institutions. Recently however, a few of these "leveraged buyouts" were financed with the proceeds from junk-bond issues — a relatively high-risk bond.

From the terminology, one might suspect that these private or minority freezeout takeovers represent the ultimate in corporate bullying — the little guy loses again. However, research suggests more of a David vs Goliath story. Outside stockholders are brought out at what represents a 30 to 56 percent permanent gain in share value. Apparently, realization that the buyers, the big guys, want the firm all to themselves brings forth the outside shareholders', the little guys', competitiveness. In a competitive market, like the market for the control of a firm, it shouldn't surprise us that the outside shareholders are able to capture a major share of the benefits of the firm going private. Given the large gains earned by the outside shareholders, substantial opportunity would be lost if public policy restricted the minority freezeout. This type of takeover would more appropriately be referred to as a "spreading the wealth" takeover.

Golden Parachutes

A golden parachute is a provision in a top-level manager's contact that calls for certain considerations if the firm is taken over. Usually this amounts to a substantial payment to the manager should his or her responsibilities be significantly changed after a takeover. These provisions receive much public criticism when they are exercised. Golden parachute does not conjure images of managerial heroism. However, common sense and evidence suggest that, once again, judgment of the terminology is misleading.

> *"The lexicography of the corporate takeover is fascinating. However, it is laced with preconceptions that value judge the activity."*

Common sense helps us see that the golden parachute overcomes the sometimes inherent conflict between target managers and stockholders in a takeover. Target managers often are willing to throw out a wide array of shark repellents in the face of takeovers that yield permanent gains of about 30 percent to their stockholders. Shark repellents often result when managers feel there's nothing but trouble for them should the takeover succeed. The golden parachute is simply an attempt to align the managers' and stockholders' interests, reducing the use of repellents to deny target stockholders permanent gains, gains that average 30 percent.

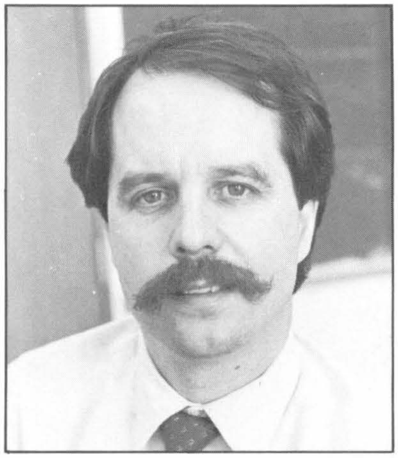
Evidence reinforces this common sense interpretation of the usefulness of golden parachutes. Announcements of the addition of a golden parachute to the top-level manager's contract generate small but permanent gains in the share value of the employing firm. Aligning manager and stockholder interests reduces the probability that the manager will stand in the way of a profitable takeover, which results in a gain to the stockholders.

The terminology used to describe the actions of the various parties to the corporate takeover is unfortunate. Its pejorative tone leads the casual observer to conclude that takeovers are advantageous to a few insiders and detrimental to the rest of us. To the extent casual observers influence public policy, raiders could find themselves facing takeover restrictions. Evidence argues quite strongly that restricted action would be disadvantageous to most, except perhaps for those entrenched managers without a golden parachute's benefit.

Perhaps we should contact the regulators in charge of the lexicography of the corporate takeover. □

Much of the information for this article was taken from "The Market for Corporate Control: The Scientific Evidence," Michael C. Jensen and Richard S. Ruback, ***Journal of Financial Economics,*** *Vol. 11, 1-4.*

Timothy Nantell is the Gelco Professor of Finance and Insurance and Burlington Northern Fellow at the University of Minnesota School of Management.



Timothy Nantell

IBM grant from page 1

the Ph.D. concentration strengthened. Priority will be given to those areas that have strong ties to the business community.

- Enlargement of Executive Education programs for information systems practitioners.

Through a new Executive Information Facility, the school will increase continuing education in management of information systems to executives and other professional-level personnel. Education will emphasize information literacy, decision making in information systems policy and management issues and strategic use of information systems.

- Expansion of the Management Information Systems Research Center's (MISRC) special-interest groups, a speaker series, consulting service and working paper series.

The MISRC has been a model for other universities in establishing relationships with practitioners. It promotes interaction between and development of professionals and academicians and performs research on current information systems issues.

- Addition of Senior Executive Fellows program, through which companies assign an information systems executive to the school. Plus, faculty leaves in industry will be sought.

The $1 million equipment provision allows the school to order IBM computers of its choice during the next five years; IBM software also will be provided.

"We've observed changes in information technology and identified the necessary program changes that will address the forecasted environment," Townley added. "This funding is critical to maintaining our position on the cutting edge as it enables us to expand our current resources and programs."

Besides its recognition of the school's outstanding information systems reputation, the grant provides a major boost to university President Kenneth H. Keller's plan to make the university one of the top five public institutions in the nation.

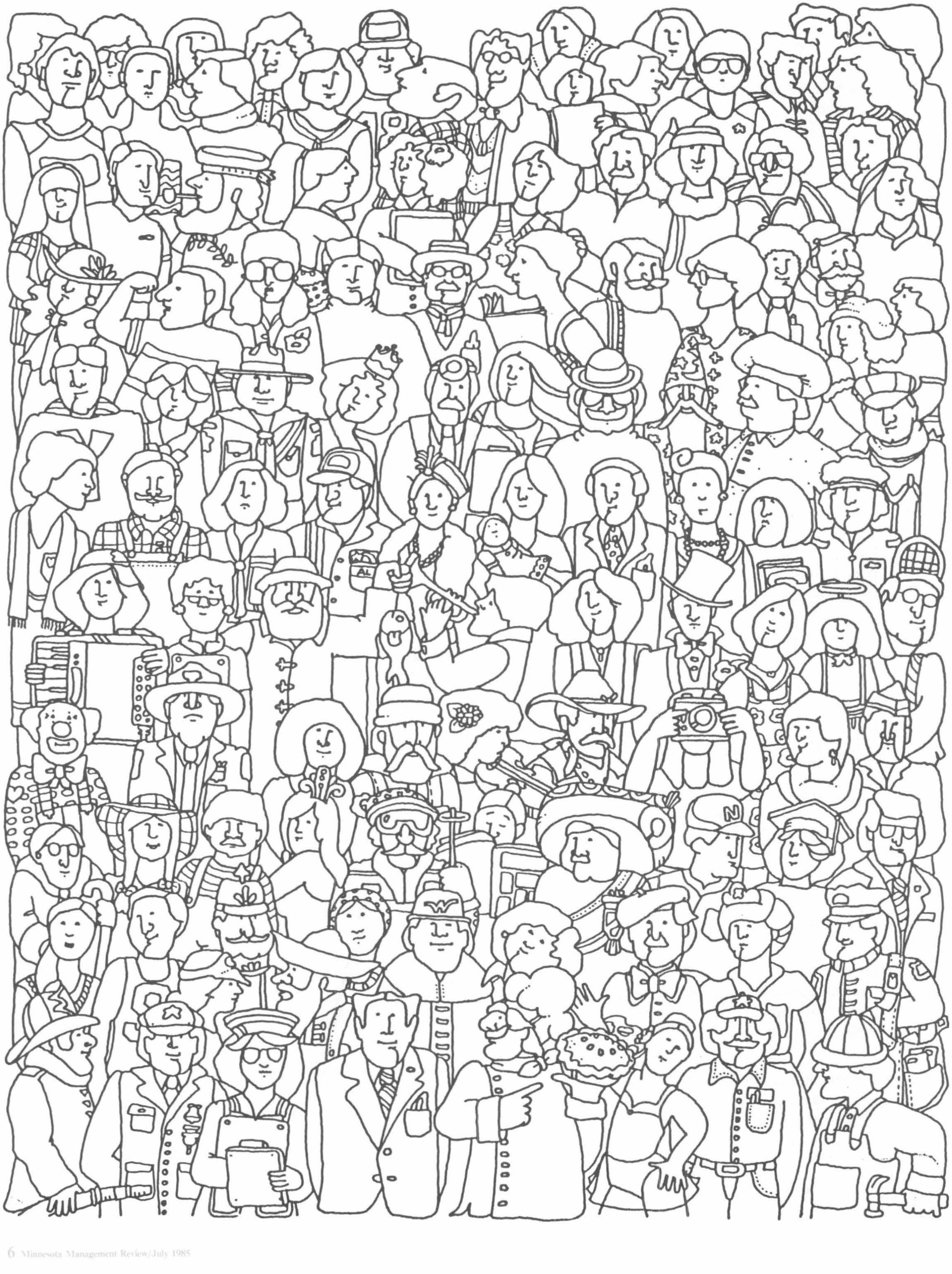
Keller has singled out computing and information systems as priorities for growth. He called the IBM grant consistent with the university's planning priorities. The university will match the IBM grant with $1.3 million during the next five years. The balance will be sought from the management community over the same period.

The School of Management continues to be one of the university's top priorities for growth and development, Keller said. "We are proud that we have the oldest and one of the strongest MIS programs in the country. It is a gateway into the community and supports our commitment to providing service and education to the Upper Midwest and the nation."

Minnesota is one of 13 graduate schools of management, out of 77 that submitted proposals, that will share $27 million in IBM cash and equipment. Last fall IBM awarded the School of Management a planning grant to complete the full-scale proposal.

The committee that drafted the final proposal includes Thomas Hoffmann, professor of management information systems and committee chair, and Gordon Davis, Honeywell professor of management information systems, and Gary Dickson, professor of management information systems. □

University of Minnesota and IBM representatives gather for announcement of the $2 million IBM grant to expand the School of Management's graduate program in the management of information systems. From left to right: James Parkel, IBM-New York; Gary Dixon, professor of management information systems; Gordon Davis, Honeywell professor of management information systems; Thomas Hoffmann, professor of management information systems; Larry Osterwise, general manager, IBM Rochester; University of Minnesota President Kenneth Keller; and School of Management Dean Preston Townley.



The baby boom generation grows up . . .

by Dennis A. Ahlburg and Lucinda Kimmel

The baby boom of the late '40s and '50s is one of the most notable features of 20th century American demographic experience.

Demographically, small is beautiful. With births peaking at 4.3 million in 1957, baby boomers have battled crowds from birth.

Hospital maternity rooms were crowded. Elementary and high schools were crowded. Colleges and universities were crowded.

By 1970, baby boomers crowded the labor market, experiencing relatively low entry wages and higher unemployment rates.

The timing of one's birth matters — a great deal. Besides affecting education and employment opportunities, birthdates also affect marriage, fertility, divorce and suicide rates.

And, the worst is not yet over.

Baby boomers will experience slower job advancement, relatively lower compensation, job satisfaction and organizational commitment, as well as higher absenteeism and turnover rates.

This rather gloomy prediction for the baby boom generation is based on a slowing population growth and how their experiences conflict with their high expectations.

Slower growth will retard the promotion prospects of the baby boom generation. Research shows that an individual in a population growing at two percent annually will reach middle management positions four and one-half years sooner than one in a stationary population. Growth is also associated with other positive outcomes such as declining average tenure and conflict, increasing resources, including status and prestige, and more positive feelings about the job and organization. Whereas the U.S. labor force grew by 2.5 percent in the 1970s, it will only grow by 1.7, 1.2, and 0.8 percent in the periods 1980-85, 1985-90, and 1990-2050, respectively.

In addition, since the baby boom generation has small population groups ahead of and behind it, it is doubly cursed. Its relatively large size does not provide the advantage of people retiring ahead and leaving places to be filled. Fewer new workers needing instruction and supervision make up the succeeding "baby bust" generation.

According to Richard Easterlin of the University of Southern California, an individual's expectations or aspirations are formed by their adolescent experiences in their parents' household. Their behavior is determined by their current experience relative to those aspirations. Parents of the baby boomers, born during the Depression, with low expectations for success, flourished in the strong economy of the '50s and '60s. They passed to their children high expectations of success, inconsistent with actual experience.

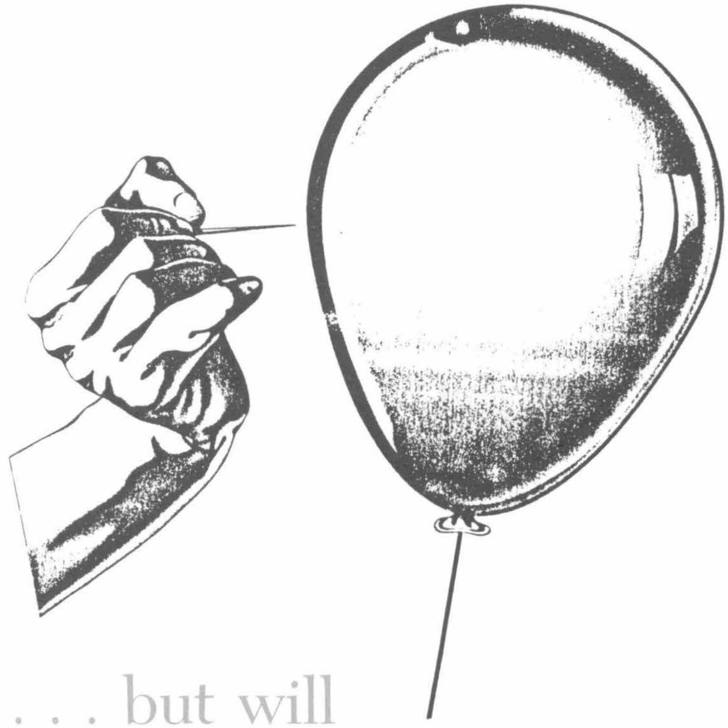
This imbalance between expectations and experience is the root of the past problems of the baby boom generation as well as future human resource management problems.

Research shows that mid-career managers have explicit age-related promotion expectations. Promotion by age 40 is perceived as crucial for further advancement. With such advancement blocked by slow growth and relatively large numbers, baby boomers' careers may plateau and motivation decline. Jeffrey Pfeffer of Stanford has argued that cohort identification may arise within organizations, leading to intercohort conflict as the baby boomers' expectations remain unrealized. Such intercohort conflict may be heightened by the perceived inequities of advancement opportunities and interfere with communication across cohorts and the development of a fairly uniform organizational culture.

Employment may be seen as a match between individual needs and how those needs are met and reinforced by the organization. A good match results in job satisfaction and organizational commitment. Baby boomers' needs and expectations are considerably higher than previous generations'. An organization's ability to meet those expectations is declining. The result may be lower job satisfaction and organizational commitment.

Lower job satisfaction and organizational commitment are associated with increased turnover and absenteeism. This

Boomers to page 24



. . . but will high expectations and slow population growth burst boomers' hopes for career advancement?

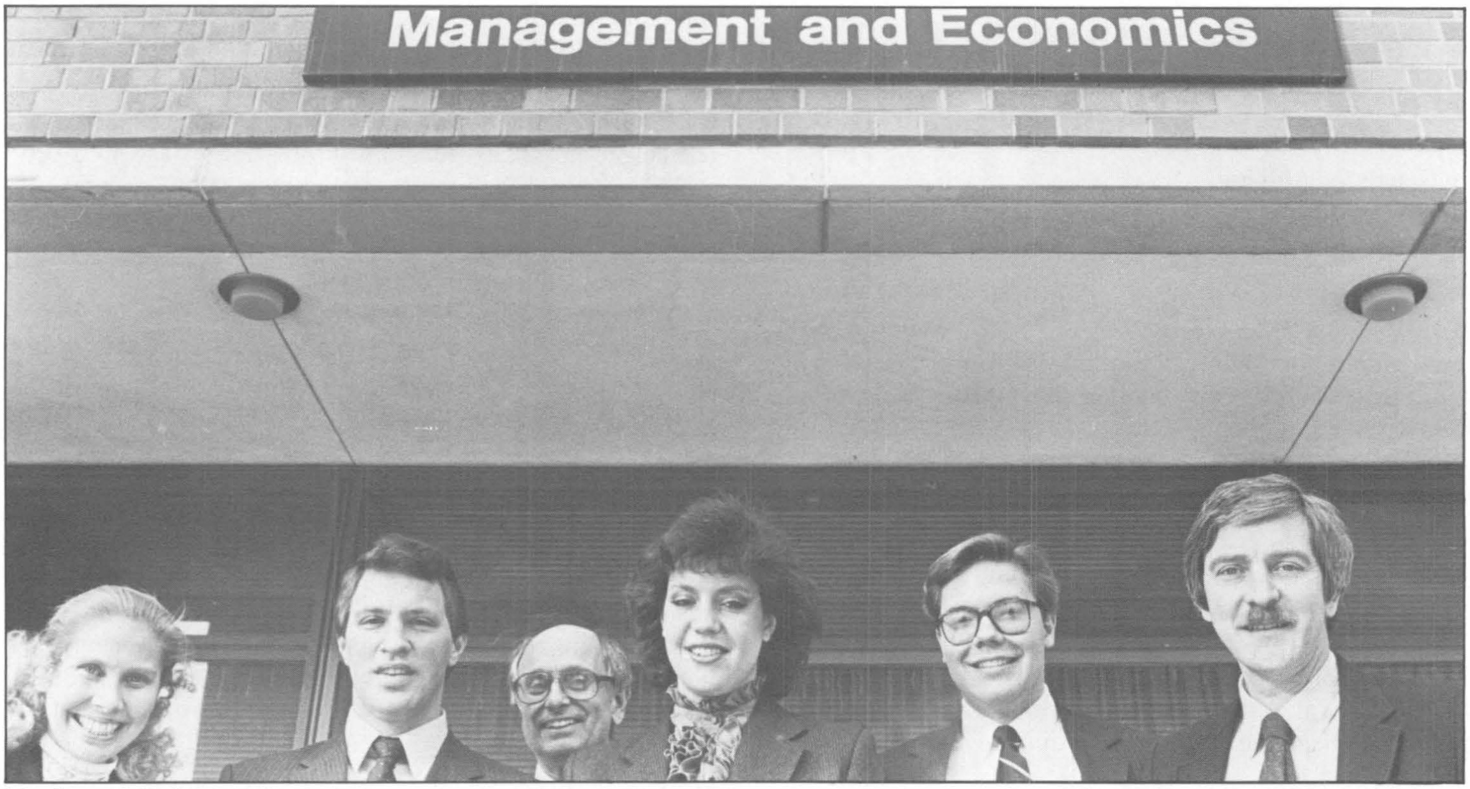


Photo by Per Breiehagen

Members of the School of Management team that won the McIntire Commerce Invitational are from left to right, Ruth Bakken, Bruce Polikowsky, coach John Mauriel, Lisa Risser, Paul Springer and adviser Jerry Rinehart.

Undergrads reflect on challenge and victory

MCI tournament winners' journal

by Ruth Bakken, Bruce Polikowsky, Lisa Risser and Paul Springer

Last winter a School of Management team of undergraduates won the McIntire Commerce Invitational (MCI). MCI is the nation's first undergraduate business case study competition and was established by the University of Virginia commerce school in 1980.

Students from national top-ranked business schools were asked to analyze and solve "real-world" business problems. Last year's tournament was Minnesota's first appearance.

Minnesota honor students Ruth Bakken, Bruce Polikowsky, Lisa Risser and Paul Springer examined the pros and cons of Figgie International (FI) selling its subsidiary Thermometer Corporation of America (TCA) to Ohio Thermometer Corp. (OTC). FI is a diversified company with 40 different businesses with products ranging from fire engines to tennis clothing.

The students assumed the role of top FI management as they prepared a complete counterproposal with supporting justification. They also suggested strategies for FI in upcoming negotiations with OTC's owners, Wappner & Bennett.

Following is a collective journal account of the students' reactions to the MCI challenge and win.

We arrived in Virginia full of expectations, hopes and doubts. The invitation to compete was impressive, but it was also an adventure into the unknown. After all, we were competing with some very reputable schools. The optimists, Bruce and Paul, did not let us dwell on our fears. "Hey, we're from a good school, too," Bruce quipped. We were prepared to do our best, even if we did not know how good that would be.

The tour of Monticello and the beautiful University of Virginia campus helped settle our nerves. After sightseeing with the other teams, we realized that "they" were our peers — people with strengths and weaknesses just like ours.

An afternoon rules meeting brought the competition into sharper focus. Although each team would learn and grow from the experience, only one team would win. Tension grew as we realized that each team seemed as committed as we to achieving that distinction.

Our ever-faithful McIntire host, Bob O'Hearn, led us to our work space — the motel room that would be home, office and loony-bin for the 15-hour ordeal ahead. We said good-bye to Bob and sat down to read the case for the first time.

Ten minutes passed. Ruth sighed. Lisa groaned. Bruce laughed. Paul told us to be quiet. We weren't from California, but we knew the correct phrase — "totally awesome." The case seemed hopelessly long and complex, inundating us with more numbers and information than we could digest. "Whose idea was it to not bring any reference books?" Lisa asked. A couple hefty textbooks would have been reassuring.

After the initial panic and depression, we realized we had to back up and put the case in perspective. Details would have to wait. We brainstormed, trying to define key issues and identify questions that would help resolve those issues.

In preparation for the tournament, we had worked on three cases and given three presentations to our faculty coaches. We were familiar with each other's strengths, weaknesses and idiosyncrasies. We learned how to release tension (M & M's usually helped), and to capitalize on each member's strengths. As we worked on the case that first night, we realized how important it was that, as a team, we were cohesive enough to tolerate conflict.

We must answer several questions before evaluating the terms of proposed acquisition. Could TCA integrate OTC's executives and staff into a new and viable organizational structure? Could the conflicting management styles and operational systems be successfully integrated? How would the companies' two unions be handled? What plant locations were most feasible? These questions had to be answered within the framework of FI's long- and short-term goals. Consideration must be given the thermometer market, product lines and distribution systems.

We also wanted to investigate alternatives to acquisition. Specifically, we needed to examine TCA's place in FI's portfolio and the pro's and con's of divesting, or maintaining the status quo if the costs of OTC acquisition exceeded benefits.

We began individual research on the questions. Bruce worked on market share and product line compatability. Ruth concentrated on organizational structure and societal implications. Lisa, our accounting major, performed several financial calculations, looking at the case from the perspective of her Honeywell internship. Paul analyzed the pro forma statements and the financial implications/justifications of the merger.

Later we reviewed our preliminary findings and arrived at our major conclusion. TCA should purchase OTC, but the current asking price was too high given OTC's poor financial position and limited bargaining power. The real work remained — justifying our conclusion and developing the supporting analysis and recommendations that would make the merger work.

We became intensely aware of the tournament's time limit. Our goal was to begin the final writing of our response four hours before the deadline. We sorted through the remaining questions and determined which had priority. We knew we were dealing with less than perfect information. We must make some assumptions and take some risks if we were going to meet the deadline. Again, we delegated tasks and went to work.

As the final day wore on, Bob retrieved new calculator batteries and replenished our supply of colas and M&Ms. Pressure intensified when we thought we would not meet our four-hour writing deadline. At last we had enough to begin the final write-up.

This was a "must-do" situation and we used our individual and collective resources well. Lisa was our primary writer. As she worked on the main text, we developed supporting exhibits and edited finished copy. Our faculty coaches had criticized our practice papers because they were dull and rambling. We concentrated on making the report "reader-friendly," concise, and concrete. We finished the paper and turned it in for typing precisely one minute before deadline.

When we returned to our workroom to prepare for our oral presentation, its cluttered disarray reflected our state of mind. Once again we rallied and cajoled each other for the task at hand. We knew that our oral comments should focus on those aspects of the written analysis that needed the most justification and clarification. We wanted the judges to see through our eyes, understand our assumptions, and comprehend the reasons behind our recommendations.

Our presentation must be professional and well organized. We wanted to assume the roles of executives presenting an important business proposal and leave our stammering stu-

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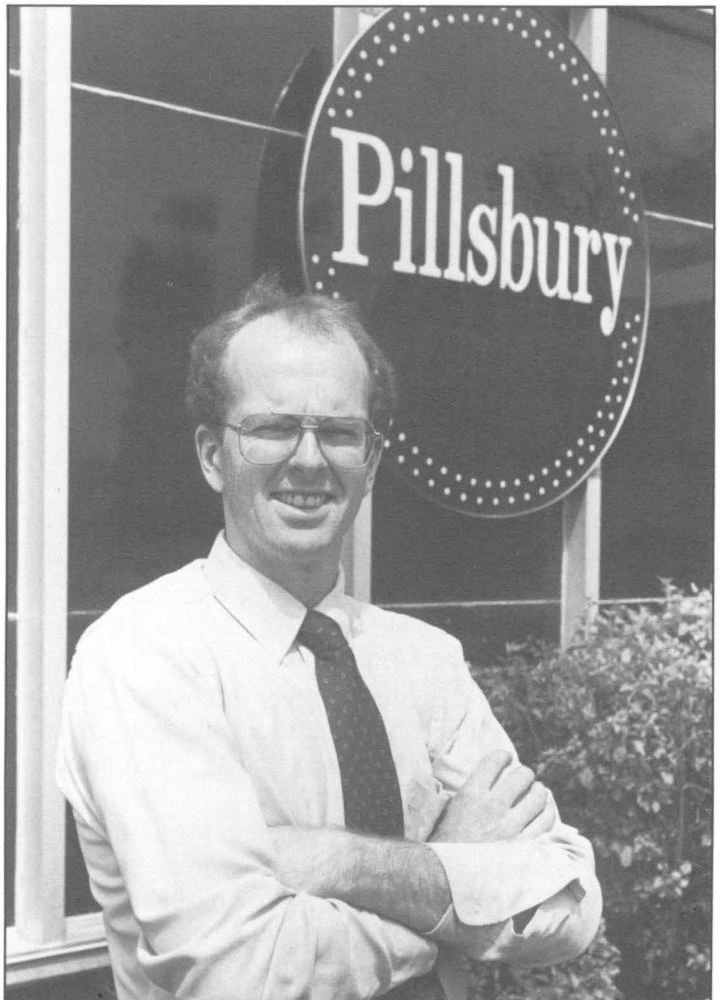

Photo by Tim Rummelhoff

Alumnus scores big

Dan Peterson, '83 MBA and plant accounting supervisor for the Pillsbury Co., received the Robert Beyer Silver Medal for the Certified Management Accountant (CMA) exam. Peterson, one of 2,466 people to take the national exam last year, scored second highest. Sponsored by the National Association of Accountants' Institute of Management Accounting, the CMA program recognizes the dynamic role the management accountant plays in the management process. CMA recipients must pass the five-part exam, complete two continuous years of professional experience and maintain high standards of personal and professional integrity. Peterson joins six Minnesota alumni who were Gold Medal winners in the exam's 12-year history.

