

Mod

Chairholder



business news

COLLEGE AND GRADUATE SCHOOL OF BUSINESS ADMINISTRATION—UNIVERSITY OF MINNESOTA

“What Ever Happened to the Free Enterprise System?”

The 20th Annual Alumni Institute sponsored by the Business Administration Alumni Association on November 20 at the Radisson Hotel in Minneapolis heard two speakers and three panel discussions on the theme “What Ever Happened to the Free Enterprise System?”

Dr. Joseph W. McGuire, Vice President, Planning, University of California, the keynote speaker, began his address by saying the theme “does convey brilliantly the sense of loss that many middle-aged persons feel for a more peaceful, bygone day which has somehow slipped away into the twilight under the pressures of modern technology and supercilious, modern, blasé attitudes. ... In this wonderful world of yesteryear there seemed to be more certainty—or perhaps we just took more truths to be self-evident and straightforward.”

McGuire went on to detail the values which underlay the free enterprise system, the benefits bestowed by it and what has happened to them over the years, especially during the decade of the turbulent 60's which probably represented the “epitome of the long revolt against the private enterprise establishment.” He stated that the “attainment of an ever more successful system of private enterprise, with its materialistic values, contained within it the seeds of its own destruction ... the system of private enterprise is being destroyed by its own success.”

Dr. McGuire concluded on a hopeful note commenting that the attacks on the private enterprise system are “not centered on private enterprise, but only upon its excesses. . . . The activities of vocal critics, of government, of an affluent people have been designed not to destroy the private enterprise system as much as they have been directed toward confining it—to keep it from running amok. . . . That in fact the private enterprise system is alive, and that it has only changed for the better.”

William Phillips, Chief Executive Officer and Chairman of the Board, International Multifoods Corporation, the banquet speaker, also emphasized that the problems in our free enterprise system were a direct result of its past successes. He was hopeful that the system could cope with the problems it makes for itself given the proper leadership, attitude and planning. In commenting on the latest problem, the energy crisis, he said, “Our people respond to challenge. Enterprise-to column 7

Finding Markets for a Sandpile — a BIG Sandpile

Professor William Rudelius of the Marketing Department spent part of his sabbatical leave last year working with the North Star Research Institute of Minneapolis. A major goal of this work was to seek ways in which the College of Business Administration (CBA) might cooperate with North Star to serve private firms and government agencies in Minnesota and the Upper Midwest more effectively. North Star is a nonprofit institute which does research in the physical sciences and engineering, the biological sciences,

the social sciences and business and whose funding comes from private business firms as well as local, state, and federal government agencies.

Rudelius says Dr. John O. Wilson, North Star President, believes that the most fruitful way the CBA might presently cooperate with North Star is by providing faculty researchers for large-scale projects having statewide, regional, or national significance. Examples of such large-scale projects are the Upper Midwest energy crisis, Sandpile-to column 12

Left to right: Dr. John Wilson, Prof. William Rudelius and Dean C. Arthur Williams, Jr.



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People for Heneman

"People for Heneman" was the theme of an appreciation dinner at the Radisson South Hotel on January 11 for Professor Herbert G. Heneman who recently stepped down as director of the Industrial Relations Center and chairman of the IR Department which he has been associated with throughout his career.

The event was planned by some of his many friends in the community to recognize his contributions over the years and as an expression of appreciation for the substantial impact he has had on those individuals, groups, and enterprises with which he has been associated.

The program revolved around a mock political convention which sought to nominate Heneman to some position never defined. General Chairman of the affair, which included a cocktail party around the pool, the dinner and political ballyhoo, was **Robert L. Fjerstad** of Northern States Power. There was a barbershop quartet with special lyrics, a dixieland jazz band, a strolling bagpipe player, a man-size Kangaroo (noting his recent sojourn in Australia studying industrial relations systems), balloons with Heneman's picture, straw hats and banners reading "Tippecanoe and Heneman too."