Mary Bright

Mary Bright: New EDC director talks shop

Mary K. Bright was recently hired as director of the School of Management's Executive Development Center (EDC).

EDC provides major residential education programs, seminars and tailored company programs to help companies and organizations improve management performance.

Bright brings a strong sales and marketing background, complemented by extensive experience in management and executive development programs. She directed management development programs at Ohio State, the University of Illinois-Chicago, California State University-Longbeach and the University of Southern California.

She has bachelor's and master's degrees in English, and has completed doctoral courses in linguistics and higher education. She has extensive publication, teaching and community involvement experience as well.

Bright notes that she was drawn to the job by the school's outstanding reputation and the region's vigorous business community. She looks forward to the responsibilities and challenges promised by leading the school's executive education programs. In the following interview, she comments on executive education and her role in directing EDC.

—Define executive development.

Bright: Executive development has existed in one form or another for 50 years. It boils down to excellence. As we all know, the fluid nature of doing business today affects every aspect of a company's operations, from strategic planning to inventory control.

Executive development focuses on the educational needs of organizational leaders — new managers and seasoned senior executives. Companies are investing in the unique needs of managers, providing them with intensive learning experiences that improve basic management skills, enhance career development, and encourage professional renewal.

—Explain EDC and its programs.

Bright: The Center was established in 1979 to help organizations improve management effectiveness. We're providing professional managers with an environment where they can become totally involved in acquiring new skills and ideas, develop a real sense of where these will fit into their organization for the greatest impact, and really move ahead.

EDC's programs vary in scope and subject, but all are geared to the needs of managers aligned at some level with a company's overall strategic plan. For example, the Minnesota Management Institute (MMI) is a broadly-focused program for middle managers that covers key areas like finance, marketing, operations, information systems, general management and business/government. MMI concentrates on developing an understanding of key problems that exist and how to resolve them. Interpersonal skills important to management decisions are emphasized as well.

Senior management development is one of the Center's specialties. Residential courses such as the Minnesota Executive Program (MEP) for top level executives are offered. Taking an organization-wide viewpoint, most of the Center's general management education programs focus on functional areas such as marketing, finance or operations.

Several programs draw participants from throughout the U.S. and abroad because of their unique design. An example is the Management Information Systems (MIS) Executive Institute, an eight-day residential program designed for the entire MIS management team, taught at a managerial rather than a technical level. Demand for in-house services has steadily increased and the Center also provides custom programs for companies such as 3M and Pepsi-Cola.

EDC is the largest manager development center in the region. This year it will serve more than 700 practicing managers from upper midwest and national organizations. State-of-the-art programs are one of our strengths. We involve School of Management faculty, Center alumni and prospective participants, as well as Center staff in this innovative process.

—What is your role as director of the Executive Development Center?

Bright: My commitment to enterprise and education is strong. I will be out in the business community 60 percent of the time, visiting with corporate officers, both CEOs and human resource officers. We will identify the developmental needs of managers within their organizations. And, we will discuss their involvement in the Center, through participation in existing programs, development of new offerings, or an active advisory role. I will also work closely with faculty and support the vital roles they play.

The practice of management development involves creative interaction with organizations and businesses. I look forward to establishing productive relationships with Executive Development Center customers.

Executive Development Center Programs are listed on the back of the ***Minnesota Management Review.*** *Fall offerings*

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Merchant efforts helped pave road to excellence

Last May, M. David Merchant, associate dean for External Affairs, left the School of Management to become vice president for Development for the St. Paul Foundation. He heads a new division for the $70 million community foundation, responsible for fund raising, communications and public relations.

When Merchant joined the university in 1978, he was committed to building the first-rate business school so long needed and desired by the very strong and diverse Minnesota business community. He knew that achieving that goal would require substantial outside support.

As the school's chief development and external affairs officer, Merchant helped shape an outstanding business school, with quality education and research programs, responsive to the needs of its practicing management community. He played an integral role in raising the record $14.8 million that has come onto the school from corporations, foundations, alumni and friends since 1978.

Merchant was hired as one of the university's first development officers assigned to a collegiate unit. In 1980 he was promoted to associate dean of External Affairs for the School of Management.

His fund raising accomplishments in the past seven years include academic chairs in banking, insurance, marketing, management information systems, and human systems management, as well as more than $1 million in faculty development funds. He established and managed the school's departments of Alumni Relations, and Corporate and Community Relations, forging very important and productive relationships. He also managed the Career Planning and Placement Office.

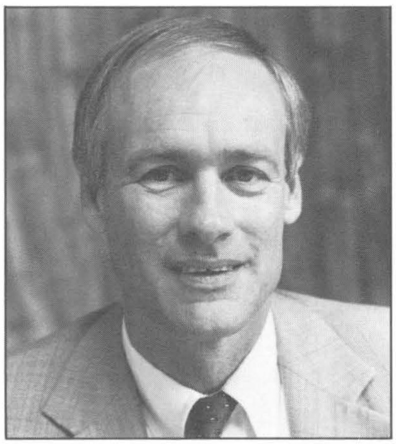
Merchant went on special assignment for the university to the Aga Khan University in Karachi, Pakistan during the summer of 1983. While there, he helped the university develop a comprehensive international fund raising and external affairs program. The program helped found the first indigenous private university in that area.

Managing a new entrepreneurial area for an organization is not a new role for Merchant. Before coming to the university, he was director for development and public affairs at the American Graduate School of International Management in Phoenix, Ariz.

He also worked for the American Assembly of Collegiate Schools of Business (AACSB), the committee on the Future of International Studies (now part of the American Council on Education), the Overseas Service Programs of the State University of New York, Office of International Studies and World Affairs, and the U.S. Peace Corps in Tanzania, East Africa.

Merchant, an Ohio native, has a bachelor's degree from Carleton College, Northfield, Minn., and a master's degree from Syracuse University.

His colleagues at the School and in the management community are grateful for the vision, enthusiasm, support and margin of excellence that he brought. □



M. David Merchant

People, management and inconsistency

by Norman L. Chervany

In my discussions with managers in all types and sizes of organizations, one consistent message comes across:

"People are the key to our success. Meeting the needs of our customers is the reason we're in business. Our employees are the main resource in meeting these needs."

The message is straight forward. It's refreshing, delightfully understandable, and very appealing. It's also a message all too often forgotten in the *practice,* as opposed to the *discussion,* of management.

Unfortunately, you do not have to search very hard in many organizations to find instance after instance of behavior that belies the above philosophy. Some of the problems are obvious and (apparently?) conscious management decisions — haphazard merchandise or service, inequitable compensation systems, or poor working conditions. Others are subtle and (apparently?) unconscious actions — unrecognized extra-effort, failure to trust, or unquestioning acceptance of the inevitability of an occasional dissatisfied customer. In either case the result is the same — the people so important to an organization's success are not being treated commensurate with their importance.

This kind of behavior is saddening. The real irony is that it is often found in organizations with a real *intellectual* belief in the people-oriented philosophy.

At the risk of being the one-millionth (but not the last) person to reference **In Search of Excellence**, I'd like to consider this inconsistency between behavior and philosophy in light of the "excellence principles." My colleague Ed Freeman, professor of strategic management and organization, says Peters' and Waterman's message is simple:

"Organizations should be managed in ways that provide

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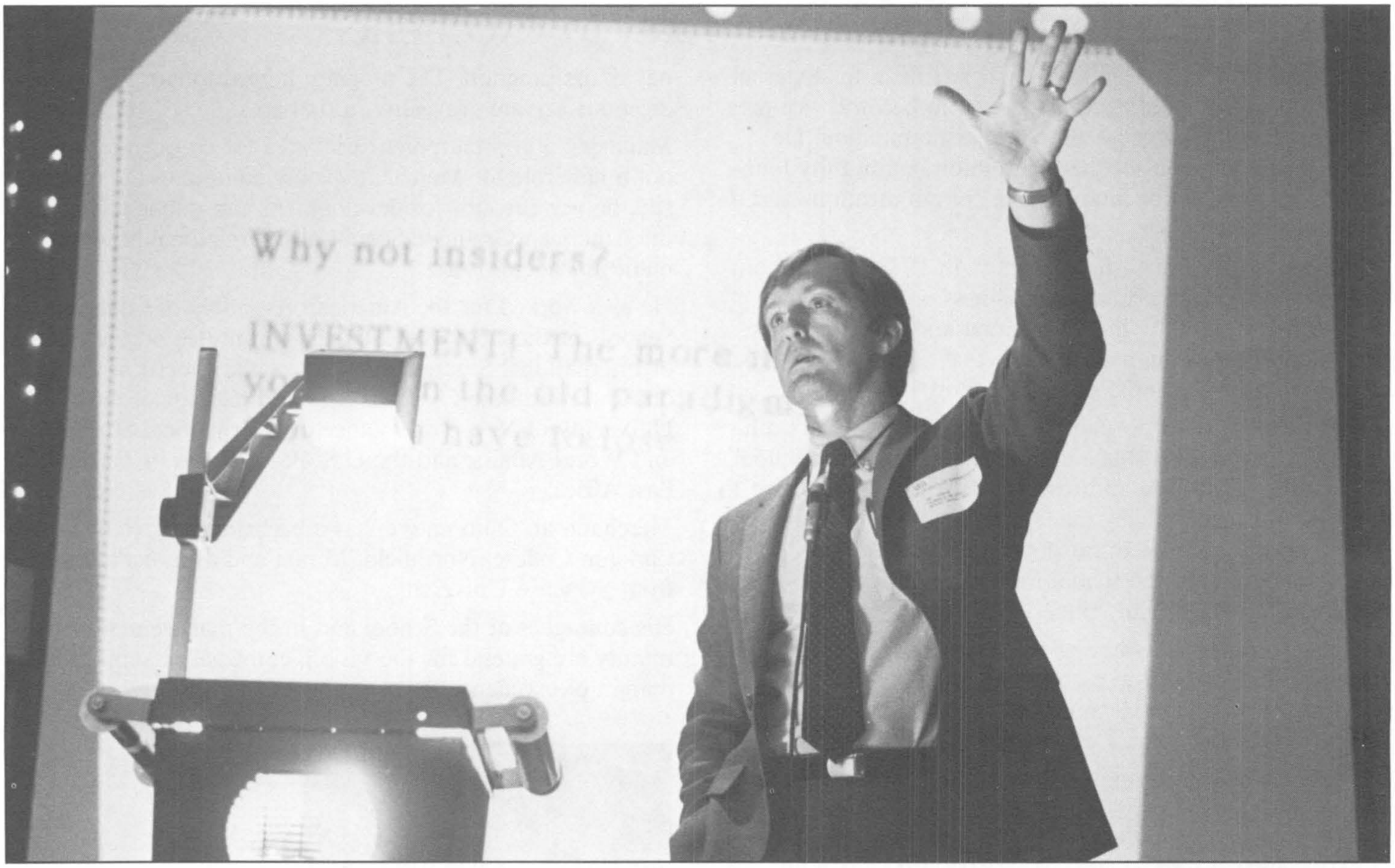

Joel Barker maintains that paradigms interfere with innovation. For more photos see page 23.

Photo by Tim Rummelhoff

Business Day celebrates 25 years

"The profit motive will give way to personal fulfillment. Standard currency will disappear. Medical education will no longer be institutionalized. Men will wear as much makeup as women. Fifty percent of the labor force will be independent consultants. Planes will operate without pilots."

Far flung visions from crystal gazers Jeane Dixon or Aleen Cunningham?

Quite the contrary — these predictions are examples of paradigm shifts and were School of Management student and alumni responses to well-known futurist Joel Barker's opening address at Business Day '85.

"The Challenge of Change: Risks and Opportunities" was the theme of the 25th Annual Business Day, last April 23rd, at the Radisson Hotel, Bloomington, Minn. Some 800 people attended. Business Day promotes education on current business topics and practices, and encourages interaction among students, corporate representatives, alumni, faculty, staff and friends of the school.

Barker, president of Infinity Limited Inc., presented "Discovering the Future: The Business of Paradigms." He led participants in a discussion on paradigms, strongly held rules and regulations that keep people from successfully exploring the future.

Barker explained that paradigms interfere with innovation and asked 75 discussion groups, led by alumni volunteers, to explore paradigm shifts that might occur between 1985 and 2000.

A blue-ribbon panel of executives, led by School of Management Dean Preston Townley, responded to the thoughts and ideas presented by Barker and the discussion groups. The panel included: Charles M. Denny, Jr., president and CEO, ADC Telecommunications; Deborah Howell, executive editor, *St. Paul Pioneer Press and Dispatch*; Dr. W. Eugene Mayberry, chairman, Board of Governors, Mayo Clinic; Peter R. Scanlon, chairman, Coopers & Lybrand, New York; and Stephen M. Wolf, president and CEO, Republic Airlines.

A question and answer period was followed by concurrent discussion sessions that included the middle manager, unemployment insurance, corporate takeovers, practical career skills, learning and continuing professional development, information technology, participating in a world economy and small business.

Local management executives, alumni and faculty led the sessions.

Alumni members included: **Kay Barber** '75MBA, group marketing manager, The Pillsbury Company; **David P. Edstrom** '65MBA, senior vice president, Washington Square Capital, Inc.; **Les Gable** '57, vice president, Federal Reserve Bank of Minneapolis; **Lowell P. Jacobson** '67, vice president, Human Resources, Medtronic Inc.; **Ken Reynolds** '82MMI, district manager-Information Services, Northwestern Bell; **Jerry Dion** '62, manager of Accounting, Network

Systems Corporation; **Paul Gam** '84, senior accountant, Alexander Grant and Company; **Barbara Grimlund** '81MBA, sales manager, Dayton Hudson Department Store Company; **Janice Hoppin** '84MBA, marketing specialist, Minnegasco, Inc.; **Bernard Tuohy** '81MBA, vice president, Tuohy Furniture Corporation; **Angela Vikesland** '81MBA, assistant vice president, First Bank System; **John Bullion** '76MBA, vice president, FBS Venture Capital Company; and **Paul Stormo** '71MS, president, Art-O-Graph Inc.

The day concluded with a social hour, banquet, awards presentation and keynote address. Harvey Mackay, founder and chairman of the board of Mackay Envelope Co., spoke on "Ten Lessons You Didn't Know You Already Knew" to succeed in business.

W. Bruce Erickson, professor of strategic management and organization, was voted "Teacher of the Year." Outstanding instructor awards went to Terry Tranter, lecturer in accounting, and Gretchen Donahue, lecturer in management sciences. D.V. (Denny) Ward, Jr., manager, Professional Employment Office, Chevron Corporation, San Francisco, and Allen B. Kaufmann, CPA, manager, Lurie, Eiger, Besikof and Co., Minneapolis, tied for "Recruiter of the Year."

Students presented a special memorial to the Paul V. Grambsch family. Grambsch, a former dean and professor of strategic management and organization until his death last November, founded Business Day. He also established the Evening MBA program, Minnesota Executive Program and Management Information Systems Research Center, the first on-campus research center devoted to the field.

Business Day, sponsored by some 60 area companies annually, provides a forum where local managers and members of the School of Management community can exchange mutually beneficial information and expertise. Twenty-five years of taking risks and capitalizing on opportunity have shaped an ever-improving day of learning, interaction and growth for all participants.

Business Day '86 is scheduled for next April. For more information, contact Jean Byrne, Business Day coordinator, (612) 373-3745. □

Mackay's "Ten Lessons You Didn't Know You Already Knew"

Harvey Mackay's business career has been marked by the challenge of change.

Twenty-five years ago he left the comfort of a corporate job and took over a bankrupt company, with two broken-down machines and 12 frustrated employees, that manufactured a handful of envelopes. Today, Mackay Envelope Co. boasts 350 employees and two modern plants that produce eight million envelopes a day.

Mackay, CEO of Mackay Envelope Co., has gambled with risk, overcome obstacles and capitalized on opportunities to create a very high-powered and influential company. More than 800 students, faculty, alumni and corporate representatives were educated and entertained as Mackay shared his "Ten Lessons You Didn't Know You Already Knew" to succeed in business at Business Day '85.

Mackay opened by telling the audience, "... it's what happens after we think we've got it made that separates the winners from the losers. That's the real test of business skill, the real test of entrepreneurship."

"How do you practice entrepreneurship when you're already successful?" he asked. He went on to share his secret:

1. Surround yourself with winners: A manager will win more and go further with associates who not only keep up with him, but are capable of teaching him something.

2. Your best people will spend their most productive time looking out the window: Business managers pay their key people to see the big picture. Don't let them get bogged down in a lot of meaningless meetings, details, and paper shuffling . . . creativity is the key to productivity.

3. Get bored easily: A recent study of executives in high-growth, mid-sized companies showed that the entrepreneurs who run them, contrary to conventional wisdom, dare to fix things before they break. It's part of their make-up to seek out fresh challenges rather than reacting to what's happening around them.

4. It isn't practice that makes perfect! You have to add one word. It's perfect practice that makes perfect: Practice something time and time again, and if you don't know what you're doing, all you are really doing is perfecting an error. You have to learn to do it right.

5. Don't quit: If you believe in yourself, there's nothing you cannot accomplish.

6. Plan: Everybody needs a plan. The elements don't have to be elaborate. They simply involve developing habits that, practiced perfectly over a lifetime, are going to improve your game.

7. It's more fun to give advice than to take it, but it's more profitable to take advice than to give it: Listen to people who have a lot of business experience; there isn't much they haven't seen before. And, they are a calming and reassuring influence — something every business person, novice or experienced, needs from time to time.

8. The more you know about your customers and employees, the more you are going to help your business: Know your customers and employees as human beings. You can do a better job of selling if you do a better job of understanding your customers, their personalities and needs. And do the same for your employees.

9. The shorter the distance between you and your employees, the more you'll know about what is happening to your business: A real entrepreneur is someone who recognizes the importance of constant, immediate, and unfiltered feedback from their customers and employees as a critical element in their business decisions.

10. It isn't enough to work hard; it isn't enough to work smart. You have to work hard and smart: Peak performers are those people who best handle the capacity to work long hours. They can turn on tremendous bursts of speed for some particularly important task. Their strength is that they are able to throttle down as well as throttle up.

Faculty News

New Appointments

Mary Bright was hired as the new director of the Executive Development Center.

Martin Duffy, associate professor of industrial relations, was appointed the University of Minnesota's representative to the State of Minnesota's Labor Interpretative Center Task Force.

Jack Gray, professor of accounting, was elected vice president of the Viking Chapter of the National Association of Accountants.

Arthur Hill, associate professor of management sciences, was appointed director of the School of Management's Operations Management Center. He was also appointed to the Curriculum and Certification Council of the American Production and Inventory Control Society.

Mahmood A. Zaidi, professor of industrial relations, was appointed by Governor Perpich to the Software Technology Commission, and advisor to the Office of Software Technology Development, Minnesota Department of Energy and Economic Development, 1985-86. He was also elected vice president of the Eastern Economics Association, 1985-86, and a member of the North American Economic and Finance Association advisory board, 1985-86.

New Grants

Major Bush Foundation and Merchant Scholar grants to **Judy Johnson,** lecturer in accounting, to study administration and tax policy at Harvard University's Kennedy School of Public Policy.

Price Waterhouse Fellowship in accounting to **Edward J. Joyce,** associate professor of accounting.

Graduate School to **Charles Manz,** assistant professor of strategic management and organization, for "An Investigation of a Contemporary Leadership Approach: The Leadership of Others to Become Self-Leaders."

University of Minnesota Graduate School to **Peter Ring,** professor of strategic management and organization, to study the strategic management of joint ventures between the public and private sectors.

Publications and Activities

Dennis A. Ahlburg, assistant professor of industrial relations: "The Social Costs of Unemployment," **Work, Leisure, and Technology,** R. Castle, D. Lewis and G. Mangan, authors, Longmans Cheshire, 1985.

Gene Daniels, Industrial Relations Center's Labor Education Service: **Labor Guide to Negotiating Wages and Benefits,** Reston Publishing Company. His article, "The Lost Dream: Worker Control at Rath Packing" appeared in *Labor Research Review,* spring 1985.

Gordon B. Davis, Honeywell professor of management information systems, spoke at the Center on Management of Information Technology at Rice University in Texas. **Davis** also delivered the keynote address, "End-User Computing: Transitory Phenomenon or Structural Changes?" for the Association for Computing Machinery's 21st Annual Conference on End-User Computing, hosted by the School of Management's Management Information System Research Center.

Alan J. Dubinsky, visiting associate professor of marketing: **Managing the Successful Sales Force,** Lexington Books. His "The Use of Financial Inducements in Employee Recruiting: An Empirical Investigation" (with Charles Fay, Thomas Ingram and Marc Wallace), *International Journal of Management,* March 1985.

W. Bruce Erickson, professor of strategic management and organization, attended a meeting of the board of editors of the *Antitrust Law and Economic Review* in Florida.

John Fossum, associate professor of industrial relations: **Labor Relations: Development, Structure, Process,** third edition, Business Publications. In its last edition, the text was adopted at more than 300 U.S. colleges and universities.

Jack Gray, professor of accounting, served on a jury to select faculty and management for promotion in the Tunisian University system. He also visited the University of Renne in France to explore collaboration in international case studies.

Charles Manz, assistant professor of strategic management and organization: "Self-Leadership: The Neglected Art in Organizations," *Direction* magazine, April, 1985.

Alfred Marcus, assistant professor of strategic management and organization: "The EPA and the Politics of Pollution — What Price Progress," reprinted in **Issues in Business and Society: Capitalism and the Public Purpose,** Grover Starling and Otis Baskin authors, Kent Publishing, a division of Wadsworth.

An article on reducing call backs and not-at-home bias by weighting at-home respondents by **Jim Ward,** teaching assistant in marketing, **Bertrom Russick,** Mid-Con Research, and **William Rudelius,** professor of Marketing, appeared in the *Journal of Research,* February, 1985. **Rudelius, W. Bruce Erickson,** professor of strategic management and organization, Marcia Agee (Hamline University) and Jeanne Backey (St. Thomas): **An Introduction to Contemporary Business,** fourth edition, Harcourt, Brace, Jovanovich, Inc.

Kenneth Roering, professor and chairman of marketing, **Robert Ruekert,** assistant professor of marketing, and **Orville Walker,** professor of marketing: "The Organization of Marketing Activities: A Contingency Theory of Structure and Performance," *Journal of Marketing,* winter, 1985. This was the *Journal's* lead article.

James Scoville, professor of industrial relations: "The Labor Market in Prerevolutionary Iran," *Economic Development and Cultural Change,* October 1985; "The Traditional Industrial Sector in Developing Countries: Update on Its Role and Functioning," in a forthcoming *American Journal of Economics and Sociology.* **Scoville** met with experts to revise the **International Standard Classification of Occupations** (ISCO) in Geneva, Switzerland.

Shyam Sunder, Honeywell professor of accounting, conducted a symposium on the application of the methods of experimental economics to accounting research at the University of Florida, Gainesville. He also presented his paper, "Market for Information: Experimental Evidence," at Carnegie-Mellon University, Graduate School of Industrial Administration.

Terry Tranter, adjunct assistant professor of accounting: "Improving Company Efficiency Through a Data Processing Cost Accounting System" (with Russell Frichtman), *EDP Journal,* Volume 5, 1984.

Orville Walker, professor of marketing, spoke at the Fourth Annual Incentive Travel Workshop, sponsored by the Hong Kong Tourist Association in Hong Kong and Guangzhau, China. He was also chairperson for a session on "Interorganizational and Intraorganizational Communications" at the American Marketing Association's Winter Educators Conference in Phoenix.

James C. Wetherbe, professor of management sciences and director of the Management Information Systems Research Center, was the keynote speaker at the League of Minnesota Cities' 1985 Annual Conference in June in St. Paul. He spoke on "Managing in the Information Society."

Andrew Whitman, professor of finance and insurance, spoke on "Risk Management of Civil Liberties Claims," to the Minnesota County Attorneys Association.

C. Arthur Williams, professor of finance and insurance, delivered a paper, "Property Liability Insurance Processing Cycle: Why Do They Occur," at the 1985 Harold H. Hines, Jr. Memorial Symposium, sponsored by the Chicago chapter of the Risks and Insurance Management Society and the Insurance School of Chicago.

Visiting Faculty

Professor **Vincent Giard** from the University of Lyon, Lyon, France, visited the Department of Management Sciences spring quarter. **Giard,** who has written texts on operations management and statistics, team taught in the operations management area.

Xu Ying Yu, professor of accounting at Xiamen University, People's Republic of China, visited the accounting department spring quarter. His visit was sponsored by the National Academy of Sciences. □

Betty Grambsch (left) accepts a special memorial plaque honoring her late husband Paul Grambsch from Carolynn Wrench, Business Board president, at Business Day '85.

Grambsch scholarships set

The Paul V. Grambsch Scholarship in Management fund was recently established by School of Management undergraduates.

The fund is in memory of Paul Grambsch, dean of the School of Management from 1960 to 1970 and professor of strategic management until his death last November.

Grambsch Scholarships will be awarded to undergraduates for demonstrated past and potential future voluntary service to the school.

Initial gifts to the fund were contributed by undergraduate student government, the Business Board and the school's chapter of Delta Sigma Pi. V. Ann Wigginton, '85, initiated the idea and led the campaign to establish the fund.

"We asked the student organizations that had close relationships with Professor Grambsch to provide leadership in creating this memorial," Wigginton noted. She added that student leaders from 1960 through 1985 will be invited to make personal gifts. "We hope to raise at least $10,000, so that we can create an endowment fund for the Grambsch Scholarships," she added.

"This is the first time that students have come to us saying, 'we want to raise some money for a scholarship fund. How do we do it?,' " said Gretchen Roufs, director of Alumni Relations for the School of Management. Professor Grambsch was always an inspiration to student leaders and a student-generated scholarship fund is a very fitting tribute to him, Roufs said. "I know that Paul Grambsch would be very proud of the efforts of Ann Wigginton and other student leaders who are involved in creating this fund which will benefit our future student leaders," she added.

For more information on the Grambsch Scholarship Fund, contact Gretchen Roufs, (612) 376-9483. □

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*include the **Minnesota Executive Program,** a residential course for senior managers that focuses on strategy and policy; the **Minnesota Management Academy,** an intensive residential program for new managers and professionals; **Systems Analysis and Design,** a residential program for the programmer analyst preparing for a systems analyst position and the systems analyst who wants a refresher; and several general management seminars in marketing, finance, problem analysis, computers and information systems, and business performance analyses.*

For more information, call Mary Bright, (612) 373-3837. □

Richard A. Edwards

Kappel Chair filled

Richard A. Edwards, senior vice president, Metropolitan Life Insurance Co., New York, was recently appointed to the Frederick R. Kappel Professorship in Business and Government.

The Kappel Chair addresses the increasing interaction between business, academia, government and the public. Chairholders must have a broad interest in and understanding of: businesses' social responsibility and changing institutional role; consumer, government and other external influences on decision-making and management; and the significance of changes in basic economic, technological, social and political factors of society.

After a lengthy search, Edwards was selected from 115 applicants. He brings the wide and balanced experience in public affairs, management and education sought by the Department of Strategic Management and Organization, which houses the Chair, and the School of Management.

He has served as vice president and department head of government and industry relations for Metropolitan Life Insurance. As such, he represented the company in its relations with government, trade associations, professional societies, corporations and a wide variety of organizations. He held similar positions with Associates Investment Co., South Bend, Ind., and the Health Insurance Association of America.

Edwards is a Harvard Law School graduate and received his Ph.D. from Columbia University. He has been a faculty member of Rutgers University, Lafayette College and Columbia University Law School. He is chairman of the board of the Public Affairs Council, chairman of the American Council of Life Insurance Task Force of Federal/State Regulation, and a member of many professional and community organizations.

A prolific writer, he co-authored **American Constitutional Law** and edited the **Index Digest of State Constitutions.** His research interests include the strategic management of corporate participation in the formulation and administration of regulatory and tax policy, as well as the general interface between government and business.

Edwards' appointment is critical to the Strategic Management Department's evolving orientation toward business' external environment, said Raymond E. Willis, department chairman.

"We've long since ceased to look at business as simply an economic phenomena," Willis said. "Clearly business must deal with and respond to political, social, and technological, as well as economic changes in its environment."

Edwards will bring a practitioner's point of view to areas that other faculty are exploring from a more academic perspective. Moreover, he will strengthen the school's ties to the Humphrey Institute and provide an additional bridge to the management community.

Willis added that the Kappel Chair was difficult to fill because of the need for someone with the combination of strong management experience and clear academic credentials. "Edwards' background fits our requirements perfectly," he said. "He will bring the visibility, prestige and experience the Kappel Chair requires."

Edwards said he is honored by the appointment. "It is an opportunity to share the thoughts, insights and experiences drawn from some 30 years of service in business-government relations."

He added that he hopes to contribute to a better understanding of the importance of public policy through teaching, writing and interaction with Strategic Management faculty.

Resources for the 10-year-old Kappel Chair are provided by an endowment fund and regular budgetary funds appropriated by the university regents. Edwards is the Chair's second appointment. He succeeds Blaine Cooke who retired in 1983. Edwards assumes his responsibilities in September. □

Evening IR master's offered

The School of Management will launch a new Evening Masters of Arts in Industrial Relations (EMA-IR) this fall.

The new degree initiative responds to increased market demand and the critically important field of human resources management.

The three-year, 64-credit program is identical in scope, quality and faculty to its two-year daytime counterpart. Admissions and degree criteria are the same as well.

EMA-IR prepares or upgrades individuals for careers in personnel and human resource management, labor relations and employment policy implementation. Study is organized around five key areas: compensation and reward theory and administration; collective bargaining; economics of human resources; organization theory and administration; and staffing, training and development.

Entry to the EMA-IR program is restricted to fall quarter. Some 30 students will be admitted initially, with about 100 enrolled when the program is in full swing.

For more information on EMA-IR, call or write John Fossum, director of Graduate Studies, Industrial Relations Center, University of Minnesota, 271 19th Ave. So., Mpls., Minn. 55455 (612) 373-3827. □

Symposium promotes increased labor-management dialogue

Improved labor-management dialogue was the focus of a symposium co-hosted by the school's Industrial Relations Center (IRC) and U.S. Dept. of Labor last spring.

Seventy key management and labor leaders from across Minnesota participated in the "by invitation only" North Central Symposium on Labor-Management Cooperation in Duluth, Minn.

The seminar addressed job redesign issues that have emerged from high-tech growth as well as ways to more substantially involve workers in company decision making processes.

"We're not advocating doing away with the adversarial relationship," explained Mario Bognanno, professor and chairman of Industrial Relations. He said that open dialogue has seemed somewhat threatening to management and organized unions. "We were interested in dispelling myths and showing how joint resolution will benefit both sides."

Bognanno added that the symposium was successful in developing a common vision of the need to pursue cost-saving measures that will improve industrial competition in Minnesota as well as make state companies more competitive internationally.

The day-long agenda assessed previous cooperative efforts and explored methods of developing a more productive working relationship. Interest and commitment levels for further cooperation were evaluated as well as the IRC's potential role in providing support and resources.

Participants agreed that labor and management cooperation can potentially improve communications and understanding, develop a mutual trust and respect, enhance participative values and procedures in the workplace, increase workers' dignity and provide economic gains from increased productivity and cost efficiencies.

"Increased dialogue does not mean sacrificing perogative and position," Bognanno added.

Continued exploration of cooperative policies was the bottom line recommendation. Shared resources, particularly among small business, identification and funding of an information clearinghouse, and development of area labor-management cooperative councils were other important suggestions. Participants also called for increased education and media exposure on labor-management cooperation.

Featured speakers included Minnesota Lt. Gov. Marlene Johnson, James Irvine, vice president for Long Lines, Communications Workers of America, AFL-CIO, and Tony Verdream, vice president of human relations, American Can Co.

Workshop and panel leaders included: Betty Bednarczyk, secretary/treasurer, Hospital and Nursing Home Employees Local 113; Jon Blackstone, labor relations manager, Honeywell Inc.; Bob Kileen, United Auto Workers region director; Dan Rengers, vice president of corporate industrial relations, Pillsbury Co.; Robert Willis, general president, Grain Millers Union; and Bernard Brommer, secretary/treasurer, AFL-CIO.

The symposium was funded in part by a $9,200 U.S. Dept. of Labor grant. Additional funds were provided by local unions and managers. □

MBA class helps market new technology

Building a better mousetrap doesn't ensure success.

So say many inventors whose products haven't achieved commercial success.

"Business Plans for New Products" (Marketing 8090) helps get new product and service ideas out of the lab and office and into the marketplace.

Students in the graduate marketing class analyzed about 25 new product and service ideas — mostly high-tech — solicited from local firms and the University of Minnesota patent office. They developed a professional business plan for each product or service. Completed plans can now be presented to a company, bank or venture capitalist for funding and further development.

Analyses for local firms included a dietary food supplement for Numed Corp., and a counter-top water purifier for Churchill Scientific-Inc.

"We're very pleased with this opportunity," said Churchill president Ron Bennett. Churchill is a start-up company with the technological capability to manufacture its product immediately. However, limited financial and personnel resources have kept marketing on hold. Marketing their product would have been delayed at least a year without the students' assistance, Bennett said.

Numed Chairman Roland Weber said his relatively new company benefitted from the research, suggestions and ideas the students provided. "We've been in the testing stage for three years," he explained. "All we needed were feasibility, marketing and business plans to enter the consumer market."

Both men lauded the students' professional approach and enthusiasm.

"We saw a tremendous opportunity for inventors, entrepreneurs and the university," said William Rudelius, marketing professor. Rudelius and Arthur Kydd, president of First Market Associates, Inc., developed and taught the course. "Inventors and entrepreneurs benefitted from market assessment and identification of logical manufacturing candidates," he said. "The university will benefit from license agreements and royalties when the products and services take off."

And, of course, the students benefitted from the real-world marketing experience.

University-based products included a page turner for the physically disabled, traffic control device, and whooping cough diagnosis procedure.

Marketing to page 26

Computers . . .

Accounting gets major grant

Microcomputers will be introduced into accounting education through a $30,000 Coopers & Lybrand Foundation grant to the School of Management's accounting department.

The curriculum and development grant includes: software; training; a faculty seminar to evaluate how software can be used in the curriculum; development of case studies for use with software; and a $20,000 grant for two faculty members to revise existing courses through software integration.

Accounting professors Grover Cleveland and Gordon Duke will develop the curriculum. Cleveland will develop tax planning cases and Duke will explore personal computers as audit tools.

The accounting department has made previous strides with the development of five cases. They include an introductory case and four auditing applications, currently used in undergraduate curriculum.

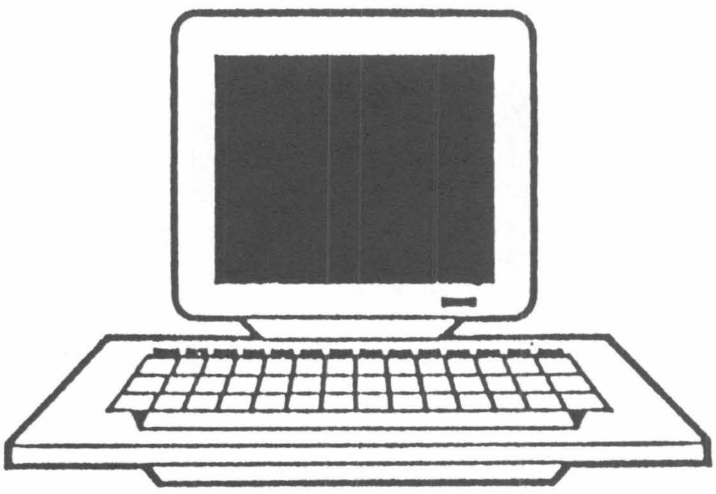
"The accountants and auditors of tomorrow will have to be computer literate," said Tom Schneider, managing partner of Coopers & Lybrand's Twin Cities' office.

"When you consider most careers with firms such as ours are long-term and start with the first job right out of college, you begin to realize the preparation necessary for entering the profession and the tremendous need to integrate computer technology into college curriculum."

Photo by Tim Rummelhoff

Robert K. Waters (center), regional director of Accounting, Auditing and SEC, Coopers & Lybrand, Minneapolis, with fellowship recipients, Accounting Professors Gordon Duke (left) and Grover Cleveland.

The School of Management is one of 10 schools throughout the country that was funded. The Coopers & Lybrand Foundation will spend $8 million in this program that focuses on integrating computer technology into accounting education. An additional 90 schools will be asked to participate in the program through 1987. □



SOM secures microcomputers

The School of Management recently finalized a cost-sharing grant with Lanier/Wahl & Wahl Inc. to secure 50 microcomputers for faculty for curriculum development and research support.

An additional 50 machines will be acquired in fiscal year 1986. Twenty of these will equip a student microcomputer laboratory. Printers and software will be provided by the school.

"The computers will greatly improve faculty productivity in developing appropriate computer-based curriculum and software," said Fred Beier, School of Management associate dean. He added that the microcomputers will enable faculty to stay ahead and provide more advanced instruction.

The computers are expected to enhance faculty participation in the IBM project as well. IBM awarded the school a $2 million grant to expand graduate faculty, instruction and research relating to the management of information systems in organizations (see story, page 1).

"Wahl and Wahl is pleased to help the School of Management integrate microcomputers into the curriculum," said Jim Schaper, Wahl & Wahl vice president.

The student computer lab, scheduled for completion in 1986, will enable students to utilize faculty-developed curriculum, as well as gain experience with leading software packages.

Computers will be integrated into all school departments, Beier said. "Computer access will help prepare students for an increasingly competitive job market and add further value to their School of Management education," Schaper added.

The school expects to derive significant administrative benefit with implementation of this technology. Faculty and support staff efforts in word processing should bring increased productivity, Beier concluded. □

MCI from page 9

denthood behind. Our final goal was to ensure that the oral defense was a team effort. We all contributed significantly to the analysis and all deserved a chance to "show our stuff."

The 45-minute session before the judges went so quickly it's hard to remember what happened. When we first walked in and saw that Joe Skadra was one of the judges, we knew there would be some interesting questions — our paper had taken the form of a memo from Skadra to the Figgie executives!

When we left the room after our presentation we felt good about our analysis and defense. Yet our conversations with members of the other teams convinced us the competition would be stiff. All the teams were sharp. We knew the judges' decision would not be easy.

Back in our rooms, we "crashed" in our own ways. Waiting for the evening awards banquet, we realized what we were competing for and what we had already accomplished. Individually, we wanted to gain recognition and personal satisfaction from our own contributions. As representatives of the School of Management, we wanted to reflect the quality of our undergraduate program and faculty. And as a University of Minnesota team, we wanted to uphold the reputation of the institution. Win or lose, we felt we had achieved those ends.

Our moods at the banquet were similar to when we first stepped off the plane in Charlottesville. Bruce and Paul were confident we had it wrapped up. Lisa and Ruth were convinced we were a close second. It was hard to read Jerry Rinehart and Stefanie Lenway, our faculty advisers. They had seen other team presentations. While they said we did an excellent job, they also indicated the other teams could not be written off.

Needless to say, it was an honor and a great moment for each of us when the tournament coordinator announced the winning team was the University of Minnesota. We knew how disappointed the other teams must be, but we were amazed at how happy and supportive they were as they congratulated us. Clearly all participants shared the victory.

The McIntire competition showed that national undergraduate business programs are effectively preparing skilled, thoughtful and articulate leaders for tomorrow. This was an experience none of us will forget. □

Japanese seminar for managers

Plans are underway for a unique seminar on cultural influence on international business for practicing managers and executives.

Specific focus will be given Japanese management techniques and culture, with a 14-day trip to Japan highlighting the seminar. The seminar will run late winter through spring 1986. It will be taught by Charles Manz, assistant professor of strategic management and organization and author of **The Art of Self-Leadership.**

Participants will become aware of the importance of a country's culture for international operations and business negotiations. They will also learn how various management theories are used in Japan and implications for their use in American business.

Four pre-departure sessions will focus on Japanese culture, international business and organizational cultures, and Japanese management. While in Japan, several on-site visits will be made to companies and cultural centers. Students will analyze and summarize their reactions to Japanese management practices as well as the impact of local history and culture on the individual and management theory. A post-trip debriefing session will reflect on the Japanese experience and career and lifestyle implications for participants.

Twin Cities' managers and executives are encouraged to participate in this rich learning opportunity. Individual cost is approximately $3,000. To register or for more information, call Judi Linder at (612) 373-5167. □

IR offers Japanese study tour

Human resource and operations executives are invited to participate in an international study tour to Japan next spring.

Sponsored by the Industrial Relation Center's Employer Education Service, the 12-day tour is for those who do business internationally or are interested in Japanese industrial relations methods and practices.

Participants will attend seminars and workshops at the Japanese Institute of Labor and the Japanese Productivity Center. Study areas include Japanese management styles, labor management relations, quality circles, performance and compensation methods. Several Japanese plant tours will be included as well.

James Scoville, professor of industrial relations, and Jim Beaton, director of the Employer Education Service, will lead the tour. For more information contact Beaton at (612) 373-4391. □

Alumni invited to Homecoming '85

Attention Classes of '35, '45 and '60 — and all alumni!!!

The School of Management invites you back to campus for Homecoming Weekend, October 24–26, 1985. Spend time visiting with friends and classmates, watching the Gophers play the Ohio State Buckeyes, attending School of Management classes, and meeting faculty and students.

Plans for Homecoming Weekend include the "grand opening" of the School of Management's new building and facilities, an all-alumni brunch before the Saturday football game, and plenty of visiting and socializing.

The classes of 1935, 1945, and 1960 will receive a summer mailing with details and reservation forms. If you have questions, suggestions *or do not receive your reservation packet,* contact Jeanne Carroll, Alumni Relations, School of Management, University of Minnesota, 271-19th Avenue South, Minneapolis, Minn. 55455, (612) 376-3217.

Alumni News

1930s

Gerald M. Smith, '38, retired from the real estate business in Overland Park, Kan. and spent the past year remodeling an 1880 farmhouse near Blue Earth, Minn.

1940s

Robert E. Haugan, '42, chairman of the Webb Company, is the new president of the St. Paul United Way.

Robert F. Kropp, '48, is president of Midland Coal Company, Farmington, Ill. and president of Boetje Foods, Inc., Rock Island, Ill.

1950s

Robert S. Vathing, '58, is a new member of the board of directors of the Minnesota Society of Certified Public Accountants, a statewide professional organization with more than 5800 members. He is a partner in the St. Louis Park office of Larson Allen Weishair & Co.

Richard M. Brown, '59, manages product management in higher education marketing at Control Data, Minneapolis.

1960s

Arthur A. Anderson, '64, Rochester, Minn., reports that his son Brent graduated from the Institute of Technology spring 1985, becoming the third generation of U of M graduates in his family. His father Allan was a '39 Dental School graduate.

John Braasch, '66Ph.D., is a management consultant, Braasch and Associates, Edina, Minn.

Francis J. Taillefer, '68, is administrator, information services, North Carolina Administrative Office of the Courts, Raleigh, N.C.

Richard L. Larson, '68MBA, is vice president of finance for Infinite Graphics, Minneapolis. He is also a managing partner in Towncrest Properties, a real estate syndicator and income property management firm.

1970s

Stephen H. Westmark, '71, is vice president of Real Estate Plus, Minneapolis, where he has been the top selling agent for eight consecutive years. He was the top volume realtor in residential resale in the Twin Cities during 1984.

Howard E. Becker, '72MAIR, is manager, employee/industrial relations at Portec, Pioneer Division, Minneapolis.

John K. Myers, '72MBA, is senior planner at Rosemount, Minneapolis.

Gregory J. Fasing, '72, practices law in Denver with his brother Tim ('70), specializing in litigation.

Richard P. Kastner, '72, '74MBA, is a senior consultant with Bank of America, San Francisco, where he automates bank transfer processes. He is married, has one child and travels worldwide.

Charles F. Gustner, '73, is sales manager of Coast Envelope Co., San Francisco.

Robert E. Wolff, '72, '74MBA, manages test technology resources at 3M, St. Paul.

John M. Olson, '75MBA, lectures in business management at the University of Wisconsin — Parkside in Kenosha.

Richard V. Muehlke, '75MBA, is a senior contracts administrator in the waters chromatography division of Millipore Corp., Milford, Mass.

Robert J. Shellum, '75, is detective sergeant with the Golden Valley Police Department, Golden Valley, Minn. He is a 1982 Bush Foundation Leadership Fellow and a 1983 MPA graduate of Harvard's Kennedy School of Government.

David H. Moser, '75MBA, is financial product manager at Montgomery Ward & Co., Chicago.

David H. Caldwell, '75MBA, is western regional sales manager for GTE Technical Products, Elk Grove, Ill.

Thomas E. Peterson, '75, is manager of sales-east for Management Graphics, Minneapolis.

Mark A. Tomlinson, '76, is manager of Fairbanks Title Agency, Fairbanks, Ala.

Geoffrey W. Stellmacher, '76, is vice president of secondary marketing at Pioneer Federal Savings, Clearwater, Fla.

Thomas L. Schlick, '77MBA, is director of corporate planning at Rosemount, Minneapolis.

Brian P. Cherry, '77MBA, is an auditor, reconciliation coordinator and records retention coordinator at the Dept. of Public Safety, State of Minnesota, in St. Paul.

Dr. Earl Joseph II, '78, '83Ph.D., is business strategist at Sperry, St. Paul.

Stephen P. Nachtsheim, '78MBA-MIS, is general manager/director of design at Intel Corp., Santa Clara, Calif.

Tsiu Freeman, '78, '81MBA, is a health consultant with Health Economics, Ltd. in Jenkinstown, Pa., specializing in H.M.O. financial operations.

James T. Zahorsky, '78, is a staff accountant with Irathane Systems, Inc., Colorado Springs, Colo.

Leon Moore, '78MBA, is manager of financial information services of the University of Texas-Dallas Children & Youth Project, Dallas.

James Cross, '79MBA, is an assistant professor of marketing, Arizona State University, Tempe.

Kristine Jensen Smith, '79MBA, is administrator for Midsota Plastic and Reconstructive Surgeons, P.A., St. Cloud, Minn.

Mary Malecha, '79, is an investor relations specialist with Security Pacific Corporation, Los Angeles.

Daniel W. Brady, '79, is a staff engineer with Honeywell, Edina, Minn.

Brett B. Johnson, '79MBA, is financial consultant with Control Data, Bloomington, Minn.

1980s

F. Joshua Millman, '80MBA, is a facility planning and engineering manager with Honeywell Electro-Optics Division, Lexington, Mass. His first child, Rachel, was born in '83. He received his architectural registration that year also.

Linda Afdahl Henderson, '80MBA, is an investment broker with Dain Bosworth in St. Paul. She lives in River Falls, Wis.

Joan M. Kampmeyer, '80MBA, is assistant treasurer with Jostens, Minneapolis.

Jeffrey M. Goldstein, '80, is a commodity broker with Cargill Investor Services, Chicago. He was recently married.

A. David Miller, '80MBA, is an economic officer with the U.S. State Department, Washington, D.C.

Marcia Thompson Wachter, '81MBA, is a marketing specialist at Control Data, St. Paul.

Susanne Sebesta Heimbuch, '81, is an account executive at Eaton & Assoc. Design Co., Minneapolis, in charge of client liaison, marketing, project copywriting and design direction.

Kirsten J. Langohr, '81MBA, is a marketing research manager at General Mills, Minneapolis.

Patricia A. Napoli, '81MAIR, is a senior compensation specialist at Honeywell, Minneapolis.

Dennis G. Nelson, '81MBA, is senior manager-tax at Peat Marwick and Mitchell, Minneapolis.

Bradley A. Sjostrom, '81, is plant scheduler for Union Carbide, Rogers, Ark.

John Chrum, '81MBA, is vice president for marketing at Norwest Leasing, Minneapolis.

F. Theresa Behroozi Hart, '81, graduated from Boston University School of Law in June and will join the law firm of Kirkland & Ellis in Denver.

Mark W. Deicher, '81MBA, was promoted to manager, treasury operations for Northern Telecom, Inc., Nashville, Tenn.

Michael J. Henle, '81MBA, is with B. Dalton Bookseller as a senior financial analyst.

Ken D. Graham, '81MBA, was recently transferred from Washington, D.C. to Atlanta as an assistant division manager with Vie de France Corp.

M. Bentley Patterson, '81MBA, is a senior systems manager with Teletronics, an Australian-based manufacturer of cardiac pacemakers. He lives in Denver.

Douglas J. Brown, '81, is a captain of field artillery with the U.S. Army in Ft. Sill, Okla., where he attends the artillery officers' advanced course.

Scott D. Johnson, '81MBA, is a doctoral student in marketing at Michigan State Graduate School of Management in East Lansing. In June '84 he and wife Mary had twin daughters.

Dwight L. Johnson, '81MBA, is a product planner with Chrysler Corporation, Highland Park, Mich.

Edward V. Lauing, '81MBA, is director of marketing for Software Publishing Corp., Mountain View, Calif.

Ruth Sampson Stormo, '82MBA, is international marketing manager for Artograph, Inc., Minneapolis.

Henry C. Wong, '82MBA, is assistant manager for Wardley Limited, Hong Kong.

Walter C. Larsen, '82MBA, is sales and marketing manager of Geo Graphics, a full-service graphics arts firm in Edina, Minn.

Scott M. Hedlund, '82, was recently promoted to national accounts manager - southwest region for Land O'Lakes. He lives in Dallas.

Kenneth E. Horstman, '82MBA, is a master scheduler for Drag Specialties, Minnetonka, Minn.

Verona Sweeney Kees, '82MBA, is an international product control engineer at 3M, St. Paul.

Gail Peterson Orr, '82MBA, is a financial planner for North Star Resource Group, Minneapolis.

Jeffrey J. Zibley, '82MAIR, is director of human resources for Malt-O-Meal Co., Northfield, Minn.

Jeffrey J. Adams, '82MBA, is a benefit consultant for DCA, Inc., Minnetonka, Minn.

Jen-Huei Hong, '83MBA, is a manager with United Charm Corp., Ltd., Taipei, Taiwan.

Bradley D. Hansen, '83, was recently promoted to accounting supervisor of Invoice Audit at Dart & Kraft Financial Corp., Edina, Minn.

Mara Nowacki Swan, '83MAIR, is employee programs coordinator at Miller Brewing Co., Milwaukee, Wis.

Anthony B. Cyplik, '83MMA, is at American Express, TRS Telecommunications, Phoenix.

Daniel R. Sass, '83MBA, is a financial analyst at Minnegasco, Inc., Minneapolis.

Randal D. Schreiner, '83MBA, is an associate financial analyst with IBM, Rochester, Minn.

Barbara L. Anderson, '83MBA, is supervisor of accounting services for the Roseville, Minn. School District.

Joseph J. Mullen, '83MBA, is in sales, training and computer services administration with Sheldahl, Northfield, Minn.