The audience participated in placard waving, shouting demonstrations and nominating speeches were made

showing Heneman's impact on many areas. They were: Employers for Herb—**Roger Wheeler**, Vice President, Corporate Personnel Services, Control Data Corporation; Labor for Herb—**Dave Roe**, President, Minnesota AFL-CIO; Government for Herb—**George Vavoulis**, Regional Administrator, U.S. Department of Housing and Urban Development, former head of Minnesota Department of Manpower Services and Mayor of St. Paul; Classmates for Herb—**James Hodgson**, Senior Vice President, Lockheed Aircraft Corporation and former Secretary of Labor; University for Herb—**Malcolm Moos**, President, University of Minnesota; Scholars for Herb—**Norbert Berg**, Senior Vice President, Administration and Personnel, Control Data Corporation; Educators for Herb—**Earl "Bud" Cheit**, Professor and former Vice Chancellor of the University of California, Berkeley, and most recently with the Ford Foundation.

The committee roster which arranged this "no budget" affair was virtually a who's who of Minnesota business, labor and government. In addition to arranging the dinner and entertainment, the committee also collected funds for an Industrial Relations Scholarship in Professor Heneman's name, and flew in for the event members of Heneman's family and out of state notables. Some 300 of Herb's closest friends attended. ■

New Appointment and a Resignation

Dr. Merrell Arnold has taken over the directorship of Continuing Business Education for the University, where his primary role will be to coordinate the continuing education efforts sponsored jointly by the Graduate School of Business Administration and Continuing Education and Extension.

Arnold received his masters and doctorate from Indiana University and most recently served as coordinator of management development programs at the Management Institute, University of Wisconsin, Madison.

Professor John K. Simmons, Chairman of the Department of Accounting, has resigned to accept a position as Chairman of the Department of Accounting at the University of Florida. Simmons has been at the University for the past nine years and served as department chairman this year.

Professor Herbert Heneman, long time chairman of the Industrial Relations Department and Center, has just returned from leave spent in Australia studying industrial relations systems. ■

Insurance Broker Starts Scholarship Fund

Wood-Nelson Company, insurance brokerage firm, Minneapolis, as part of its golden anniversary year activities has established a scholarship fund providing three annual \$750 scholarships for undergraduates in the College of Business Administration. One of the scholarships has been earmarked for a minority student.

The fund was established in honor of **C. Arthur Williams**, Dean of the College of Business Administration, recognizing his contributions to the insurance industry while he was head of the Department of Insurance in the college and his leadership in advancing the professional competence of the insurance business. ■



Kangaroo Elmer John and Herb

Enterprise—from column 3

This nation must mount a 'Manhattan' type effort directed toward developing alternative sources of energy. And, as we have proved in the past, once we order our priorities of people and resources with dedicated commitment, we will develop a greater self-sufficiency and increased cooperative effort among free nations before the decade is complete."

The three panel sessions which followed the afternoon keynote address were: *Business in an International Environment*, chairman, **Mahmood A. Zaidi**, Professor, Industrial Relations Center; panel members: **William E. Wright**, Associate to the Vice President Academic Administration, Office of International Programs; **Robert E. Hudec**, Professor of Law, Law School; **John J. Flagler**, Professor of Industrial Relations, *Federal Controls: Phase IV*, chairman: **Mario F. Bognanno**, Associate Professor and Director, Industrial Relations Center; panel: **W. Bruce Erickson**, Associate Professor, Department of Management; **Leonard LaShomb**, Vice President, Minnesota AF of L-CIO Federation of Labor; **Kenneth L. Sovereign**, Senior Attorney and Vice President—Industrial Relations, Hoerner Waldorf Corp. *Social Pressure and Corporate Response*, chairman: **Delbert C. Hastings**, Professor, Department of Management Sciences; panel: **David Durenberger**, Council for Legal and Community Affairs, H. B. Fuller Company; **George T. Milkovich**, Associate Professor, Industrial Relations Center; **Ivan Ross**, Associate Professor, Department of Marketing.

A special feature at the evening banquet was the presentation of an Outstanding Achievement Award to **Ralph J. Voss** ('34 BBA) President, Western Bancorporation. Voss was elected to head Western, the nation's 6th largest bank holding company last June. At the same time, he became board chairman and chief executive officer of the First National Bank of Oregon, which he had served as president since 1960.

Mr. Voss worked his way through the University of Minnesota by selling shoes, keeping books on investments, and helping evaluate bonds for possible investment. He first entered the



Ralph J. Voss

banking world in 1934 in Chicago, where he worked for the Continental National Bank and Trust Co. After serving in the Army, he went to the United California Bank of Los Angeles.