Robert J. Trautman, '83MBA, is manager of industrial engineering at Minnegasco, Minneapolis. He and his wife have a son, Theodore Robert.

Debra A. Heinzel, '83MBA, was promoted to senior systems analyst/representative with Burroughs, Corp. and transferred to Oak Brook, Ill.

Page W. Gildner, '83MBA, is with the Department of State, Washington, D.C.

John L. Zyla, '83, is a systems engineer at IBM, Minneapolis.

Susan E. Baer, '83MBA, is a master scheduler with Teledyne Microwave, Mountain View, Calif.

Daniel S. Perkins, '83MBA, is an analyst with Perkins Capital Mgmt, Inc., Wayzata, Minn.

Susan Showalter, '84MBA, is director of marketing communications for Blue Cross & Blue Shield of Minn., St. Paul.

Mike A. Feehan, '79, '84MBA, is international financial analyst with Federal Express Corp., Memphis, Tenn.

Jeffrey S. Alch, '84, is staff accountant in the business management department, Laventhol & Horwath, CPAs, Minneapolis. He will enter the U of M Law School in September.

Robert T. Bouman, '84MBA, is a product manager with Beatrice Companies, Minnetonka, Minn.

Dan H. Elron, '84MBA, is a consultant with Nolan, Norton & Co., management consultants, Chicago.

Thomas W. Harold, '84MBA, is an associate marketing manager in microwave products at Pillsbury Co., Minneapolis.

Paul D. Rimmereid, '84MBA, is a financial analyst with the Federal Reserve Bank of Minneapolis. He recently bought a house in Plymouth, Minn.

Alumni to page 22

Alumni from page 21

Judith A. Hultquist, '84MBA, is an economic analyst for C. Tennant, Sons and Company, international merchants in metals and ores, a New York company and Cargill subsidiary.

Dave O. Rasmusen, '84MBA, is a staff accountant with Price Waterhouse, Minneapolis.

John P. Mueller, '84, is a cost analyst with Kimberly Clark Corp., Neenah, Wis.

Gailmarie Goldrick, '84MBA, is a market officer with Citicorp Person-to-Person, Brooklyn Center, Minn.

Roger W. Redmond, '84MBA, is a technology analyst with Piper, Jaffray & Hopwood, Minneapolis.

Gerald R. Just, '84MBA, is with Peat Marwick & Mitchell, Dallas.

John Speltz, '84, is an account executive with Merrill Lynch, Minneapolis.

Thomas Ormand, '83, '84MBA, is an accountant with Arthur Andersen, Minneapolis.

Wae Huh Won, '84MBA, is the import/export financial manager at Willard Industry, Minneapolis.

Barbara Bernett Davis, '84MBA, is the administrative director of the Advanced Medical Diagnostic Center, Golden Valley, Minn.

Patrick F. Gorham, '84MBA, is at Gorham, Inc., Mora, Minn.

Ward Lenius, '84MBA, is with Business Incentives, Minneapolis.

Marcia R. Nelson, '84MBA, is an accountant for Douglas Allred Development Co., San Diego, Calif.

Jane A. Vanyo, '84, is the district manager of the parts division at General Motors, Buffalo, N.Y.

Deborah A. Durkee, '84, is at Westlaw Customer Service, West Publishing, St. Paul.

Peter H. Grimlund, '84MBA, is product manager for technology products of Cerner Corporation, a health care information systems company, Kansas City, Mo.

Catherine Salmon, '84MBA, is a marketing analyst at Medtronic Inc., Minneapolis.

Harold A. Wick, '84MBA, is vice president and general manager of Norenco, Minneapolis.

Anne E. Obert, '84MBA, is a financial analyst at Harris Corporation, Semiconductor Analog Products Division, Melbourne, Fla.

Finn Samuelson, '84MBA, is a commercial lending trainee at Christiania Bank, Oslo, Norway.

Mark Patzloff, '84MBA, will soon finish two marketing projects in Denmark and return to the U.S. "when the money runs out." □

McKnight grants fund faculty summer research

Sixteen McKnight Foundation research grants totaling $150,000 were awarded University of Minnesota School of Management faculty for 1985-86.

The grants are made possible by a $1 million McKnight endowment to the School of Management in 1981 to encourage management research and faculty development. Annual endowment interest funds faculty research projects each year.

The funded projects cover a variety of issues important to the state and national economies. Some of the proposals include: computer-based decision making; return to and participation in retraining programs; marketing's role in business strategy; comparable worth; risk management and the firm value; new technology commercialization; and strategic management and human resource management.

The McKnight research program is open to all tenure and tenure-track faculty. Proposals must fall in one (or more) areas to receive support. They include issues of central importance to the management of the state's resources; interdisciplinary research; and international research.

Selection criteria include scholarly and practical significance, design, clarity, research record, professional development, and publication and future outside funding potential. Projects are evaluated by the school's associate dean and two department chairmen, who rotate annually. Thirty proposals were submitted this year.

This program is an excellent vehicle for enabling the school to address long term problems and issues of importance to economic development and improved management in Minnesota, according to Fred Beier, associate dean.

The school experiences some difficulty in securing research funding because management is not perceived as a hard science by many traditional academic funding sources. "The McKnight grant is critical," Beier added. "We'd be lost without it."

Nineteen faculty members will participate in the McKnight Research Program for 1985-86. School of Management academic departments represented include accounting, industrial relations, management sciences, marketing, and strategic management and organization. □

Faculty expertise available

The School of Management has established a Faculty Expertise Data Base. The data base will help us respond more efficiently and effectively to the many inquiries for expertise we receive from local and national managers, as well as the media. The school houses a broad spectrum of expertise and we encourage you to take advantage of this resource. If you're seeking an expert for consulting, speaking, commentary or related activities, please call our Community Relations Office, (612) 373-5901. □

Business Day: The "Challenge of Change: Risks and Opportunities"

Keynote speaker Harvey Mackay, chairman of the board of Mackay Envelope Co., goes over one of his "Ten Lessons You Didn't Know You Already Knew" with School of Management Dean Preston Townley.

More than 800 participants packed the Radisson South Hotel's cabana during the social hour at Business Day '85.

A student discussion group reports on possible paradigm shifts to Joel Barker.

W. Bruce Erickson (center), "Teacher of the Year," is congratulated by Bette Abraham, '81 MBA and Alumni Advisory Council chair, and Pankaj Vaish, '85 MBA and president of the MBA Association.

Photos by Tim Rummelhoff

Photo by Tim Rummelhoff

Lucinda Kimmel and Dennis A. Ahlburg

Boomers from page 7

instability in the work force will add to labor costs and led one researcher to remark that "companies may begin to look for young managers who will be able to deal with delayed gratification caused by the crowded executive suite."

Because of declining promotion and pay opportunities, organizations may have to find alternatives for rewarding and motivating employees. Some possible alternatives are mentoring programs; lateral transfers, used at IBM and AT&T; job redesign; and matrix management. While such programs may create perceptions of job alternatives, they may be insufficient. Also suggested is the use of "markers of social status" or promotions to positions which are only subtly different from those above and below it. Such "word change promotion" is common in Federal Civil Service.

Feedback and overall organizational communications are especially important to effective managers who have small chance of future promotion. When plateaued managers feel valued, their performance remains effective. Other research suggests that flexible benefits and prerequisites such as more free time or special educational reimbursement may moderate the impatience of the talented performer who must wait for promotion.

Changing the baby boom employee's expectations is another possibility. With a realistic outline of probable career progression, employee expectations may be brought more in line with probable experience. Advancement, job satisfaction and commitment problems might be avoided.

We must be aware of and confront the possible human resource management problems of the baby boom for individual and organizational good. Moreover, following the baby boom is the baby bust generation of the '60s and '70s. They are entering the labor market and should have the opposite experience of the baby boomers. However, if baby boom generation problems are not solved, successful entry of the new generation of workers will be blocked. A new batch of human resource management problems will then follow. □

Dennis A. Ahlburg is assistant professor of industrial relations at the University of Minnesota School of Management.

Lucinda Kimmel recently completed a masters degree in industrial relations at the University of Minnesota School of Management.

Chervany from page 11

quality experiences for their customers and employees."

"A quality experience requires that all activities should facilitate the individual's feelings of *dignity, self-esteem,* and *autonomy.*"

Freeman also says, "The ideas are basic. The disconcerting fact is that so many people are surprised by the message."

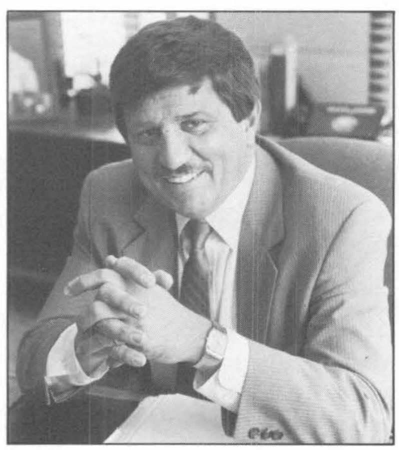
Why does the practice of management so often seem to ignore these principles? (I'll admit being unable to understand people who consciously reject them.) To answer this question, we need to recognize that *these principles provide us with the keys to successful implementation of management plans — results are obtained through people.* With this idea in mind, I can think of two basic reasons for this breakdown in good management.

First, we may become seduced by the "beauty" of our plans and ideas. Good plans and ideas are necessary, but not sufficient for a successful organization. We can fall into the trap of believing that the idea is so good that it will "sell itself." This is a false hope! Good plans and ideas, plus working with employees and for customers (people) is the only sure approach to successful implementation.

Second, while the principles are easy to understand, they involve hard, and seemingly "unglamorous" work. How many times have you responded to the question, "How'd your day go?" with the response, "I didn't get a thing done. I was either in meetings or interrupted by people all day."

Working with people and responding to their questions *is* the job of management! □

Norman L. Chervany is professor of management sciences and director of professional management programs at the University of Minnesota School of Management.



Norman L. Chervany

The 20 people who gathered for the class of '35 reunion luncheon include, front row, left to right: Helen (Tyrholm) Melgas; Marvis (Norris) Packard; Betty (Krook) Vandercook; Frances (Enright) Artz; Mary Clair (Swanson) Richardson; Jean (Bixler) Arneson; Betty (Smollett) Sperling; Dorthea (Johnson) Bisanz; Myrtle Roberts. Back row, left to right: Wilbur Mattila; Clarke Eaton; Howard Melbostad; Eugene Packard; Henry Iberg; Helen (Moore) Iberg; Kay Eng; Barney Eng; Allan Arneson; Norb Bisanz; Harold Roberts; George Sperling.

Sperlings host pre-Homecoming gathering

Betty Smollett Sperling, '35, and husband, **George,** of Pebble Beach, Calif., hosted a Twin Cities' gathering of Class of 1935 members and their spouses last spring.

After a conversation with **Jean Bixler Arneson,** '35, and **Allan H. Arneson,** '35, of Iowa City, Iowa, the Sperlings decided to plan and host a special pre-Homecoming reunion. Twenty-two people attended the special luncheon at the Radisson Metrodome in Minneapolis.

The program featured reports from each attendant on what they'd been doing for the last 50 years. Alumni director **Gretchen Roufs** provided an update on the School of Management.

The luncheon kicked off a series of events for School of Management classes celebrating graduation anniversaries. With the enthusiasm generated by this special event, we look forward to a big reunion celebration during October Homecoming, noted **Jeanne Carroll,** assistant alumni director.

Plans are underway for reunions for the classes of 1935, 1945 and 1960. Classes and/or individual alumni who want to make special 1985 reunion plans, please call Jeanne Carroll, (612) 376-3217. □

Organizers for the 1935 alumni reunion luncheon include from left to right: Jeanne Carroll, assistant director of Alumni Relations; Gretchen Roufs, director of Alumni Relations; George Sperling; and Betty Smollett Sperling.

What's New?

The *Minnesota Management Review's* "Alumni Update" is one of its most popular sections. All alumni of the School of Management are encouraged to submit information for inclusion in the *Minnesota Management Review.* To do so, mail the form at the end of the "Alumni Update" section to the School of Management. Information from press releases sent by companies/organizations is also used in the "Alumni Update" section. Send press releases to: Gretchen Roufs, director, Alumni Relations, School of Management, University of Minnesota, 271 19th Ave. So., Minneapolis, MN 55455.

Women of '35 share memories, experience

In 1935 Professor Stevenson was dean, classes were held in Eddy Hall, the School of Management was the School of Business Administration and 98 students graduated with bachelor's degrees in business.

Twenty-four of the class members were women. As they celebrate their 50th anniversary of graduation, some of the women of '35 share their experiences and memories about being a student at the university in the early 1930s and their careers that followed.

Attending the university in the 1930s was an economic hardship. People enrolled in the business school hoping to improve their chances of employment upon graduation.

Frances Enright Artz entered the U in pre-medicine, but changed schools and graduated with a degree in business. Frances, a mother of three and St. Paul resident, found her business training helpful in all aspects of household management, and was subsequently good at knowing "when to shop for the good deals." She was in the Delta Gamma sorority. Frances noted that Delta Gamma members still meet socially every two weeks.

Janet Edwards Jaracz remembers the difficulty of not being able to afford the textbook for her "Money and Banking" class. A classmate loaned his textbook to her until a week before finals. Janet, whose interest in language led her to a course concentration in foreign trade, enjoyed her classes in "Advertising" and the "Psychology of Advertising." She noted that these courses and courses in personnel management were important to her as her career developed with the U.S. Bureau of Census in Washington D.C. Janet initially worked in the W.P.A.'s Area Statistical Project in St. Paul for $80 a month. In 1940 she went to Washington D.C. to work on the census, remaining with the Bureau of Census as a survey statistician until she retired as chief of the sampling procedure branch in the statistical methods division.

Helen Nelson enjoyed her art and history classes tremendously, but for a secure financial future she entered the budding retail program. As part of her course work, Helen and her seven classmates in retail worked 12 hours a week at Donaldsons Department Store for the going rate of 26 cents an hour. Upon graduation, Helen stayed with Donaldsons, but was temporarily "lured" away to become an investment broker at a local firm. Her love of retail and sales, however, led to her 40-year career as a buyer at Powers Department Store. She said that the time she spent as a student working in retail really laid the ground work for her retail career.

Upon graduation, **Elizabeth Bennion Tuttle** worked at the university for a while and then moved to admissions at St. Paul's Miller Hospital for two years. When she met and married her husband, she quit her job (the tradition for married women in the 1930s), raised a family, and moved around the United States.

Mary Clair Swanson Richardson wanted to be a banker, but wasn't hired in banking because she was a woman and couldn't type. So she attended secretarial school and got a job with a banking association. For the past 16 years, she's enjoyed a career in residential real estate in the Twin Cities.

Other women of the class of 1935 remember that one of the school's faculty members, **Miss Ernestine Donaldson,** counselled them to not accept a job for less than $80 a month. One of Miss Donaldson's students said that she accepted a job for $65 a month. "I never took the top job. I always took one that was fun!," she added.

Many more stories, memories, and experiences of the class of 1935 will be shared at the 50-year class reunion and Homecoming, October 24–26. For more information on the class reunions and homecoming, contact **Jeanne Carroll**, School of Management alumni office, (612) 376-3217.

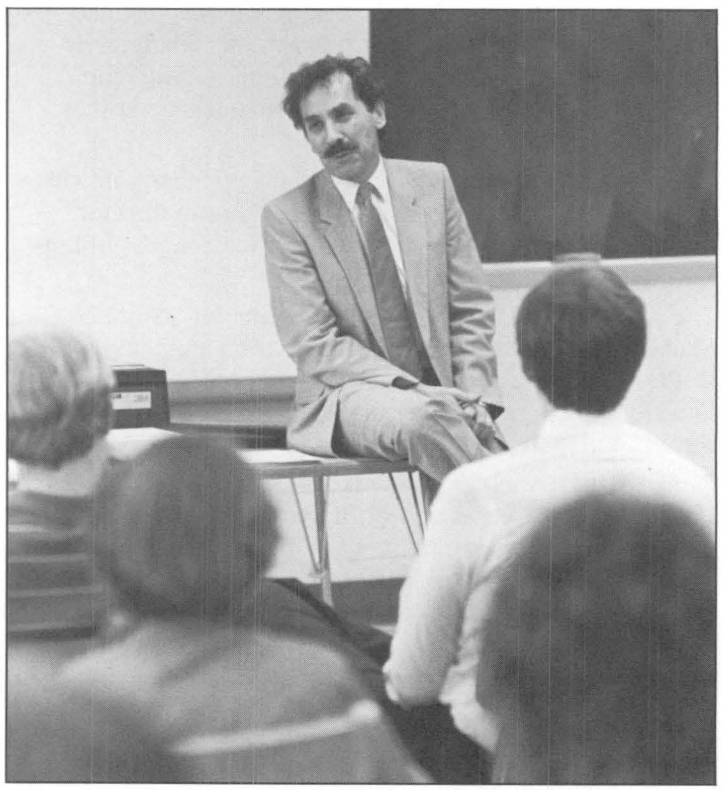
On-campus reunions are also scheduled for the classes of 1945 and 1960 during Homecoming '85, October 24–26. □

Marketing from page 17

Long-term benefits for the state economy may be inherent in this project as well, Rudelius added. "Ideally, the funded projects will grow, become viable businesses, and provide jobs for Minnesotans and quality products for consumers."

Marketing 8090 was offered for the first time spring quarter. Students heard from such expert speakers as University President Kenneth Keller on technology transfer, School of Management Dean Preston Townley on new consumer product development, and Medtronic Inc. founder Earl Bakken on the high-tech firm startup.

The class proved popular and Marketing expects to offer it again. □



University of Minnesota President Kenneth Keller explains technology transfer to MBA students in "Business Plans for New Products."

Alumni volunteers and General Mills employees Sally Scheefe, '81 MBA, and Dale Hommes, '84 (center) discuss upcoming goals and objectives while Jerry Rinehart, acting director of Undergraduate Studies for the School of Management, looks on.

Alumni Leadership Workshop

Thirty-five alumni volunteers met in early May at the Calhoun Beach Club in Minneapolis for the second annual Alumni Leadership Workshop sponsored by the School of Management's Alumni Advisory Council (AAC). The AAC is the alumni leadership and liaison group between the school and its alumni.

Alumni volunteers representing the AAC's standing committees reported on their work during the past year in the areas of *alumni programs, MBA program product quality, placement activities, alumni in small business, fund raising,* and *business community liaisons.* They reviewed their involvement in a variety of areas, from planning receptions for School of Mangement alumni employees at local corporations, to representing alumni on school committees.

The group, which included "veteran" and new alumni volunteers, "rolled up their sleeves," divided into small groups, discussed issues and developed 1985-86 goals and objectives for School of Management alumni activities and involvement.

"Our mission is to help make the school the best possible and to enhance and increase alumni interaction," said **Bette Abraham,** '81 MBA and AAC Chair, in an overview of activities. "To do this, we need you to look at our past accomplishments and future plans with a critical eye," she added. Abraham encouraged such questions as What do I want to get out of this personally? What can we do for other alumni? What can we do for the school? "Then picture yourself assembling next year for this Workshop, and plan some goals and objectives while thinking about what it is that you want *your* committee to report as accomplishments over the year!" Abraham added.

Abraham announced that **Kay Barber,** '75MBA, group marketing manager, New Products, The Pillsbury Company, has been appointed Alumni Advisory Council Chair. Her term begins next March. Kay currently serves as the AAC's vice chair and also chairs the Product Quality Committee.

The Workshop concluded with an update from Dean **Preston (Pete) Townley,** who shared news, thoughts, and observations on the school and talked about the role of alumni at the School of Management.

Plans and ideas generated at the Workshop will become the AAC's 1985-86 work plan. If you would like a copy of the day's report or to become active in any of the Council's efforts, contact Jeanne Carroll, assistant director of Alumni Relations, (612) 376-3217. □

ALUMNI UPDATE

Information furnished by alumni on this form will be used for the "Alumni Update" section of the *Minnesota Management Review* and will help the school maintain accurate home and business address records. Send to: Jeanne Carroll, assistant director, Alumni Relations, School of Management, University of Minnesota, 271 19th Ave. South, Minneapolis, Minn. 55455.

Name ______________________________ Date ______________
(First) (Middle or Maiden) (Last)

Year of Graduation and Degree(s) granted from School of Management ______________

Employer ______________
Position
____
Company Organization
____
Mailing Address
____
City, State, Zip
____
Phone

Home ______________
Mailing Address
____
City, State, Zip
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Phone
____

Information you would like to share with the School of Management (career, family, awards, weddings, births, etc.):

Executive Development Center Programs

I. GENERAL MANAGEMENT RESIDENTIAL PROGRAMS

☐ **Minnesota Executive Program** (6 weeks)
Modular Format; begins August, 1985

☐ **Minnesota Management Institute** (4 weeks)
Modular format; begins February, 1986

☐ **Minnesota Management Academy** (9 days)
Begins Oct. 5, 1985 and March 22, 1986

II. MANAGEMENT SPECIALIST PROGRAMS

☐ **Systems Analysis and Design** (5 days)
Residential program; three times a year
Upcoming session—October 20–25, 1985

☐ **Strategic Management of Manufacturing** (7 days)
Residential program; once a year
Upcoming session—June 15–21, 1986

☐ **Controllership Academy** (6 days)
Residential program; once a year
Upcoming session—June 22–27, 1986

☐ **MIS Executive Institute** (8 days)
Residential program; once a year
Upcoming session—June 14–21, 1986

III. GENERAL MANAGEMENT SEMINARS

☐ **Finance for the Professional Manager**
Mpls./St. Paul location; four times a year
Upcoming sessions—September 23–25, 1985 and Dec. 2–4, 1985.

☐ **Marketing for the Professional Manager**
Mpls./St. Paul location; four times a year
Upcoming sessions—September 11–13, 1985, and November 18–20, 1985

Information Request Form

______ YES, I am interested in more information on the seminars I have indicated above.

______ YES, Please ADD MY NAME TO THE EXECUTIVE DEVELOPMENT CENTER LIST to receive brochures on individual seminars as they are published.

NAME__________________ TITLE__________________ ORGANIZATION__________________

STREET__________ CITY__________ STATE______ ZIP________ COMPANY PHONE (   )__________

SEND TO: Executive Development Center, School of Management, University of Minnesota, 271 19th Ave. South, Minneapolis, Minn. 55455.
Or PHONE: (612) 373-3837

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Minnesota Management Review

November 1985

School of Management, University of Minnesota Volume 5, Number 1

by Andrew H. Van de Ven

In this world of increasing specialization, impeccable micro logic often leads to macro nonsense. Fortunately, University researchers and corporate managers recently obtained a broader and more holistic view of innovation management at the first of several one-day workshops sponsored by the Strategic Management Research Center Minnesota Innovation Research Program. (For more information on the program, see accompanying story.)

Held Oct. 18, the workshop highlighted six key issues or themes emerging from the innovation studies. Because researchers need more time to identify clear patterns, no empirical proof currently supports these issues. But these six areas do offer important ideas for innovation management.

Developmental Stages and Patterns

Most innovation theories assume that a particular sequence of stages or phases should be followed. For example, a "rational" model involves identifying a problem or opportunity, developing and testing alternative solutions, selecting the most appropriate alternative, and finally implementing the solution. Little evidence supports the existence or success of this model. Thus, managers and scholars searching for a "one best way" to organize innovations are not likely to find it.

Rather, Roger Schroeder, Doug Polley and Gary Scudder point out that innovations actually develop over time in the following way.

Simultaneous recognition of a problem or opportunity coupled with a new idea often stimulates innovation; this recognition is often introduced by new leadership and appears necessary to trigger people's attention and motivation.

As one or a few people begin dedicated work to develop the idea, they usually spin off into a separate group. These groups tend to create their own stages and cycles of activities partly by establishing plans and targets and more often by encountering setbacks. How these setbacks are handled appears to influence how much people learn from mistakes and subsequent innovation success.

As work on an innovation proceeds over time, it proliferates into an increasing number of alternative paths, and it is often impossible to know which paths may yield fruit. Some ideas go on the "shelf" for a long time. Others lead to important innovation spin-offs. Still others converge at later times as central to making the innovation a reality.

Most innovations do not consist of a single new device, product, or procedure. Instead, families of related new products and proce-

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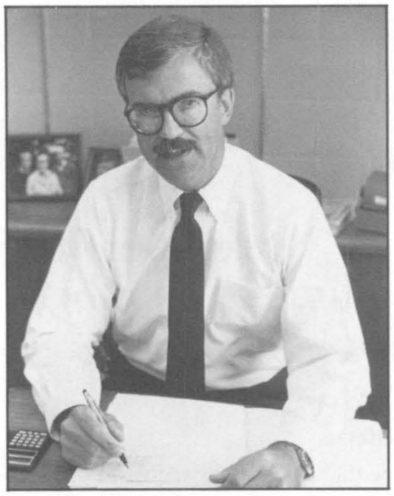
INSIDE



Preston Townley

Dean's Message
Preston Townley, Dean

As this edition of the *Minnesota Management Review* reaches you, we will be well into our new academic year. For me it will be the second year of "deaning." The first one flew by. Many good things happened, and I enjoyed the experience very much.

Year two looks to be building in the same way. Our tasks this year are dominated by evaluative activity. First and foremost, we will spend a good chunk of this year studying what will be the proper balance between quality enhancement for our already solid undergraduate program and the size of the student body to be served. Obviously, this evaluation is closely tied to resource availability.

And the whole consideration is driven to the top of our agenda by President Keller's challenge in his "Commitment to Focus" issued earlier this year wherein he asked the school to evaluate as much as a 50 percent reduction in its undergraduate program size. We see that as a quality enhancement issue and not just a numbers determination. We seek the right balance of educational content and delivery, with a new determination of the optimum size for our program. We are well aware that the effects of this decision will be wide-reaching, and our work on it will receive no less than top priority.

"First and foremost, we will spend a good chunk of this year studying what will be the proper balance between quality enhancement for our already solid undergraduate program and the size of the student body to be served."

Second, we will begin review this year of both the MBA program and the Executive Development Center (EDC) and its offerings. It is appropriate that we fine-tune the MBA program on a regular basis, and, while I do not expect any significant changes, some shifts in content emphasis are likely. In the case of EDC, I feel we can do a great deal more for the management community of this area than we have been doing. But before we increase efforts here, it is important that we assess the validity of our current offerings and, most particularly, their responsiveness to the marketplace. I continue to view executive education—some refer to this as lifelong education—as a growing area of importance in management schools. Certainly, this should be true in this review. Please let us know your thoughts on any or all of these evaluation activities.

Last, let me note with real pleasure the very strong additions that we have made to the school's leadership over the summer. Anne Benisch has joined us as associate dean for external affairs. She brings very strong experience and real understanding to that critical position. David Dittman, our new chairman of the accounting department, brings teaching and research credentiais combined with appealing personal dimensions that promise outstanding leadership for that most important area of the school. And Mary Bright, who joined us late last spring to head up EDC, has already logged many miles getting to know the management community. She promises to bring a positive intensity of action to EDC that will benefit all concerned.

Thus, we have a number of strong, new additions to the school's leadership, and I am also pleased that our faculty recruiting efforts bore fruit as well. Those people, combined with the kind of undertakings already noted, blend into a single-minded effort to continue the very real progress the school has enjoyed in this decade. I am much enjoying being a part of it. □

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Dittman named accounting department chair

David Dittman, former associate professor at the Fuqua School of Business, Duke University, is the new chairman of the School of Management's Department of Accounting.

The faculty unanimously endorsed Dittman to replace Andrew Bailey, who left in June to assume the Arthur Young Professorship in Ohio State University's accounting department. Dittman arrived at Minnesota in September.

"We're very pleased we were able to get David Dittman," said Dean Preston Townley. "He has an outstanding reputation as a scholar and teacher, and he's got a great style, which will fit in well at the school."

Others joined in the chorus of praise for Dittman, who had served as associate professor at the Fuqua School of Business since 1978.

"Bailey's a hard act to follow, and we've got someone who can," said Gordon Davis, who headed the search committee.

The five-member search committee considered more than 100 names for what Davis called "probably the most outstanding accounting chair in the country" and selected five candidates for interviews.

The committee had two choices: either go with an older administrator with many years of experience, or choose a younger, enthusiastic person with new perspective. They chose the latter.

In a "very unusual show of unanimity," the faculty endorsed Dittman, said Davis, professor of accounting. The search committee unanimously concurred and reported its recommendation to Townley.

"Bailey did just a fantastic job of building the department," Davis said. "We see the role of the new chairman as strengthening and solidifying the relationship with the faculty and with the professional accounting community. And this requires a person who is not only a good scholar but has good consensus-building skills."

The accounting department's reputation drew him to Minnesota, Dittman said. "I believe Minnesota's accounting department is world class, currently one of the top five in the country, and for that reason, I decided to come to the University of Minnesota."

Minnesota's faculty have conducted a wide variety of interesting research, Dittman said, adding that he eagerly looks forward to working with them and with the Twin Cities accounting community. "We have to ask the business community what its desires

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Benisch named associate dean for external affairs

Anne Benisch, former director of development for the Phoenix Symphony Orchestra, is the School of Management's new associate dean for external affairs.

Benisch replaced M. David Merchant, who left the position in May to become vice president of development with the St. Paul Foundation. Benisch began work in September.

Dean Preston Townley said Benisch has excellent credentials and called her his "absolute first choice" for the job.

"She has an excellent, in-depth background in development and really knows the environment," Townley said.

"I really am excited at the potential here," Benisch said. "That's the key. I think the school can become one of the top five public business schools in the nation and maybe move beyond that."

"The reputation of this school and its aggressiveness, not only in setting its objectives but in getting input from the business community, make it a very attractive place to work," she said. "The scope of external affairs is well defined, and the department is structured to fulfill its objectives."

"I see the department as a liaison to the outside world," Benisch continued. "We're a liaison to the alumni, to corporate and individual donors, and to students. When we perform well, it creates a favorable impression to the state and the nation, and that's exciting."

Benisch called herself an aggressive fund-raiser and said she understood donors' concerns that they get a return on their dollar. "I feel strongly that development has to be a reciprocal undertaking. You can't expect to have an income stream to the school without defining the school's quality and mission. I think it's essential to donors that you define what's in it for them."

As director of development for the Phoenix Symphony Orchestra for two years, Benisch managed a full- and part-time staff of 14 and headed a $1.4 million annual fund drive. She was in charge of budgeting, strategic planning, grants writing, design and implementation of gift clubs, and events, among other duties.

From 1980 to 1983, Benisch served as associate director of the University of Wisconsin Foundation and director of development for the School of Business in Madison, Wis. At Wisconsin, she coordinated fund-raising activities of nine departments and helped to design the Alumni Board, the Board of Visitors, and a volunteer fund-raising network.

From 1979 to 1980, Benisch was a research specialist for the Wisconsin Vocational Studies Center in Madison, Wis. From 1975 to 1979, she served as assistant director for the Council for Opportunity in Graduate Management Education, a consortium of graduate business schools based in Cambridge, Mass.

Benisch received her master's degree in educational administration from the University of Wisconsin-Madison in 1981, and obtained her A.B. in English from Salve Regina College in Newport, R.I., in 1971. □

Anne Benisch

Innovation from page 1
dures are often needed to create sufficient critical mass and penetration necessary for commercial or organizational success.

As a consequence, managing innovation over time usually involves linking overlapping cycles of development efforts (including research and development, prototype development, testing, manufacturing scale-up, and marketing activities) across a family of new products or procedures.

As these preliminary observations suggest, managing innovation is like directing controlled chaos. As one manager stated: "The problem is like trying to grow an oak tree when there are inexorable pressures to grow a bramble bush."

Human dynamics of innovation

Essentially, the management of innovation is the management of people whose creative efforts begin and end the innovation. As Harold Angle and Dawn Elm point out, organizations must motivate members, not only to meet expectations, but also to take initiative and to innovate when circumstances dictate. What an organization rewards and what it either punishes or ignores altogether will regulate the level of innovation in that organization. Motivation systems make people *want* to innovate. Organizations must also create conditions so that people are *able* to innovate, including effectively designing jobs, providing enough freedom and relief from time pressures to allow innovation, and establishing communication channels.

While many organizations understand these theories, a gap between theory and practice exists. Many organizations seem better suited to protecting existing practices than to developing new ideas. Most organizational control systems detect and eliminate change. Creating organizational conditions that stimulate attention to new ideas and foster innovation remains as a major problem in the management of innovation.

The Development of Transactions and Relationships

Innovation requires a network-building effort. Innovation management involves developing collegial relationships among peers and hierarchical relationships among superiors and subordinates; developing funding, proposals and budgets; and making contractual arrangements with other individuals, units, and organizations who also contribute to innovative activities.

From this perspective, Peter Ring and Roger Hudson suggest that the major questions become: How should these relationships be negotiated and executed? What kind of contractual relationships are appropriate for different kinds of deals? What kinds of structural and procedural safeguards are needed among transacting parties who differ in their levels of interpersonal trust and investment risk in a transaction?

One paradox is clear: the more novel and complex the innovation, the greater structural and legal safeguards needed *and* the greater the flexibility required for renegotiating, recommitting, and readministering the contract among parties that must respond to unpredictable and novel changes.

The Emergence of Industries

Innovations cannot develop in a vacuum. To become commercially viable, most truly new technological or product innovations require the creation of new industries. Thus, innovation managers must not only be concerned with specific developments, but also with the creation of an industry that provides the infrastructure needed to commercialize an innovation in a market economy.

Photo by Tim Rummelhoff

Andrew H. Van de Ven (far right) and faculty and doctoral student team members explore the management of innovation by mapping vital changes in ideas, people, transactions and contexts.

Raghu Garud and Michael Rappa propose a broad view of an industry—consisting of resource distribution channels that perform all functions required to transform knowledge and raw materials into products or service delivered to customers. These functions usually include: research and development, raw materials extraction and refining, manufacturing and assembly, transportation and logistics, marketing and sales, as well as procurement of trained personnel, finance, and legal arrangements. Although essential, seldom can or does a single firm perform all functions. Thus by plan or default, each innovation manager must decide the following: which functions his/her firm will perform; what outside firms to hire for completion of other functions; and what firms the innovation manager will compete with on certain functions and cooperate with on others?

This creates a paradox of cooperation and competition. Each firm must compete to establish its distinctive position in the industry; at the same time firms must cooperate and establish the infrastructure required for the entire industry and for firms within it to survive collectively. Understanding the mangement of this paradox is critical to the successful emergence of an industry.

Externally-Imposed Innovations

Many innovations occur when individuals outside the organization or from a subunit believe the organization should change. For example, an accident or scandal may threaten the credibility of the industry; to restore confidence, the government compels the industry to adopt a new practice.

But imposition of externally induced innovation can significantly thwart or distort grass-roots innovations and operations within the subunits. How does the subunit manager cope when someone else generates a new idea and the manager must carry it out? What strategy should the subunit adopt? Should the subunit conform with the innovation's specified requirements, modify them, or combine them with existing subunit practices?

A study by Alfred Marcus detailing the ways in which 24 nuclear power plants have responded to new Nuclear Power Commission safety regulations revealed that the more closely plants conformed to new NRC regulations, the greater the internal resistance to the change and the lower the performance level. Conversely, the more plants modified the NRC regulations and combined them with existing plant practices, the lower the internal resistance and the higher the plant performance.

The findings suggest that managers should understand the possible consequences of blind conformity to external dictates and that the promoters of externally induced innovations should take heed of organizational units strictly obeying the law—they may be doing so in ''bad faith.'' Marcus' research thus far applies only to procedural innovation; further study may reveal cases in which conformity may have positive benefits.

Human Dynamics of Mergers and Acquisitions

Studies show that mergers and acquisitions are often a necessary part of the innovation process. Acquisitions and mergers allow entrepreneurs or subunits to obtain necessary financial capital or to gain access to a proprietary technology, manufacturing, or marketing capability.

David Bastien reports that while much is written about the financial, legal, and strategic aspects of mergers and acquisitions, very little is known about human dynamics and managerial behaviors that facilitate and inhibit the execution of a merger. What is known that mergers and acquisitions are precedent-setting and traumatic experiences to the individuals involved—particularly when they are members of the junior firm. Corporate managers and researchers shared information about effects of mergers and acquisitions at the workshop; these discussions will be used to develop predictions about the likely success or failure of corporate mergers.

Conclusion

While the workshop raised more questions than could be answered, it stimulated a more holistic appreciation of problems and issues and gave managers and researchers an opportunity to share and test ideas and to build a network.

We find that most organizations have little problem developing important new ideas that have high commercial potential. What they appear to lack most is an ability and/or willingness to innovate. And as this article suggests, this requires individuals with sufficient ''fire in the belly'' to champion, push, and ride those ideas into good currency. □

Andrew H. Van de Ven is 3M Professor of Human Systems Management and Director of the Strategic Management Research Center at the University of Minnesota School of Management.

Program researches innovation issues

A major research program to understand the management of innovation has been underway since 1983 within the Strategic Management Research Center, a University-wide center cosponsored by the School of Management, the Humphrey Institute of Public Affairs, and the Department of Agricultural and Applied Economics. The research program is supported by major grants from the Office of Naval Research and other sources.

The research program is directed by Andrew Van de Ven, and involves 32 faculty and Ph.D. student investigators from nine different departments and four different schools at the University.

Thirteen research teams track the development of a wide variety of significant innovations over time. The following list outlines current studies and principal investigators:

- Advanced Integrated Circuits— Michael Rappa
- Development of Hybrid Wheat— Vernon Ruttan and Mary Knudson
- Medical Products Innovations— Raghu Garud and Doug Polley
- Complex Naval Defense Systems— Roger Schroeder and Gary Scudder
- Human Resources Management Innovations— Harold Angle
- Multi-Institutional Hospital Systems— John Kralewski and Bright Dornblasser
- Corporate Sponsorship of New Businesses— Jeanne Buckey and Roger Hudson
- Public Schools Innovations— John Mauriel and Nancy Roberts
- Government Strategic Planning— John Bryson and William Roering
- NASA's Commercialization of Space Program— Peter Ring
- Nuclear Power Safety Standards— Alfred Marcus
- Human Dynamics of Mergers and Acquisitions— David Bastien
- Deregulation of Financial Services Industry— Ian Maitland

Each innovation study involves three phases: a historical study providing background on specific innovation issues; collection of baseline data on ideas, people, transactions, context, and outcomes of the innovations; and longitudinal tracking of the innovation process, including evaluating the outcome.

Investigators meet bi-weekly to develop and execute research frameworks and to compare research findings across the innovation studies. Periodic workshops are conducted with organizations participating in the studies. In addition, research findings can be found in scientific working papers, journal articles, books, and professional conferences (of course, the program honors confidential and proprietary information).

For more information on the program, contact the Strategic Management Research Center at 612-376-1502.

Computer Graphics

Research focuses on effectiveness of tables vs. graphs

by Gerardine DeSanctis and Sirkka Jarvenpaa

Business analysts and management scientists have long searched for better ways to display vital data. Much of their research has focused on comparing the relative effectiveness of tables vs. graphs in business problem solving. Recently, the "tables vs. graphs" comparison has intensified as sophisticated, easy-to-use graphics technology has been incorporated into decision support systems. Researchers, graphic artists, and users have assumed that graphs more clearly present data relationships and trends.

As the number of integrated spreadsheet and graphics software packages on desktop computers increases, the use of graphs to display standard accounting information has become of particular interest. Graphs may soon be used by investors, stockholders, and auditors to quickly peruse large amounts of information for financial decision making.

Laboratory studies conducted as part of the Minnesota Managerial Graphics Project suggest that graphs generally are not inherently superior to tables. Two factors appear critical to effective use of graphs in financial decision making: experience with graphs and standardization in graphic design.

Business data traditionally has been displayed in a tabular form. Consequently, most decision makers lack the experience needed to properly interpret novel formats. Our research indicates that business people still prefer tables to graphs for financial decision making. In fact, most people convert graphical information into a tabular form when time allows. Even undergraduate students with little business experience prefer traditional balance sheets and income statements to graphs, presumably because our educational system emphasizes numbers instead of pictures in decision making. Although people may not make any better judgements based on information from graphs as compared to tables, practice in viewing and using graphs can improve their meaningfulness. The performance advantages of graphs compared to tables can be observed over a long period of use, our research indicates.

Further research at Minnesota will help determine the precise nature of the learning curve associated with graphs, identify the cognitive skills required to interpret graphical output, and develop techniques that might speed the learning process.

Standardization in graph design also influences the effective use of graphics. The use of "standards" refers to the application of predefined rules that direct the construction of a graph's components—such as layout, size, color, shading, and scaling.

To illustrate the importance of standardization, consider a situation in which a financial analyst must examine historical income statement data for several companies and develop forecasts of revenues, expenses, and earnings per share for the upcoming year. The forecasts might be used to select a company in which to invest. Suppose the maximum revenue for firm A is $400 million, and the maximum revenue for firm B is $100 million during the same period. A typical bar graph would place maximum value for firm A as approximately $500 million (Figure 1) and the maximum value for firm B as approximately $150 million (Figure 2). That is, we would scale the graph to the maximum dollar value found in each firm.

But graphs designed this way and used comparatively can produce significant distortions in judgement, according to laboratory research that compares several ways to display data in bar graphs.

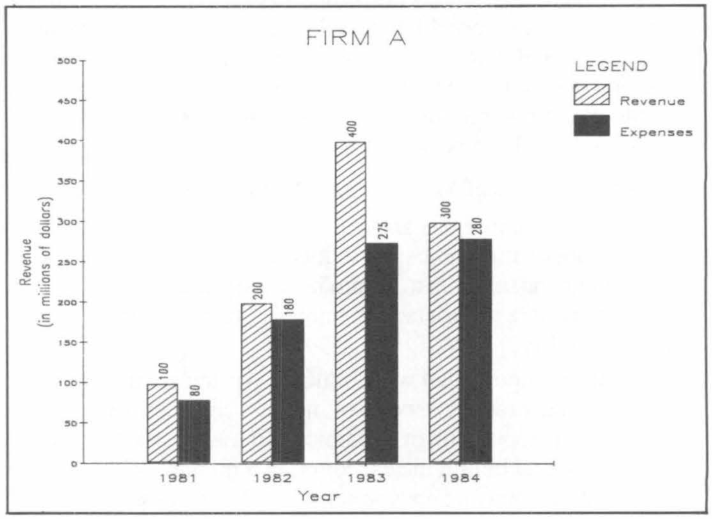


FIGURE 1

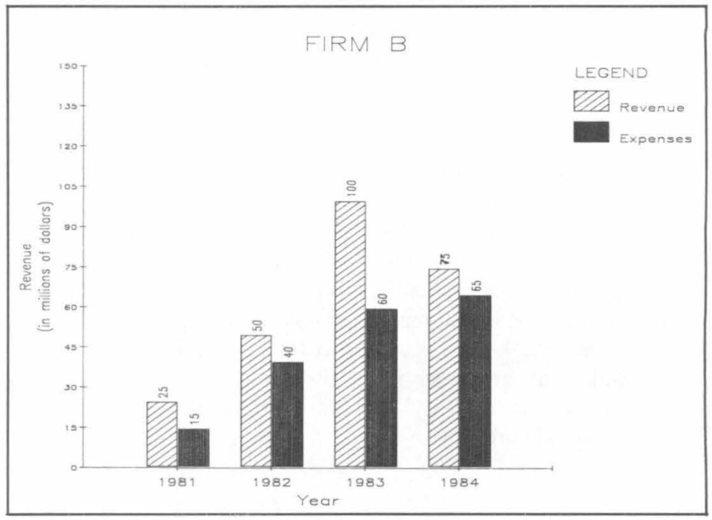


FIGURE 2

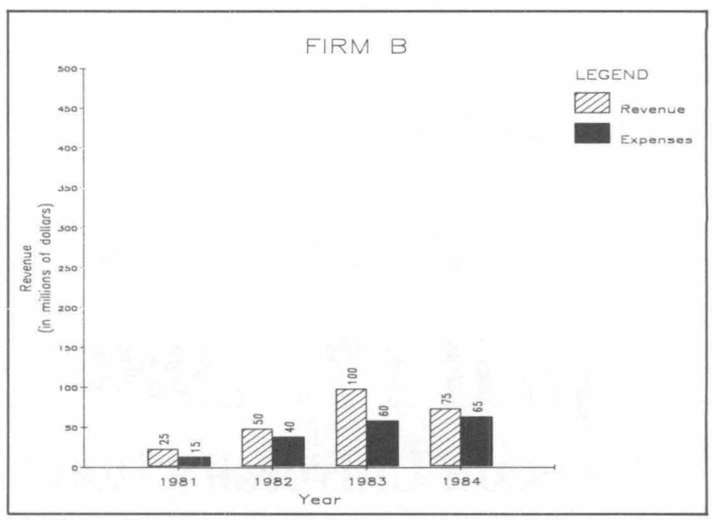


FIGURE 3

The most effective approach involves scaling both graphs using a maximum value of $500 million, even though the bars in the graph for firm B will appear smaller than those for firm A (Figure 3). To further improve forecast accuracy, graphs should show exact dollar values on top of each bar. However, this labeling doesn't substitute the need for identical scales. We have found that scaling graphs to the maximum value for each *company* rather than to the maximum value in the *set* of companies results in judgement errors—even if exact dollar values are printed at the end of each bar.

For these reasons, researchers and graphics artists advocate establishing standards for graph design to avoid perceptual problems and subsequent misinterpretation of graphically portrayed data. Unfortunately, there is no generally accepted set of standards for graph design. Most software packages currently let the user decide how to develop graph scaling, color, size, and layout. Like statistics, graphs have the potential to "lie" about data. We are just beginning to explore the impact of incorrectly constructed graphs on users' perceptions and decision making and to investigate possible standards for presenting financial information in graphical form. □

Gerardine DeSanctis is an assistant professor of management sciences at the University of Minnesota School of Management.

Sirkka Jarvenpaa is a doctoral student in management sciences at the University of Minnesota School of Management.

Members of the Minnesota Graphics Project include from left to right: John Lehman and Gerry DeSanctis, assistant professors of management sciences; Sirkka Jarvenpaa, doctoral student in management sciences; and Gary Dickson, professor of management sciences.

Evidence indicates that graphs may not be superior to tables

True or false.

□ Graphics lead to more effective analysis and decision making.

□ Graphics make tasks less difficult.

□ Graphics make publications more readable.

□ People who use graphics during presentations appear more professional and better prepared than people who do not.

If you answered true to all questions, you may be right. If you answered false to all questions, you may be right, too. Confused?

Research conducted by a team in the School of Management's management sciences department shows a mixed bag for users shopping in the ever-expanding business graphics market.

"Graphs don't necessarily allow users to interpret data more accurately, forecast better, understand the message more clearly, find the problems better, or make higher quality decisions," said Gary Dickson, professor of management information systems and team member of the Minnesota Managerial Graphics Project, a multi-year effort that investigates how to most effectively use business graphics.For the past 18 months, project members Dickson, assistant professors of management information systems John Lehman and Gerardine DeSanctis, and several doctoral students have surveyed organizations and conducted experiments to discover more about the role of graphics in business.

Research confirmed the current popularity of business graphics. Almost 90 percent of the 200 organizations responding to a project survey already have computer graphics capabilities, Dickson said. Growth should continue; 96 percent of the respondents forecast a moderate or great growth in business applications of graphics. Major growth areas projected for graphs include decision support, data analysis, and written and oral presentations.

In spite of continued growth for graphs, results of 10 experiments show virtually no superiority of graphs over tables, Dickson said.

In some specific cases, though, graphs did fare better. Line graphs proved to be more effective than tables in spotting trends. Situations in which graphs work better than tables often depend on the type of task.

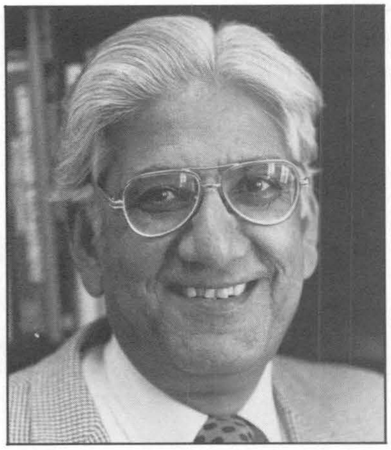
For example, a graph may be no better than a table for accurately retrieving a value, but graphs may work better when spotting trends from a series of data, Dickson said. (For more information on tables vs. graphs, see accompanying story.)

"Graphic features—such as horizontal vs. vertical, color vs. black-and-white—have a lot to do with the effective use of the technology," Dickson said. "There is promise that graphs used in communication and persuasion will do much better than those used in decision analysis and problem solving.

These findings indicate a need to learn more about business-graphics, Dickson said. And judging by the response to the project, business wants to hear more. Publication of more than 20 papers and seven journal articles has attracted the interest of the business community. Several firms have asked the University team to conduct specific studies, Dickson said. ISSCO, a producer of mainframe graphics software, and 3M, which produces slides and transparencies, have agreed to become project associates. A firm can support the general project or specific studies. Ten more organizations may join project efforts by the end of the 1985-86 school year. In addition, the Society for Information Management and the University's Graduate School have provided financial support.

Future studies will focus on the following: the reasons why and the ways in which businesses use graphics; factors that contribute to the success of those who make the best use of graphics; and a closer look at the use of graphics in standard accounting, problem analysis, decision making, and communication.

For more information or a list of publications, write to: Minnesota Managerial Graphics Project, MIS Research Center, School of Management, 271-19th Ave. S., University of Minnesota, Minneapolis, MN 55455.



Mahmood Zaidi

Zaidi will lead international program

Mahmood A. Zaidi, professor of industrial relations and labor economics, was recently appointed director of international program development in the School of Management. He replaces M. David Merchant, former associate dean for external affairs.

Appointed by Dean Preston Townley, Zaidi will oversee the development of the school's international area and stimulate international research by the faculty. He reports directly to the dean and represents the school in all international activity at the University and in the business community.

Chosen for his interest and experience in the international area, Zaidi was educated at Lucknow Christian College (India), the University of London (England), and the University of California at Los Angeles and at Berkeley. In 1966, he received his Ph.D. degree in economics from the University of California at Berkeley. His recent book, *Labour Economics in Canada* (with Sylvia Ostry), is now in its third edition. Zaidi was a consultant for the Mid-Continental Dialog on the Changing World Economy, is vice president-elect for the Eastern Economic Association, and is currently a member of the Governor's Commission on Software Technology.

''This background, in addition to numerous international publications, makes him an ideal choice as the school's director for international development,'' Townley said.

Townley cited three immediate objectives for the school's international area: increasing the emphasis on faculty/student exchange programs; internationalizing the curriculum; and expanding international research. As long-term goals, the school wants to significantly increase the international content of its programs and to make the best use possible of the current exchange programs, adding to them when feasible, he said.

Zaidi's goals for the school's international programs include continuing the effort to involve faculty and students in faculty research and, as resources permit, to increase the number of international courses and faculty members with international experience. ''Competence in today's increasingly interdependent world means that the education of School of Management students must be international in scope,'' Zaidi said.

The school has existing exchange programs with Universite Jean Moulin-Lyon III, Lyon, France, and Keio University, Tokyo, and is negotiating a third program with the Shanghai Institute of Finance and Economics. Internationalization of curriculum and research calls for some field experience, and the best way to provide this experience is through faculty and student exchange programs, Zaidi said.

The school's goals of increasing international education and research coincide with University efforts. The University will continue to emphasize international programs, according to its long-range plans.

Zaidi will work with faculty to find the best ways for increasing international content in the undergraduate and graduate programs. As a start, he plans to coordinate the use of international case studies in current course offerings (these case studies are now being prepared in the School of Management under a grant from the U.S. Department of Education).

Zaidi also will help school faculty conducting international research to make connections with faculty members in other University departments and with business leaders in the community. He has solicited outside views and support to launch international programs and will try to find public and private funding for faculty research proposals.

''How successful we are in meeting these objectives will depend upon how well the school can attract support from faculty, students, and the business community,'' Zaidi said. He added that he hopes that the University and the business community will provide the necessary financial support for these activities. □

Marketing lecture series begins

A new marketing lecture series will begin this fall at the School of Management. Sponsored by a $20,000 gift to the University of Minnesota's Department of Marketing from the Leo Burnett Co., the series commemorates the 40th anniversary of the business partnership between the Burnett advertising firm and Pillsbury Co. The Pillsbury Company Marketing Lecture Series will be held semi-annually for five years.

''We hope to bring in leading marketing academicians and practitioners who have a message relevant to students, faculty, and practicing marketers,'' said Ken Roering, series coordinator and Paul S. Gerot Chair in Marketing (named for a former Pillsbury chairman of the board).

The lecture series ''recognizes the long-standing partnership between Pillsbury and Burnett and their shared commitment to innovative marketing concepts and ideas,'' said Roering. ''The lecture series fosters the partnership between academicians and practitioners by integrating the skills and resources of marketing professionals, academicians, and students in a setting that addresses specific marketing issues of the day.''

''The closer we can put the learning of business and academics together, the better we understand each other,'' said Don Osell, Pillsbury vice president of marketing services. ''There is no we and them—it is just 'us.' We have to understand that we have the same objective—to train people who will have a balanced view of business and society.''

Burnett wanted its commemorative gift to Pillsbury to be ''a public statement of a very long and healthy relationship but one that was looking to the future and symbolized the notion of growth, vision, and development,'' said Osell. ''Too many things like that are represented by brass and gold plaques.''

The lecture series ''reaches a bigger audience than something that hangs on a wall and is seen by few,'' Osell said. ''There is nothing more powerful than a good idea. The lecture series seems consistent with the whole reason we have an advertising agency—to communicate ideas to wider audiences.''

According to William Boris, executive vice president of Leo Burnett, the lecture series will be a ''highly visible forum,'' through which marketing professionals, academicians, and students can ''meet, challenge, and be challenged by important ideas.'' □

New curriculum offers students flexibility

Changes in the School of Management's undergraduate curriculum, planned for fall of 1986, will give students greater flexibility in choosing course work and allow them to specialize in a particular business concentration.

Based on the school's five-year plan, the proposed curriculum changes dovetail with University President Kenneth Keller's "Commitment to Focus," in which he proposes significant undergraduate enrollment reductions in the University's professional schools to attain higher quality education.

The changes build on 1980 curriculum revisions, which emphasized more liberal arts, international study, and communications skills and exposed students to all basic business functions.

"The new program really addresses the significant concerns of students and faculty," said Jerry Rinehart, acting director for undergraduate studies. "I don't think we've put at risk anything that makes the current program solid.

"The planned curriculum changes add flexibility, and, while they continue to give broad exposure to liberal arts and the functional areas of business, they also will give the student some coherent depth in a particular field of study," Rinehart said. "For instance, a student can learn more about marketing or finance."

The curriculum revisions strike a balance that will provide new opportunities to students, faculty, and the business community, said Mary Nichols, curriculum committee chair and strategic management and organization professor.

Business people surveyed stressed they wanted students who not only understood basic business functions, but who also communicated well and had some specialized training. "We believe the (revised) curriculum addresses their needs," Nichols said.

Dean Preston Townley commended the curriculum changes, but he cautioned that the proposed revisions tie directly to resource availability. "This issue and the resolution of the size of the undergraduate program under President Keller's 'Commitment to Focus' may affect the implementation date."

The latest curriculum revisions resulted from several concerns, Rinehart said.

In recent senior exit surveys, students indicated they would like more flexibility in the curriculum, Rinehart said.

Administrators also speculate that a decline in student applications from 1982 to 1984 may be linked to less program flexibility and lack of specialization options.

In addition, some faculty were concerned that the premanagement programs weren't stimulating enough and that undergraduate business students couldn't become part of an honors program, Rinehart said.

Highlights of the curriculum changes include the following:

- ☐ Electives in the freshman and sophomore years would increase from 19 to 25 out of 80 total credits.
- ☐ Electives for juniors and seniors would increase from one to 21 credits, permitting students to take other School of Management courses, liberal arts classes—including foreign languages—and other courses.
- ☐ Twenty additional credits would permit students to specialize in a particular business concentration.
- ☐ Students could take more classes that emphasize international aspects.
- ☐ Students taking communications courses would benefit from a new communications skills lab.
- ☐ Student/faculty interaction would increase both in and out of the classroom.
- ☐ The school would provide an honors program.
- ☐ Students would take less required courses in management and economics to facilitate the above changes.

Curriculum review began in July 1984 with a faculty task force assembled to assess the undergraduate program. Headed by accounting professor Jack Gray, the task force examined 1980 curriculum changes and the entire undergraduate experience. They surveyed faculty, administrators, and representatives of the management community and reviewed studies of student attitudes toward the program.

The task force reported its findings in fall 1984 to the school's faculty. After a favorable reaction from the faculty, Townley referred the recommendations to the undergraduate curriculum committee. After nine months of study, that committee reported its recommendations to the school's full faculty. The faculty overwhelmingly approved the committee's recommendation last spring.

During 1985-86, school departments and the curriculum committee will identify courses and develop appropriate advising materials for the specialized areas of emphasis from which students may soon choose. ☐

Fifteen students win Rothschild scholarships

Fifteen students received School of Management's Maurice L. Rothschild scholarships.

The school awards the $1,000 scholarships annually to students who demonstrate high performance in academic and leadership areas and who show potential in the field of management.

Dawn Rubin, Milwaukee, Wis., and Jean Schmitz, Prior Lake, Minn.—incoming freshmen who will study premanagement in the College of Liberal Arts (CLA)—received awards. These students wrote a short essay as part of the scholarship competition.

Five juniors who entered the School of Management this fall received awards: Edward Alch, St. Paul, Minn.; Brad Carlson, Cambridge, Minn.; Sandra Famodu, Minneapolis; Patricia Lynn Crosby, Minneapolis; and Susan Kimmel, West St. Paul, Minn.

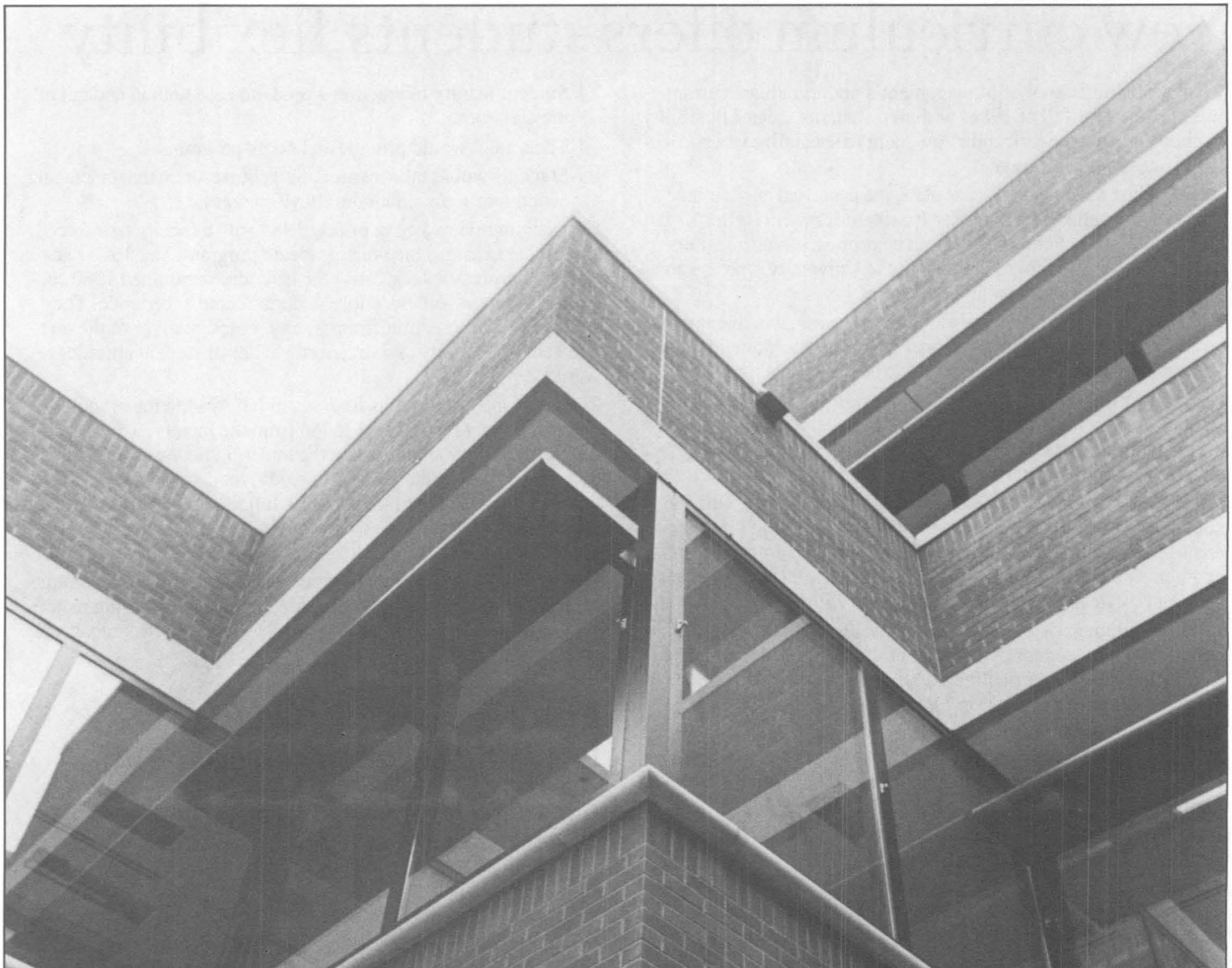
And eight seniors received scholarships: Robyn Dahlgren, Northfield, Minn.; Jay Tetzloff, Edina, Minn.; Theodore Gladhill, Bloomington, Minn.; Julie Sele, Appleton, Wis.; Troy Griep, Burnsville, Minn.; Kelli Winter, Watertown, S.D.; Sussanne Behm, Minneapolis; and Patricia Knight, Owatonna, Minn.

Thirty-five students applied for the two scholarships given to incoming freshmen; 20 applied for the five scholarships awarded to juniors; and 30 applied for the eight scholarships given to seniors.

The two freshmen ranked in the top 10 percent of students entering CLA. The five juniors had a grade point average of 3.8, and the eight seniors had a grade point average of 3.76.

Scholarship recipients may use the awards to pay for any part of their education. The School of Management's undergraduate scholarship committee selected the recipients.

In addition to helping students, Rothschild Scholarships promote intercollege cooperation that benefits both CLA and the School of Management. ☐



The new Hubert H. Humphrey Center's design and its spirit as a memorial to the late Minnesota statesman promise both academic and humanistic development. For more building photos, see page 12.

Photo by Tim Rummelhoff

New building helps school's growth

Long a symbol of excellence in corporate America, lean sleek buildings provide a home for some of the nation's best businesses. Architecture in its finest form enhances the working environment, creating a physical place in which innovation can grow.

The opening of a new building to house some School of Management programs, as well as remodeling of management's familiar tower reinforces the school's commitment to growth and innovation. Alumni helped faculty, staff, and students celebrate the building's opening during the school's reunion-homecoming weekend Oct. 24-25.

An increase in space is the biggest immediate benefit created by the opening of the new Humphrey Center and the renovation of the Management and Economics Building's first, second, and third floors. More space means more places for students and faculty to share information, for staff to improve service, and for the business community to benefit from outreach programs.

These physical changes permit the school to accomplish several of its long-term goals, said Jean Byrne, personnel and facilities administrator.

Specifically, Byrne said, the reshuffling of programs resulting from building construction will create more space for additional full-time faculty, a requirement for accreditation by the American Assembly of Collegiate Schools of Business; will give the school a new conference center in which professional education programs can be conducted and members of the business and labor community can meet with faculty and staff; will provide more common space for undergraduate and graduate business students to study and talk; and will permit many graduate assistants to again be housed in the same building as faculty.

In spite of the advantages, moving programs and people is, of course, never an easy task. The move began June 17 and ended in mid-October (well, maybe a few unpacked boxes were left). Between 125 and 150 faculty, staff, and administrators have new homes and, in most cases, more room to work: 16,000 additional square feet were added, Byrne said.

People appreciated the new surroundings almost immediately.

For the first time in her 12 years with the Management Information Systems Research Center (MISRC), Susan Scanlan can see daylight from her office. Scanlan, executive secretary for MISRC, previously worked in a windowless basement office in Blegen Hall. ''It's nice to see what the weather's doing for a change,'' she said.

In addition, for the first time ever, MISRC is on the same floor as its parent department, management sciences. Instead of being eight floors and a building away, the two now share part of the Humphrey Center's third floor. ''This should create much better interaction,'' Scanlan noted.

For students concerned about job prospects, the career planning and placement office's new location on the Humphrey Center's second floor represents good news.

''Students, recruiters, and staff were pretty much tripping over each other at the other facility,'' said Jan Windmeier, director of career planning and placement. ''They were badly crowded in one corner, and now we have more space to do what the staff needs to do.''

Instead of seven student interview rooms--four of which were in another building, Blegen Hall--there will now be 10 rooms available for employers to interview students. Additionally, the office will have a full-fledged library, a separate reception area, and a multi-purpose room used for videotaping and small-group discussion.

The new career planning and placement facilities ''certainly send a message about how the school feels about placement of students,'' Windmeier said. ''We're pleased with the message the facility is conveying.''

For a while, finding offices may be tough. The following list provides information about what programs moved where.

☐ Undergraduate and graduate student administrative offices, formerly located on the second and third floors, respectively, in the Management and Economics Building, are now found on the second floor of the Humphrey Center.

☐ The Ph.D. and professional management programs, which include the Executive Development Center and the MBA program, moved from 334 Management and Economics to 295 Humphrey Center.

☐ The MBA Communications Program moved from the fourth floor of Management and Economics to 280 Humphrey Center. The new facilities give MBA students more room to work and better access to more sophisticated communications equipment.

☐ The school's career planning and placement office moved from the second floor of Management and Economics to 190 Humphrey Center.

☐ The management sciences department moved from the seventh floor of Management and Economics to the third floor of Humphrey Center. The main office is in 395 Humphrey Center.

☐ The Management Information Systems Research Center moved from 93 Blegen Hall to 355 Humphrey Center.

☐ A new conference center, which will be used largely for professional education programs, including those of the Executive Development Center, the Employer Education Service, and the Labor Education Service, is located on the first floor of the Humphrey Center. The center, which has six conference rooms for 15 to 30 people, also will be used by Hubert H. Humphrey Institute of Public Affairs personnel for their professional education programs. (In addition to School of Management programs, the Humphrey Center will house Humphrey Institute programs and offices.)

☐ The school plans to install a new student computer lab on the second floor of the Humphrey Center.

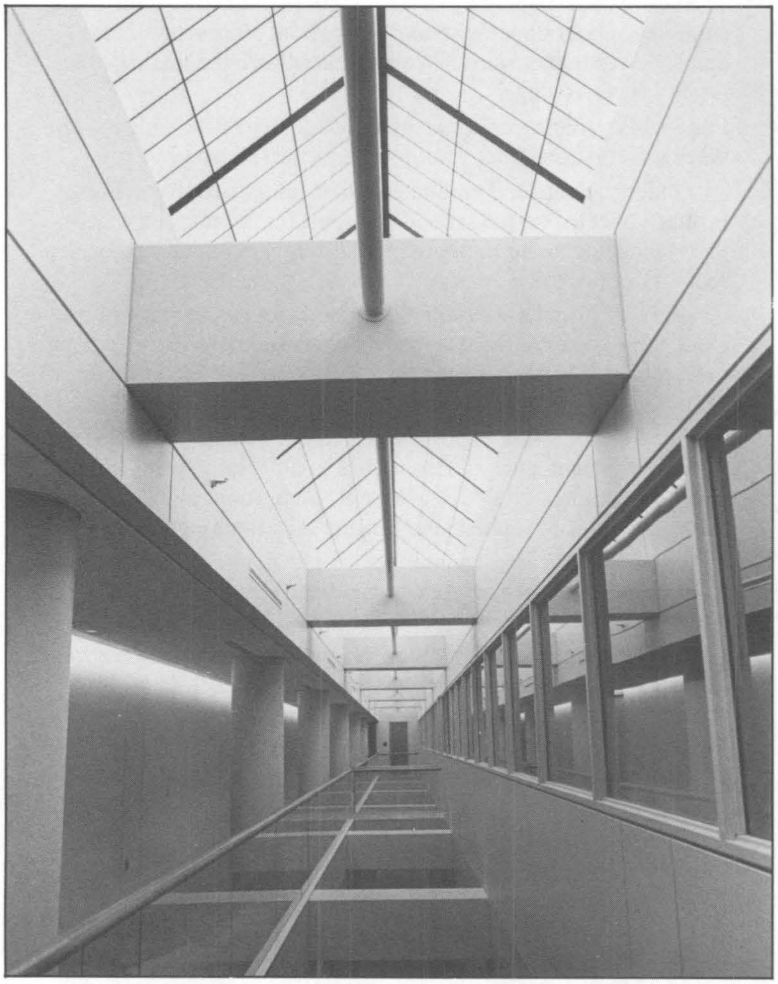
☐ Part of the third floor of the Humphrey Center houses offices for graduate assistants, who for several years had worked out of the People's Center, located about 1 1/2 blocks away from Management and Economics.

☐ The first floor of the Management and Economics Building, which formerly housed classrooms, two offices, and a conference room is now home to an undergraduate and graduate student commons center. Two large rooms with round tables are available for small group meetings, projects, and discussions.

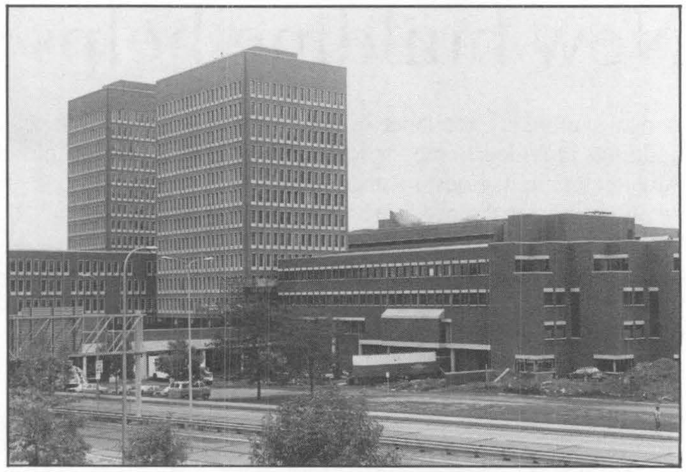
☐ The second floor of the Management and Economics Building, which housed a portion of the dean's office and the career planning and placement and undergraduate studies offices, is now solely occupied by the dean's office. It includes a dean's conference room.

☐ The third floor of Management and Economics is the new home for some management sciences department faculty, who came from the seventh floor, and visiting professors and graduate assistants from various departments. ☐

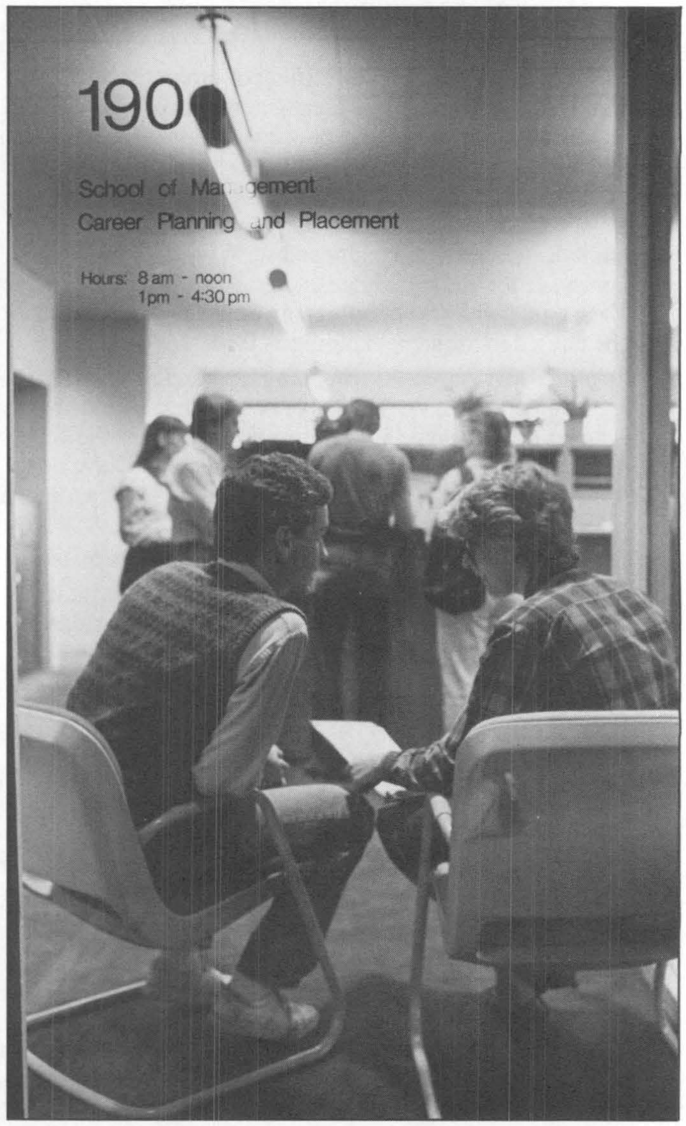
INTRODUCING
The New Building



A skylight runs the length of the School of Management wing. Flexibility for continued growth is a key feature of the contemporary style designed by Leonard Parker and Associates, architects.



Looking south from Washington Avenue, the four-story, 103,000-square-foot Hubert H. Humphrey Center juts westward from the newly-remodeled Management and Economics Tower. The building is a cooperative venture between the School of Management and the Humphrey Institute.



An expanded receptionist/waiting area has greatly eased the space crunch in the Office of Career Planning and Placement. The new office also includes 10 recuiter interview rooms, a library and a conference room.

Photos by Tim Rummelhoff

The MBA program: What business are we in?

by Norman L. Chervany

The School of Management has been in the MBA education business for more than 30 years. Throughout that time, the program has gone through continuous refinement and several major revisions, the last of which occurred in 1979.

This year, the school will once again re-evaluate the entire MBA program. The re-evaluation is not the result of poor reviews of the current program and its graduates. In fact, the opposite is true. Since 1979, the number and quality of students in the MBA programs—day, evening, and our newest addition, the Managers' Program—has grown dramatically. The placement of our graduates—in terms of the number, type, and location of organizations—has expanded. And most importantly, the significance of our graduates' responsibilities in these organizations has increased. Based upon our experience since 1979, it would be easy to say, "We are doing it right, so don't fix it!"

This "more of the same philosophy," though, assumes that the school operates in a stable environment. It doesn't! The MBA program provides an educational platform for problems that management faces—foreign competition, cost/economic pressures, radically new technology, new lifestyle/value patterns, etc. The MBA program faces similar concerns. Inertia in the MBA program, just like inertia in the management of organizations, will lead to reduced effectiveness and potential failure.

The starting point for the re-evaluation cannot be at the curriculum level. It must be at the level of mission. There is no doubt in my mind that curricular changes will result from the upcoming re-evaluation. But without first addressing the question of the programs' missions, there is a very good chance that any curriculum changes made would be ineffectual in the long run.

How can the school define the missions of its MBA programs and the curriculum required to fulfill these missions? One approach can be found in the remarks of Bob Terry, director of the Reflective Leadership Program in the Hubert H. Humphrey Institute of Public Affairs. Speaking at the Minnesota Executive Program, a six-week management development program for senior managers sponsored by the School of Management, Terry said: "There are three main categories of human endeavor that must take place for an organization to be effective—leadership, management, and technical support.

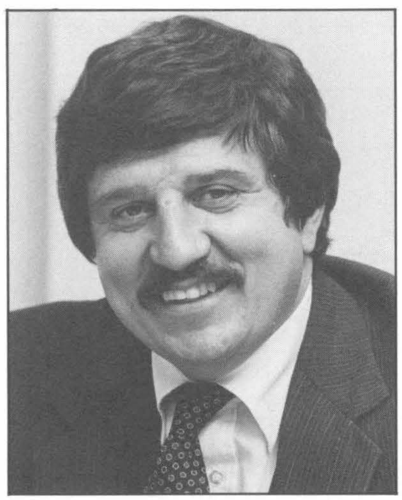
"*Leadership* involves the continual examination of the organization's mission and the sources of energy and power necessary to achieve the mission. *Management* involves the activity of designing, implementing, and maintaining the structure—the organizational form, the policies, and the procedures—to utilize the energy and power. These are the activities that keep the business 'humming.' *Technical support* involves the activity of using resources—money, people, information, etc.—within the organization's structure to carry out business plans and actions."

While we may quibble about Terry's definitions and the (true?) distinctions among his three categories, I think we all would agree that the three categories of activities must be successfully completed for an organization to survive. Based upon this premise, one question for the re-evaluation of the MBA programs becomes how much emphasis should be placed upon the ideas of leadership vs. management vs. technical support.

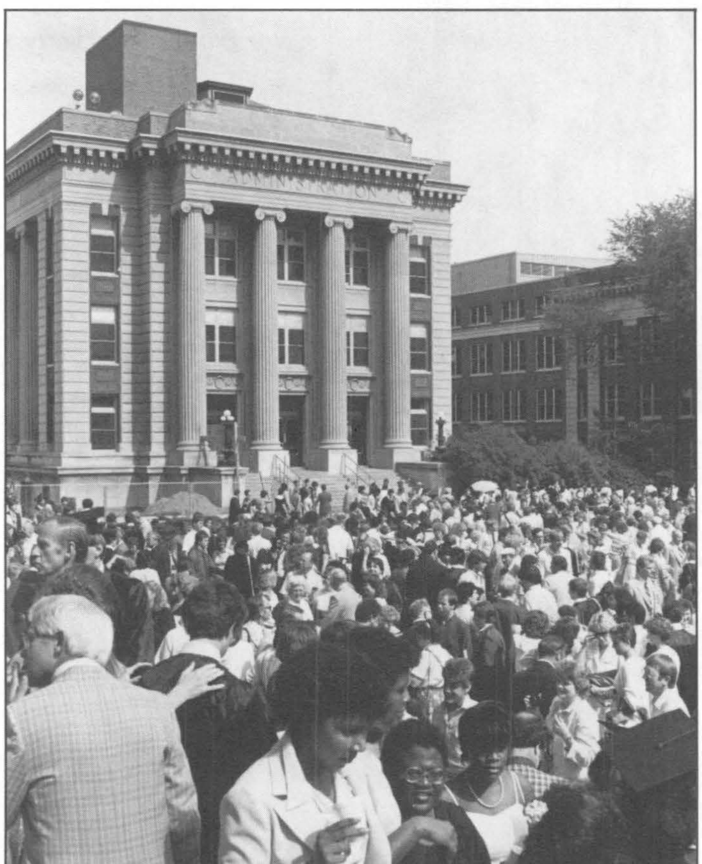
A wide-spread criticism of MBA programs in general, and to a more limited extent of Minnesota's MBA programs in particular, is that they focus on training technical analysts, not managers and definitely not leaders. Whether or not the criticism is warranted, the implied question is vitally important—"What is the appropriate balance of leadership, management, and technical perspective in the mission of an MBA program?" The School of Management will address this question in the upcoming MBA program re-evaluation.

And now a plea for input! The school does not want to conduct this re-evaluation in a vacuum. We will be soliciting ideas from all of our constituencies. But if you have specific thoughts concerning the appropriate mission for our MBA programs or ways to achieve that mission, please write or call: Norman Chervany, Director, Professional Management Programs, School of Management, University of Minnesota, Minneapolis, MN 55455, (612) 373-3585. □

Norman L. Chervany is professor of management sciences and director of professional management programs at the University of Minnesota School of Management.



Norman L. Chervany



Presenting:
The Class of 1985

1985 commencement speakers stressed the importance of personal as well as professional concerns.

''Pay attention to your well-being,'' advised Wheelock Whitney, president of the Minnesota Council on Health, who addressed more than 604 bachelor of science in business graduates at June 16 commencement ceremonies. ''Take care of yourself in all areas of your life. Healthy people are more productive. Develop and nurture this part of your life.''

Irwin Jacobs, chairman of the board for Minstar Inc., had a similar message for 320 MBA graduates, outlining the importance of friends and family.

''A friendship is as strong a relationship as can ever be made and should not be taken advantage of,'' Jacobs said. ''You'll have friends in business and in family. The people who surround me make me who I am. I have been blessed.''

Both also offered suggestions for professional success.

Executives have cited a number of factors crucial to career advancement: intelligence, hard work, ethical standards, and a willingness to take risks, said Whitney, who has taught a management class at the school for the past 12 years.

''I am going to assume that you and all new graduates have these qualities,'' Whitney said.

"Do your very best at whatever job you are given," he added. "Concentrate on your assigned task.

"Use good judgement. This does not mean being right 100 percent of the time. It means being right more often than you're wrong and making good choices. Have mentors, heroes, and role models."

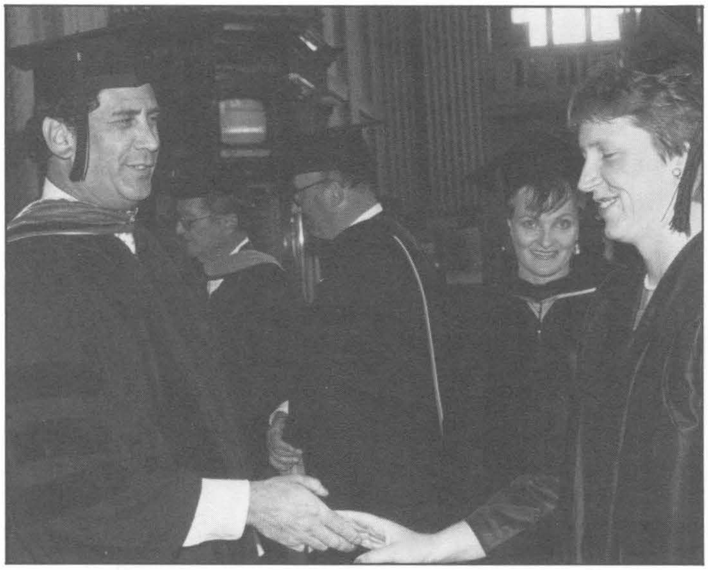
Success does not come easily, Jacobs said. "Only by mistakes will you learn," he said. "If everything is perfect, it won't be right."

Each class elected a classmate to speak at the ceremonies. **Lisa Risser,** now employed as a corporate financial auditor at Honeywell Inc., represented the undergraduates. **Noreen Chervenak,** hired by GNB Inc., St. Paul, Minn., as a product manager, represented the MBA class.

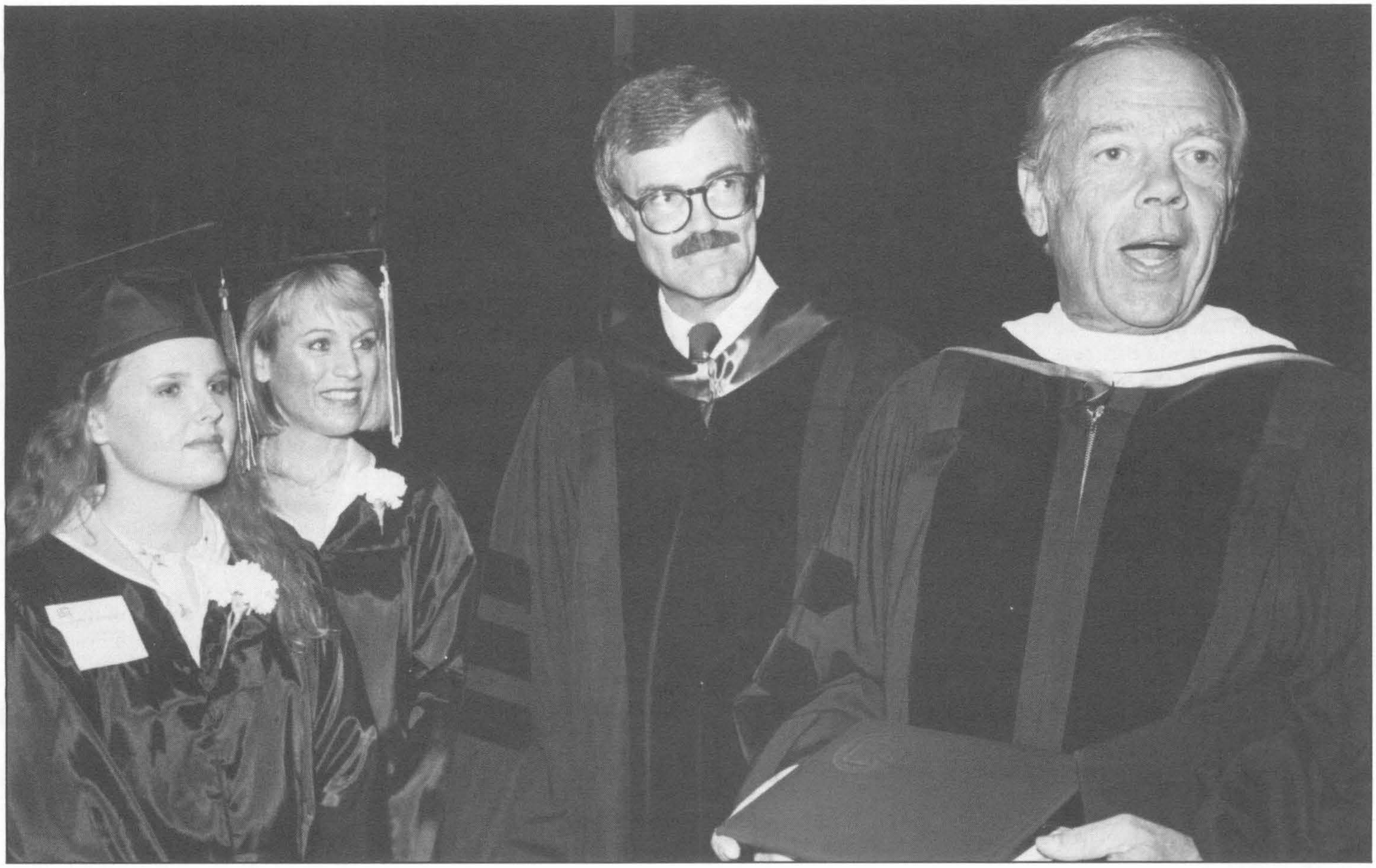
Bette Abraham, '81MBA Alumni Advisory Council chair and partner in the firm, BUSINESS MATTERS, participated in the MBA commencement ceremony, welcoming 1985 class members to their new status as School of Management alumni.

Jill Jansen, commodity accountant at General Mills and 1985 graduate, received the "Tomato Can Loving Cup Award," a School of Management tradition since 1929. **Henry Hilton,** '29BSB, was the first recipient of this award, given annually to the undergraduate student who performs the most distinctive service to the school.

School of Management faculty and staff are proud of the 1985 graduates and extend best wishes to the graduates and their families and friends. □



Sharing a post-ceremonial handshake are MBA commencement speakers Irwin Jacobs, chairman of the board for Minstar Inc., and Noreen Chervanek, '85 MBA and product manager for GNB, Inc., St. Paul, Minn. Bette Abraham, '81 MBA and Alumni Advisory Council Chair, looks on (above); newly graduated baccalaureate candidates Rhonda Brace, left, and Julie Parchman join Dean Preston Townley, center, and undergraduate commencement speaker Wheelock Whitney, president of the Minnesota Council on Health, backstage at Northrop Auditorium (below).



Photos by Tim Rummelhoff

Faculty News

New Appointments

Dennis A. Ahlburg, assistant professor of industrial relations, was appointed visiting fellow at the National Center for Development Studies, Australian National University, June-September 1985.

Anne Benisch, former director of development for the Phoenix Orchestra, was appointed associate dean for external affairs.

Mario Bognanno, professor and chairman of industrial relations, was appointed chair of the National Academy of Arbitrators Research Committee for 1985-86. He also was selected to be a member of the Industrial Relations Research Association Statistical Committee.

Philip Bromiley, from the Naval Postgraduate School in Monterey, Calif., was hired as assistant professor in strategic management and organization.

Gary Carter, from the University of Texas at Austin, was named assistant professor of accounting.

David Dittman, from Duke University, was appointed chairman and professor of accounting. He received his doctorate from Ohio State University in 1973.

Alan J. Dubinsky, visiting associate professor of marketing and business law, was appointed to the Academic Advisory Council of the Professional Selling and Sales Management Center at Baylor University.

Richard Edwards, former senior vice president with Metropolitan Life Insurance Co., was appointed to the Frederick R. Kappel Chair in Business and Government. He received his Ph.D. from Columbia University and his LLB from Harvard Law School.

Jack Gray, professor of accounting, was elected Midwest regional director of the American Accounting Association management accounting section for 1985-86.

Robert Holloway, professor of strategic management and organization, was appointed visiting professor at Keio University, Tokyo, Japan.

John Kareken, professor and chair of finance and insurance, was appointed visiting professor at the University Jean Moulin-Lyon, France, for spring quarter 1986.

Rebecca A. Luzadis, from Cornell University, was hired as an assistant professor in industrial relations.

F. Warren McFarlan, professor at the Harvard School of Business, will serve as senior editor of the *MIS Quarterly* in January.

John Morrissey, vice president of Super Valu, and Gene Sailer, vice president of manufacturing at General Mills, were appointed corporate members of the Operations Management Center.

Raymond A. Noe, from Michigan State University, was hired as an assistant professor in industrial relations.

Rudolph (Rudy) Pinola, former director of research and statistical services at the Minnesota Department of Economic Security, was appointed senior research associate and director of the Industrial Relations Center Policy Studies and Development Service.

Gordon Potter, from the University of Wisconsin-Madison, joins the faculty in December as an assistant professor of accounting.

Judy Rayburn, from the University of Iowa, was named assistant professor of accounting.

Calvin Smith, senior vice president and controller of Cargill Inc., was elected chairman of the Accounting Advisory Council.

Shyam Sunder, professor of accounting, was appointed to the editorial board of *Contemporary Accounting Research.*

Orville Walker, professor of marketing, was appointed acting chairman of the marketing department.

New Grants

United Nations grant to **Dennis A. Ahlburg,** assistant professor of industrial relations and Helen Hughes, Australian National University, to study human resources in the South Pacific.

Graduate School and McKnight Foundation to **Gerry DeSanctis,** assistant professor of management sciences, to study computer-based support for group decision making.

Graduate School and Graduate School summer research appointment to **Ian Maitland,** assistant professor of strategic management and organization, to study corporate political behavior.

Bush Foundation to **John Mauriel,** associate professor of management sciences, to develop and deliver a six-week executive program for public and private school principals.

The Upper Midwest Chapter of the Society for Management Information Systems to **James C. Wetherbe,** professor of management sciences and director of Management Information Systems Research Center, for a research project on information centers.

Publications and Activities

Dennis A. Ahlburg, assistant professor of industrial relations: "An Analysis of Short-Run and Long-Run Forecasts of Elementary and High School Enrollments in the U.S.," *International Journal of Forecasting,* 1985. "The Impact of Population Growth on Economic Development: The Evidence from Macroeconomic-Demographic Models," *Population Growth and Economic Development,* National Academy Press, 1985. "The Organizational Implications of the Changing Age Structure of the U.S. Labor Force," *Research in Personnel and Human Resource Management* (with Lucinda Kimmel), JAI Press, 1986. "Modeling Macro Economic-Demographic Linkages: A Study of Models of National and Regional Economies," *Forecasting in the Natural and Social Sciences,* MIT Press, 1986.

Amin H. Amershi, associate professor of accounting: "A Complete Analysis of Full Pareto Efficiency in Financial Markets for Arbitrary Preferences," *The Journal of Finance,* September 1985.

John Anderson, associate professor of management sciences, was appointed operations management area head.

Harold Angle, associate professor of strategic management and organization: "Dual Commitment and the Labor-Management Relationship Climate," *Academy of Management Journal* (with James L. Perry), expected spring 1986.

Mario Bognanno, professor and chairman of industrial relations: "Time Spent Processing Interest Arbitration Cases: The Minnesota Experience" (with F. Champlin), *Journal of Collective Negotiations.* Their article, " 'Chilling' Under Arbitration and Mixed Strike Arbitration Regimes," appeared in the *Journal of Labor Research,* fall 1985. Bognanno also served as lead-off presenter for an interest arbitration seminar at the George Meany Center for Labor Studies, Washington, D.C.

Richard Cardozo, professor of marketing: "Risk Return Approach to Product Portfolio Strategy" (with Jerry Wind), *Long-Range Planning,* Vol. 18, 1985.

Gordon Davis, Honeywell Professor of Management Information Systems, was keynote speaker at the 1985 North American meeting of International Business Schools Computer Users Group in Atlanta, Ga. He also was a panelist for an IFIPS/BCS curriculum session at the World Conference on Computers in Education in Norfolk, Va.

John Dickhaut, associate professor of accounting, is on leave fall quarter to teach at Washington University in St. Louis, Mo.

Gary Dickson, professor of management information systems, administered the Information Systems Faculty Development Institute, sponsored by the American Assembly of Collegiate Schools of Business. Other faculty participants were: **Gordon Davis,** Honeywell Professor of Management Information Systems; **John Lehman,** assistant professor of management information systems; **J. David Naumann,** associate professor of management information systems; and **James Wetherbe,** professor of management sciences and director of Management Information Systems Research Center.

Alan J. Dubinsky, visiting associate professor of marketing and business law: "Boundary Spanners and Self-Monitoring: An Extended View," *Psychological Reports,* 1985.

Gordon Leon Duke, assistant professor of accounting: "Studies in Accounting Research #23: Behavior of Test Statistics in the Auditing Environment" (with John Neter and Robert A. Leitch), 1985, a research monograph commissioned by the American Accounting Association.

Gordon Everest, associate professor of management sciences, completed a one-year sabbatical. His "Database Management: Objectives, System Functions, and Administration" will be published by McGraw-Hill in late 1985.

Jack Gray, professor of accounting, served as program director for the management accounting section of the American Accounting Association annual meeting in Reno, Nev.

Art Hill, associate professor of management sciences, was appointed director of the Operations Management Center.

Robert Holloway, professor of strategic management and organization: "A Perspective on Advertising," *MediaInfo,* October 1985.

Maureen Lahiff, assistant professor of management sciences, attended the joint statistical meetings of the American Statistical Association, Biometric Society, and Institute of Mathematical Statistics in Las Vegas, Nev.

Ian Maitland, assistant professor of strategic management and organization, presented "The Political Economy of Japanese Economic Growth" at the second Pan Pacific Conference in Seoul, Korea. Maitland's and Dong Soo Park's ('85Ph.D.) "A Model of Corporate PAC Strategy" won the Social Issues in Management Division's best paper award at the Academy of Management meetings in San Diego, Calif.

Charles Manz, assistant professor of strategic management and organization, presented "Superleadership Including Self-Leadership" to the Hospital Management Systems Society of the American Hospital Association.

William Rudelius, professor of marketing and business law: "Managing Innovation: Lessons from the Cardiac Pacing Industry" (with David Gobeli), *Sloan Management Review,* summer.

Mark Treleven, assistant professor of management sciences: "Component Part Standardization: An Analysis of Commonality Sources and Indices" (with Jack Wacker) and "An Investigation of Labor Assignment Rules in a Dual Constrained Job Shop" (with Doug Elvers) accepted for publication in *Journal of Operations Management.*

James C. Wetherbe, professor and director of Management Information Systems Research Center: "Information Centers: A Survey of Services, Decisions, Problems, and Successes" (with Robert L. Leitheiser), *Journal of Information Systems Management,* summer 1985. He also presented "What Happens When Everyone Becomes a Programmer" at a North Central Electric Association meeting in Alexandria, Minn., and "How to Sell Your Boss Communication Enhancements" at the National SL-1 Users Association annual meeting for Northern Telecom in Philadelphia, Pa.

Andrew Whitman, professor of finance and insurance: "Financial Wizardry 101," *City Pages,* Aug. 7, 1985. He also attended a Minnesota Institute of Legal Education program on insurance litigation, "Bad Faith and Other Hot Topics," and met with St. Paul United Way executives to map a fresh management and insurance program for its affiliating agencies.

C. Arthur Williams, professor of finance and insurance, has revised "Property Liability Insurance Pricing Cycle: Why Do They Occur?" The new title, "Why Property and Liability Insurance Prices Increased So Dramatically in Minnesota During the Past Year?" appeared in *Risk Management and Insurance Issues No. 4,* October 1985.

Visiting Faculty

Rodnas Adam, from Universidad Politecnica de Valencia, Spain, is a visiting professor in management sciences through spring quarter 1986.

George D'Elia, from the University of Minnesota Library School, is a visiting associate professor in decision sciences for one year.

Louis des Fosses, from State University of New York (SUNY) at Brockport, is a visiting professor in management sciences through spring quarter 1986.

Michael J. Duane, from the University of Minnesota, is a lecturer in industrial relations.

Alan Dubinsky, visiting associate professor from University of Kentucky, will continue his appointment in marketing.

Joze Gricar, from University of Maribor, Yugoslavia, is a visiting professor in management sciences through November 1985. His visit is sponsored by the Department of Management Science's international programs.

Louis Guillou, from St. Mary's College, Winona, Minn., is visiting management sciences through spring quarter 1986.

Karen Shallcross Koziara, from Temple University, is a visiting professor in industrial relations.

Maureen Lahiff is a visiting assistant professor in decision sciences for one year. She was a visiting assistant professor in management sciences for the 1984-85 academic year.

Richard Larbishiaw, manager of National Trade Inc. in Ghana, is visiting through the Hubert H. Humphrey Institute of Public Affairs.

Manuel Rodenes, from the Universidad Politecnica de Valencia, Spain, is a visiting professor in management information systems for one year.

Joshua L. Schwarz, from Cornell University, is a lecturer in industrial relations.

Iris Vessey, from University of Queensland, Australia, is a visiting lecturer in management sciences through December 1986.

Deceased

Wells J. Wright, Minneapolis attorney and former head of the school's business law department, died Saturday, Sept. 7. Wright graduated from the University's Law School and was past president of the University's M Club and the Minnesota Alumni Association. He is survived by his wife, Marion, and three children. □

For reprint information call (612) 373-4495 or write Laurel Hamilton, Office of the Dean, 271-19th Ave. S., Minneapolis, MN 55455.

Alumni News

1930s

Irving H. Wallace, '39, is professor emeritus of management at the University of Wisconsin. Retired from teaching management and product management, he currently is engaged in writing, consulting, and forestry in Oshkosh, Wis.

1940s

Ivar H. Awes, '47, started an insurance agency in St. Paul, Minn., with his son, Todd A. Awes, in November 1984.

1950s

Robert H. Knoch, '54, is vice president of human resources at Piper, Jaffray & Hopwood Inc., Minneapolis.

Richard F. Schuster, '55, is product manager for Truth Inc., Owatonna, Minn.

1960s

Bruce K. Birnberg, '63BSB, was recently named acting deputy controller for the Agency for International Development, Washington, D.C. He lives in Springfield, Va.

J. Thomas Parry, '63MBA, is superintendent of manufacturing services at Honeywell, Golden Valley, Minn.

Kenneth Kozar, '65BS, was appointed associate director of the Institute for Research in Management Information Systems at Indiana University Graduate School of Business, Indianapolis. He recently received an award from the Society for Information Management for a paper entered in their 1985 SIM Juried Paper competition.

Richard E. Sells, '65MAIR, is senior vice president of human resources at Cal Fed Inc., Los Angeles.

John W. Lemay, '66, was appointed general counsel for Signal Hills Bank in West St. Paul, Minn. He is developing a mortgage banking operation for the bank's holding company.

Anthony A. Senarighi, '67MAIR, is president of Anthony Personnel Consulting, Shoreview, Minn.

Thomas K. Lanin, '67, is vice president and controller for American Express, Phoenix, Ariz.

Robert L. Duffy, '68, is president of Canadian operations with A.T. Kearney Management Consultants, Toronto, Ontario.

Lloyd J. Buckwell, Jr., '69Ph.D., is a professor of business administration at Indiana University Northwest, Gary, Ind. He teaches accounting and is developing a management information systems major.

James C. Hedtke, '69, is marketing manager for Nuclear Energy Services (NES), Danbury, Conn.

Charles W. Jones, '69MBA, retired from Fairway Foods, Northfield, Minn. He lives in Edina, Minn.

Craig A. Saline, '69, is manager of professional relations for General Electric, Milwaukee, Wis. His responsibilities rest primarily in the medical systems group.

1970s

Michael L. Holmgren, '70, is a CPA and partner in Bergren, Holmgren & Loberg, Burnsville, Minn.

Kenneth J. Chadee, '72, is a training manager with New York Life Insurance Co., Edina, Minn.

Alejandro G. Guzman, '72MAIR, is corporate vice president in organization and human resources for Grupo Industrial Alfa, S.A., Garza Garcia, N.L.-Mexico. He received another master's degree in science of organization development from the University of Peperdine, Los Angeles.

Charles "Chuck" Janzen, '72, is office services manager at Meredith Corp., Des Moines. He and his wife, Marilyn, have a daughter and twin sons.

James W. Hurley, '73MBA, is assistant general sales manager for The Bay-Toronto Region, Toronto, Ontario.

Penchandra Chaisomboon Asavasopon, '74MAIR, is senior consultant with PA Consulting Services Ltd., Bangkok, Thailand.

Gerald Shimek, '74, is accountant and bookkeeper for Heat-N-Glo Fireplaces, Burnsville, Minn. He is also a CPA.

Mark J. Morneau, '75MBA, is director of systems and planning for Gannett Co. Inc., Washington, D.C.

Thomas R. Hanson, '75, is professor of business administration with Concordia College in St. Paul, Minn. He received his MBA from Rensselaer Polytechnic Institute in 1981.

John L. Teopaco, '75MBA, is a doctoral student at Harvard Business School, Boston.

Bradley P. Kuyper, '76, is a purchasing agent with Hutchinson Technology Inc., Hutchinson, Minn.

John H. Bullion, '76MBA, is vice president of FBS Venture Capital Co., Minneapolis.

Thomas R. Finigan, '76MBA, is a pilot with Northwest Airlines, St. Paul, Minn.

John D. Robinson, Jr., '76, is district sales manager for Browning Ferris Industries, Phoenix, Ariz. He relocated from the Midwest a year ago.

Steven M. Zuber, '76MBA, is associate director of marketing research with Pillsbury Co., Minneapolis.

James J. Gebhard, '78MBA, is a project engineering supervisor at 3M, St. Paul, Minn.

Edith F. Godfrey, '78MBA, is assistant treasurer of Apogee Enterprises, Bloomington, Minn.

David P. Lux, '78MBA, is a senior financial analyst at Farm Credit Services, St. Paul, Minn.

James J. Ozasky, '78, is a postal inspector with the U.S. Postal Inspection Service, Pasadena, Calif.

Lt. Kevin L. Petersen, '79, is the supply officer for the Naval Communication Station in Keflavik, Iceland.

Stephen A. Segal, '79MBA, is a systems representative for Davis, Thomas & Associates Inc., Minneapolis.

Laura Moret Teopaco, '79MBA, is in her third year of law at Harvard Law School, Cambridge, Mass.

Gary L. Tobison, '79MBA, is a manager with Peat, Marwick, Mitchell & Co., Minneapolis.

1980s

Michael R. Baxter, '80, is chief database administrator for the state of New Jersey. He resides in Newtown, Pa.

James D. Cook, Jr., '80MBA, is an intermediate local government auditor with the Office of the Minnesota State Auditor, St. Paul, Minn.

Marlene Gibas, '80MBA, is treasurer and corporate secretary for Diagnostic Inc. in Minneapolis.

Linda Afdahl Henderson, '80MBA, is an investment broker for Dain Bosworth, St. Paul, Minn.

Marguerite J. Miller, '80MBA, was promoted to business development manager of Graco Inc., Minneapolis. She recently vacationed in Italy with Barb Weston, '80MBA.

James H. Moldan, '80, is chief financial officer for Southwest Distributing Co., Albuquerque, N.M.

Michael D. Pommer, '80MBA, is a marketing manager with Specialty Brands Inc., San Francisco.

Susan Schwochau, '80, is assistant professor at the State University of New York (SUNY) at Buffalo.

Youngpin Huh, '80MBA, is assistant professor at the College of Social Sciences, Chung-ang University, South Korea.

Leola K. Chase, '81MBA, is a product manager with IDS/American Express, Minneapolis.

Gary P. Donahue, '81MBA, is a production supervisor with General Mills Inc., Buffalo, N.Y.

Barbara B. Drillick, '81MBA, is a commercial banking officer with First Bank Minneapolis.

Mary H. Duthler, '81MBA, is manager of marketing research and communications with Financial Services, Federal Reserve Bank, Minneapolis.

John P. Engelbert, '81MBA, is a manager of manufacture planning and control at Sperry in Eagan, Minn.

Greg L. Estell, '81MBA, is a manager of internal control in the communications sector of Motorola Inc., Plantation, Fla.

Karen Peterson Ford, '81MBA, is a partner with **Bette H. Abraham,** '81MBA, in BUSINESS MATTERS, a firm that offers consulting services to companies and entrepreneurs.

Susan S. Grafton, '81MBA, is a senior research analyst with Pillsbury Co., Minneapolis.

Stephen P. Hawrysh, '81MBA, is a systems analyst with Minneapolis Star & Tribune Co., Minneapolis.

Susanne Sebesta Heimbuch, '81, is a registered representative/stockbroker with Summit Investment, Minneapolis.

Brian L. Holcomb, '81MBA, was promoted to vice president of corporate finance at Piper, Jaffray & Hopwood Inc., Minneapolis.

James D. Homer, '81MBA, is a market support representative with IBM, Rochester, Minn. He was promoted in June to the Rochester Executive Briefing Center.

Michael T. Jackelen, '81MBA, is associate marketing manager with Pillsbury Co., Minneapolis.

Ronald B. Johnson, '81MBA, recently joined the University of California-San Diego as assistant manager of the graphics department. His first child, Brandon, was born in November 1984.

Katherine K. Lee, '82MBA, is a senior market research analyst with ADC Telecommunications, Minneapolis.

Michael J. McCue, '82MBA, is an assistant professor in the department of health administration, Medical College of Virginia, Richmond.

Katie Wilson McElroy, '82MBA, is product representative for marketing services at General Mills Inc., Minneapolis.

Jeffrey W. Moran, '82MBA, is a manager of software instruction at Comserv Corporation, Eagan, Minn.

Margaret M. Murray, '82MBA, is a credit training officer with the Bank of Hawaii, Honolulu.

Glen E. Parchman, '82MBA, is a sales engineer with Tektronix, Milford, Conn. He and his wife, Heidi, had a baby boy in July.

Ann M. Ring, '82MBA, has been promoted to consulting group manager with McGladrey Hendrickson & Pullen, St. Paul, Minn. She lives in Hastings, Minn.

Scott P. Baril, '83MBA, is a manager at Gulf Shore Turf Supply, Pensacola, Fla.

Steven O. Bergeland, '83MBA, is a staff consultant with Arthur Andersen & Co., Minneapolis.

Margaret Bloyer, '83MBA, is a planning officer in the trust division of First Bank System, St. Paul, Minn.

Cheryl C. Durand, '83MBA, is account manager for ADC Telecommunications in Minneapolis.

Anne C. Fosse, '83MBA, is vice president for ProData Computer Systems, Minneapolis.

Debra A. Heinzel, '83MBA, is a senior systems analyst and representative with Burroughs Corporation, Lombard, Ill.

Jeffrey R. Hickman, '83MBA, is a commercial loan officer with NBD Northwest Bank, N.A., Traverse City, Mich.

Gerald J. Holt, '83MBA, is an assistant vice president of First Bank (N.A.) Lake, Minneapolis.

Susan Rust Jones, '83MBA, is a financial analyst with Schwan's Sales Enterprises Inc., Marshall, Minn. Her daughter, Laura Marie, was born in April 1984.

R. Allan Morrison, '84MBA, is an associate financial analyst with FMC Corp., Minneapolis.

Ann Murray Wright, '84MBA, is an assistant professor at Lakehead University, Thunder Bay, Ontario. She was married in April.

Marc S. Phibbs, '84MBA, is a business planning analyst with Tennant Co., Minneapolis.

Cindee A. Prust, '84MBA, is a programmer analyst with Pillsbury Co., Minneapolis.

Nicholas J. Puzak, '84MBA, is a realtor in Minneapolis.

Roger M. Rosche, '84MBA, is a senior financial analyst at Northern Telecom, Nashville, Tenn.

Thomas R. Rosen, '84, is a cost analyst with Kimberly-Clark, New Mitford, Conn. He is pursuing his master's degree in finance at the Massachusetts Institute of Technology's Sloan School of Management. In 1984, he was selected as an Outstanding Young Man of America.

Audrey J. Sevald, '84MBA, is an associate financial analyst with Toro Co., Bloomington, Minn.

Thomas A. Sharratt, '84, is an auditor at the U.S. General Accounting Office, Chicago.

Susan E. Showalter, '84MBA, is vice president of marketing and development for CuraTech Clinics Inc., Minneapolis.

Thomas J. Solberg, '84MBA, is accounting and control supervisor with Pillsbury/Green Giant, Montgomery, Minn. He lives in Bloomington, Minn.

Marjah C. Tajibnapis, '84MBA, is an account representative with First Bank Minneapolis.

Jocelyn T. Teh, '84MBA, is a programmer analyst with Advanced Micro Devices Inc., Sunnyvale, Calif.

Judie LaBelle Trop, '84MBA, is a software support consultant with Motorola Information Systems Ltd., Ramat Gan, Israel.

Betty J. Wellens, '84, is a pension consultant with Integrated Retirement Plan Services, Minneapolis.

Susan J. Wheeler, '84MBA, is a commercial banking representative at First Bank St. Paul, St. Paul, Minn. She is permanently placed in the private capital division.

Daniel J. Wittenberg, '84, is employed by Minnetonka Inc., Chaska, Minn.

Kimberly Young-Boisvert, '84, is a staff accountant with Peat, Marwick,

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Mitchell & Co., Minneapolis. She was married in August 1984 and passed her CPA exam in November 1984.

Lisa Zakrajsek, '84MBA, was promoted to associate marketing manager of new products in the desserts/sweet snacks division at Pillsbury Co., Minneapolis.

Donna M. Anderson, '85MBA, is assistant finance director of University of Minnesota Hospitals, Minneapolis.

David F. Bagaason, '85MBA, is a management associate with Citibank (S.D.), N.A., Sioux Falls, S.D.

Michael D. Bash, '85MBA, is a financial analyst with First Bank Minneapolis.

Heidi Thompson Bell, '85MBA, is a financial analyst with First Bank Minneapolis.

John C. Bergstrom, '85MBA, is an investment analyst with Cherry Tree Ventures, Minneapolis.

Shawn M. Boyne, '85MBA, is zone manager for Ford Motor Co., St. Paul, Minn.

Kathleen H. Briggs, '85MBA, is establishing a non-profit organization and a mail-order distribution system to develop market opportunities for Hmong needlework.

Lori J. Carlson, '85MBA, is an associate financial analyst with IBM, Rochester, Minn.

Maylene Chaska, '85MBA, is an associate financial analyst for IBM, Rochester, Minn.

Noreen M. Chervenak, '85MBA, is product manager for GNB Inc., St. Paul, Minn.

Jana L. Clevenger, '85MBA, is a management information consultant with Arthur Andersen & Co., Minneapolis.

Rebecca Larsen Dahlstrom, '85MBA, is a staff consultant at Arthur Andersen & Co., Washington, D.C. She was married to Patrick Dahlstrom in June.

Jeffrey J. Davis, '85MBA, is information system analyst for Graco Inc., Minneapolis.

Julie A. Davis, '85MBA, is an associate business administrator at Honeywell, St. Louis Park, Minn.

James M. Dogan, '85MBA, is a financial analyst for Norwest Bank, Minneapolis.

Amy S. Duffy, '85MBA, is in finance with IBM, Boulder, Colo. She married Jim Goodner in July.

Janet E. Ferguson, '85MBA, is an assistant rate-of-return analyst for Pacific Power, Portland, Ore.

Kevin W. Finn, '85MBA, is a security analyst with Piper, Jaffray & Hopwood, Minneapolis.

James C. Flaa, '85MBA, is a financial moduler with First Bank System, Minneapolis.

Stephen F. Flick, '85MBA, is an actuarial analyst at Travelers Insurance Co., Hartford, Conn.

Peggy A. Fort, '85MBA, is a marketing assistant for Pillsbury Co., Minneapolis.

Frank V. Galli, '85MBA, is product manager at GNB Inc., St. Paul, Minn.

Tracy Gulan, '85MBA, is an MIS staff consultant with Arthur Andersen & Co., Minneapolis.

Kevin B. Hanstad, '85MBA, is marketing research assistant for General Mills Inc., Minneapolis.

Jerry B. Heath, '85MBA, is a cost accountant at MINCO, Fridley, Minn.

Mark J. Herold, '85MBA, is an employee relations associate for Frito-Lay Inc., Rosenberg, Texas.

Craig A. Hill, '85MBA, is a premanagement trainee at Oscar Mayer Foods Corp., Madison, Wis.

David L. Homyak, '85MBA, is a manager of computer operations at MSI Insurance, Arden Hills, Minn. He lives in Forest Lake, Minn.

Pamela L. Jamison, '85MBA, is a merchandising analyst for Fingerhut, Minneapolis.

Orlan V. Jennings, '85MBA, is with Beatrice Companies, Fullerton, Calif. He will start a new department in the Grocery Group R&D.

Timothy P. Jordahl, '85MBA, is a commercial lending trainee with First Bank Minneapolis.

LouAnne S. Koerschner, '85MBA, is an advanced process engineer at 3M, St. Paul, Minn.

Rebecca A. Larsen, '85MBA, is a staff consultant for Arthur Andersen & Co., Washington, D.C. She lives in Hyattsville, MD.

Ellie C. Layton, '85MBA, is a forward pricing analyst at FMC, Minneapolis.

Roger E. Lindgren, '85MBA, is a staff engineer for North Star Steel Co., Minneapolis.

Thomas D. Lindgren, '85MBA, is a cost analyst with Kimberly-Clark, Memphis, Tenn.

Christine Fong Lockwood, '85MBA, is a management science analyst for the Federal Reserve Bank, Minneapolis.

Ruth A. Lotsof, '85MBA, is a systems analyst at First Bank Systems, Minneapolis.

Mary L. Miller, '85MBA, is a financial analyst with Pillsbury Co., Minneapolis.

Scott A. Nelson, '85MBA, is operations coordinator for West Publishing Co., St. Paul, Minn.

Lisa C. Nemer, '85MBA, is a project accountant for Honeywell, Plymouth, Minn.

Joseph M. Nerenberg, '85MBA, is a business analyst with IDS/American Express, Minneapolis.

Eric J. Osiecki, '85MBA, is an information system management trainee with General Electric, Louisville, Ky.

Sangchan Park, '85MBA, is a Ph.D. candidate at the University of Illinois at Urbana-Champaign.

David C. E. Peterson, '85MBA, is an information systems consultant for Arthur Andersen & Co., Minneapolis.

Douglas J. Peterson, '85MBA, is a systems analyst/programmer for Ford Motor Co., Dearborn, Mich.

Marjorie Peterson, '85MBA, is a financial analyst with Rosewood Corp., Roseville, Minn.

Paul J. Quie, '85MBA, is an administrator of program marketing for Republic Airlines, Minneapolis.

Sylvia Giebler Robinson, '85MBA, is marketing director of the Council of Community Hospitals, Minneapolis.

Bill A. Rodriguez, '85MBA, is an account executive for Padilla and Speer, Minneapolis.

William J. Scheela, '85Ph.D., is an associate professor in the business administration department at Bemidji State University.

Kathryn E. Steffey, '85MBA, is a development analyst with Honeywell, Minneapolis.

Robin G. Stegner, '85MBA, is an inventory control coordinator at Zytec, Redwood Falls, Minn.

Pankaj Vaish, '85MBA, is a management information consultant with Arthur Andersen & Co., Chicago.

P. Scott von Fischer, '85MBA, is an associate investment manager with Pru-Capitol Inc., Newark, N.J.

Thomas M. Whaley, '85MBA, is a manufacturing engineer at Control Data, Edina, Minn.

Jeffrey M. Wong, '85MBA, is a financial modeling analyst for Pacific Gas & Electric Co., San Francisco. □

Senior Executive Fellows Program provides forum

The Senior Executive Fellows Program at the School of Management provides a forum for private sector executives and faculty in operations management to meet and exchange ideas. The program aims to strengthen ties between the business community and the school's faculty.

Directed by Howard J. Strauss, the program involves participants in research projects, teaching, and seminars. In addition, it provides them with the opportunity to learn about and take early advantage of the school's academic studies and resources.

Senior Executive Fellows are drawn from members of the business community with suitable academic interests who hold or have held executive positions in operations. Executives with plans for retirement or those who would like to broaden their expertise will find the program of special interest.

For more information, contact: Howard J. Strauss, Director, Senior Executive Fellows Program, School of Management, University of Minnesota, 271-19th Ave. S., Minneapolis, MN 55455, (612) 376-1376 □

Study tour to Japan offered

Human resource and operations executives can participate in an international study tour to Japan next spring.

Sponsored by the Industrial Relation Center's Employer Education Service, the 12-day tour will benefit those who do business internationally or those who want to know more about Japanese industrial relations methods and practices.

Participants will attend seminars and workshops at the Japanese Institute of Labor and at the Japanese Productivity Center. Study areas include Japanese management styles, labor/management relations, quality circles, and performance and compensation methods. Several Japanese plant tours also will be included.

James Scoville, industrial relations professor, and Jim Beaton, Employer Education Service program director, organized and will lead the tour. For more information contact Beaton at (612) 373-5391. □

Annual giving increases

Annual gifts to the School of Management increased 12 percent during the past fiscal year, bringing the total amount of dollars raised to $180,217.

The number of donors also increased by 10 percent for a total of 2,641 contributors. The average gift was $68 (this figure does not include gifts of $1,000 or more).

Since 1980, annual gifts from alumni have increased by more than $100,000, said Gretchen Roufs, the school's development officer. The 1979-80 General Mills challenge grant of $50,000 tremendously affected giving, Roufs said. This grant provided a $50,000 matching gift from General Mills for a comparable amount raised by the school in new gifts and gifts of increased amounts.

Increased personal contact between the school and alumni and the opportunities offered donors to upgrade their gifts also contribute to the increase in annual giving, she said.

The school began a program to raise funds for unrestricted gifts from alumni and friends in 1979.

Solicitation for these gifts was accomplished through TEAM callers, alumni volunteers, letters from the school's dean and development staff, and personal contact by staff and alumni with potential donors. TEAM (Telepledge for Excellence at Minnesota) callers are undergraduate students trained by the University Foundation to request, via phone, annual gifts from alumni.

The school uses unrestricted gifts in areas of greatest need. These needs vary from year to year, based on school priorities and achievements. In recent years, some uses for alumni gifts include: course and curriculum development, programs and forums that increase interaction between the school and the business community, placement services, and student scholarships and fellowships.

The school thanks alumni for their support and also thanks companies that sponsor matching gift programs. For more information, contact Gretchen Roufs, (612) 376-9483. □

EDC examines ways to improve programs

The Executive Development Center (EDC) has begun to systematically examine the ways in which EDC management education programs can best meet the educational needs of corporations and government agencies in Minnesota and Wisconsin.

EDC director Mary K. Bright has met with corporate and human resource officers at more than 25 companies and government agencies since her arrival in May. Those meetings include discussions about the organization's commitment to education and training; its management development philosophy, strategies, and in-house programs; its use of development resources for internal and external programs; and the ways EDC programs can complement organization efforts. Bright has been impressed by the number and quality of School of Management alumni who hold human resource development positions.

During her visits, Bright briefs company representatives on EDC's entire portfolio of programs. Companies identify participants for any of the 12 EDC offerings scheduled during 1985-86.

New EDC brochures, which contain current program specifics, reflect a distinctive EDC graphic identity, and will be available this fall. The **Minnesota Management Review** lists EDC programs on its back page. For more information, contact Mary K. Bright, director, EDC, 373-3837. □

MBA placement shows increase

School of Management MBAs completed their best year in placement since the MBA program was revised in 1978.

MBA placement was 87 percent compared to 86 percent for August 1984, according to August 31, 1985 figures. Salaries increased as well. The average salary was $28,740, with a range of $19,200 to $51,000. Average salary for 1983-84 was $27,672, with a range of $18,300 to $45,000.

Masters of Arts in Industrial Relations (MAIR) graduates had an outstanding year as well. "Virtually all MAIR graduates actively seeking employment were placed as of August 31, 1985," said Jan Windmeier, director of Career Planning and Placement. MAIR average starting salary for 1984-85 was $28,248, with a range of $21,000 to $36,492. Average salary for 1983-84 was $25,200, with a range of $18,492 to $30,000.

"We're just delighted with the increase," Windmeier said, "especially when offers to MBAs are down nationwide." □

Small business committee formed

A newly established Alumni in Small Business Committee strengthens the School of Management's ties to small business and encourages networking among the school's small business alumni.

The 12-member small business committee, formed in June as a subcommittee of the school's 15-member Alumni Advisory Council, plans to concentrate on the following:

☐ Networking. The committee wants to see more small business alumni meet and share common concerns. One possibility: the school might sponsor short courses, perhaps on evenings or weekends, that address the needs of small business people, said Jeanne Carroll, assistant director of alumni relations.

Another possibility might involve holding regular meetings of alumni groups in specific occupations, such as treasurers or accountants, she said.

☐ Small business needs. The committee plans to promote better understanding of small businesses' needs among school students, faculty, and administrators, Carroll said. These needs could be met through curriculum changes; through providing resources, including speakers from small business, to the faculty; through faculty and student visits to small businesses; and through encouragement of more direct links between the faculty and small business.

☐ Data base. The small business committee is considering a recommendation that would establish a School of Management data base to store information on small businesses, Carroll said.

☐ Career opportunities. Committee members believe more students should be made aware of the opportunities for jobs in small businesses, Carroll said.

This issue contains a survey to help the school better understand the needs of small business and to develop programs that meet those needs (see accompanying box).

The school can do more to address the needs of alumni in small business, said Jim Miller, committee co-chairman and president of Employers Overload Inc. The formation of the committee represents a step in that direction, he said.

"I think the timetable has begun and hopefully within the next three to six months we'll be able to take substantive, positive action addressing the needs of the school's small business alumni," Miller said.

Other small business committee members include: **Paul Stormo,** committee co-chair and president of Artograph, Minneapolis; **Paul Wilkus,** president of Health Financial Group, Minneapolis; **Marlene Gibas,** treasurer for Diagnostic, Minneapolis; **Tom Newland,** customer service manager for Insty-Prints, Minneapolis; **Steve Grindy,** sales manager for Hallett Companies, Minneapolis; **Gene McMahon,** with A.L. Williams Co., Fridley, Minn.; **Karen Peterson Ford,** partner, BUSINESS MATTERS, Minneapolis; **Jeanne Erickson,** owner of Dagwood's, Minneapolis; **C. David Jones,** with Roth Young Personnel, Minneapolis; **Tom Maetzold,** with Maetzold Associates, Minnetonka, Minn.; **Daniel O'Shea,** sales manager for Postmatic, Plymouth, Minn.; **Ruth Stormo,** international marketing manager for Artograph, Minneapolis; and **Sheila Denny Andrews,** with Laventhol Horwath, Minneapolis.

C. David Jones was recently elected to the National White House Conference on Small Business. Jones, along with 19 others, will represent Minnesota at the conference next summer.

The small business committee meets the third Thursday morning of every month. For more information on its activities, contact either a committee member or Jeanne Carroll, Assistant Director, Alumni Relations, School of Management, 271 19th Ave. S., Minneapolis, MN 55455, (612) 376-3217. ☐

WANTED

People with interests in small business issues

The small business committee of the Alumni Advisory Council wants to respond better to the needs of its alumni in the small business community. To plan future programs, we need to know your specific areas of interest. Please indicate your interest by checking the appropriate boxes below. Questions? Call Jeanne Carroll—612/376-3217.

Name ______________________

Yr of Grad____ Degree______________

Position ______________________

Business Address ______________________

____

Phone (W) __________ (H) __________

I am interested in:

__ course __ mentoring __ committee work

__ seminars __ social gathering __ networking

Comments ______________________

____

Return to the School of Management, 271 19th Ave. S., Minneapolis, MN 55455.

Attention classes of '36, '46, and '61!

The Office of Alumni Relations is starting to plan the 1936, 1946, and 1961 class reunions scheduled for fall 1986. If you would like to help plan these special anniversaries, call Jeanne Carroll (612) 376-3217 or drop her a note at 271 - 19th Ave. S., Minneapolis, MN 55455. Alumni involvement is especially important, and we need your contributions! ☐

Photo by Tim Rummelhoff

University of Minnesota President Kenneth Keller met with some 40 School of Management alumni during the July Alumni Advisory Council's monthly meeting. Keller and alumni discussed the ways his plan, "A Commitment to Focus," will affect the School of Management, the University, and the general community. The meeting with President Keller is part of an AAC effort to voice alumni concerns and to provide opportunities for input into the University's management structure.

Dittman from page 3

are and see if and how the University can help."

Before his Duke University position, Dittman served for five years as assistant professor for the Graduate School of Management at Northwestern University. From 1969 to 1972, Dittman was a teaching assistant at Ohio State University (OSU), where he received his M.A. (1971) and his Ph.D. (1973) in accounting. He graduated from the University of Notre Dame with a B.B.A. in 1968.

Dittman has published in a variety of academic journals, such as *The Accounting Review, Journal of Accounting Research, Operations Research, Management Sciences, Inquiry,* and *Health Services Research.* His research centers on the generation, use, and impact of accounting data on management decisions. Specifically, Dittman researches the effect of accounting numbers on hospital decisions and the use of efficiency measures for regulating and reimbursing health care institutions. □

David Dittman

ALUMNI UPDATE

Information furnished by alumni on this form will be used for the "Alumni Update" section of the *Minnesota Management Review* and will help the school maintain accurate home and business address records. Send to: Jeanne Carroll, assistant director, alumni relations, School of Management, University of Minnesota, 271 19th Ave. S., Minneapolis, MN 55455.

Name ______________________________ Date ______________
(First) (Middle or Maiden) (Last)

Year of Graduation and Degree(s) granted from School of Management ______________

Employer ______________ Home ______________
Position Mailing Address

______________ ______________
Company Organization City, State, Zip

______________ ______________
Mailing Address Phone

______________ ______________
City, State, Zip

______________ ______________
Phone

Information you would like to share with the School of Management (career, family, awards, weddings, births, etc):

Executive Development Center Programs

I. GENERAL MANAGEMENT RESIDENTIAL PROGRAMS

☐ **Minnesota Executive Program** (6 weeks)
Modular Format; begins August, 1986

☐ **Minnesota Management Institute** (4 weeks)
Modular format; begins February, 1986

☐ **Minnesota Management Academy** (9 days)
March 22-30, 1986

II. MANAGEMENT SPECIALIST PROGRAMS

☐ **Systems Analysis and Design** (5 days)
Residential program; three times a year
Upcoming session—March 2-7, 1986

☐ **Strategic Management of Manufacturing** (7 days)
Residential programs; once a year
Upcoming session—June 15-21, 1986

☐ **Controllership Academy** (6 days)
Residential program; once a year
Upcoming session—June 22-27, 1986

☐ **MIS Exeuctive Institute** (8 days)
Residential program; once a year
Upcoming session—June 14-21, 1986

III. GENERAL MANAGEMENT SEMINARS

☐ **Finance for the Professional Manager**
Mpls./St. Paul location; four times a year
Upcoming sessions—Dec. 2-4, 1985, and March 5-7, 1986

☐ **Marketing for the Professional Manager**
Mpls./St. Paul location; four times a year
Upcoming sessions—Nov. 18-20, 1985, and Feb. 24-26, 1986

Information Request Form

______Yes, I am interested in more information on the seminars I have indicated above.

______Yes, Please ADD MY NAME TO THE EXECUTIVE DEVELOPMENT CENTER LIST to receive brochures on individual seminars as they are published.

NAME ______________ TITLE ______________ ORGANIZATION ______________

STREET__________ CITY __________ STATE ______ ZIP______ COMPANY PHONE (   )______________

SEND TO: Executive Development Center, School of Management, University of Minnesota, 271 19th Ave. S., Minneapolis, MN 55455.
Or PHONE (612) 373-3837.

Minnesota Management Review

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