Since 1960, when he moved to Portland, Oregon, to head what is the 2nd largest of the 23 banking affiliates of Western Bancorporation, Ralph Voss has been identified with the dramatic progress of the city of Portland, and of the entire state of Oregon. He has a record of service on boards and committees supporting youth, cultural activities and civic improvements. For the past 13 years, he has been a trustee of Lewis and Clark College in Portland.

During the 12 years of his presidency, the First National Bank of Oregon developed its branch banking system into one with 127 units, dedicated a \$40 million bank building, greatly expanded its international department, receiving an "E" award for increasing its export trade, and saw its deposits soar from \$880 million to \$1,915 billion, in 1971.

The banquet, supported by some 50 major Minnesota firms was attended by over 500 alumni, faculty and students. **Richard Murlowski** ('69 BA), Vice President-Accounting, Soo Line Railroad, was general chairman of the annual event. Murlowski succeeds **Harold Haglund** ('50 BBA), Partner, Broeker Hendrickson & Co., as president of the Alumni Board for the next year.

The proceedings of the Institute will be published and available at no charge upon request to the Research Division of the College of Business Administration. ■

alumni news

"My own private edition of pleasant 'future shock,' " is the way that **Dwight Zulauf**, Minnesota business alumni (Ph.D., 1965) and former faculty member, describes 1973. Feasting with Maoris and being entertained at London's Executive Club; working briefly in a peace community in one country and observing martial law in another; conferring with management at a sheep station down under and with their counterparts at the Honmoko Yard of Mitsubishi; teaching the most elementary and then the most advanced course in the accounting curriculum at the University of Washington were a few of the sharp contrasts which support Zulauf's statement.

It all began in 1972 when the entire faculty at Pacific Lutheran University elected Dr. Zulauf as the Regency Professor, a colleague who is chosen on the basis of "demonstrated excellence in and contribution to a field of learning or public affairs." Along with the title came a substantial prize and a year's time to select the teaching and research he wanted to pursue.

A study tour around the Pacific which included a month in New Zealand and shorter times in Australia, Hong Kong, Taiwan, and Japan was followed by a Visiting Professorship in accounting at the University of Washington. A trip to London came as a result of a growing interest in research on publicized financial forecasts, an area in which England has had more experience than the United States. This study has continued at the Securities Exchange Commission in Washington, D. C. and currently at our Wilson Library.

Professor Zulauf was the first dean of the School of Business at Pacific Lutheran. He has been active in both the work and governing boards of a number of social service agencies in the Puget Sound area. In addition he has been involved in professional groups as well as in consulting in new community planning which included a role in the Title VII guarantee financing of Cedar Riverside New Community in Minneapolis.

Among the unique honors he has received is a roster bearing his name *Alumni News—to column 22*



Sandpile—from column 3

pollution control in urban areas, or metropolitan mass transit systems. Dr. Wilson believes that the North Star staff might be augmented for such projects by CBA faculty on extended leaves (from perhaps six months to two years). The advantage to North Star lies in being able to call on the expertise available among CBA faculty without having to hire this type of research capability as full-time North Star staff. CBA personnel might see this as an opportunity to work on important, exciting projects. Such projects would be in the public domain and would not present problems by involving classified research for the federal government or proprietary research for individual firms—kinds of research the University prefers to avoid.

“In the best of all worlds,” says Rudelius, “I would like to see the College of Business be the site of a ‘Center for the Study of Things that Make a Difference.’” In talking to local businessmen during the past year, Rudelius says he has been struck by how “ivory-towerish” and irrelevant many businessmen see academic studies done by business school faculty—ours as well as others. Rudelius acknowledges there is certainly some truth in this criticism.

Limitations of time and money—as well as restricted access to actual data from business firms—often restrict the kinds of research business school faculty can undertake. Therefore, Rudelius thinks it would be exciting to work with experts from business firms and government agencies on important problems that make a difference—with the general goal of influencing government and business policy.

Rudelius says he would like to see “research sabbaticals” taken by businessmen and government officials in which they might take one or two University courses and then collaborate with University researchers on important projects. The goal of such research would be to develop recommendations that can result in immediate policy changes. He thinks such a “Center for the Study of Things that Make a Difference” could be an exhilarating experience for

everyone—faculty, businessmen, and government personnel. He believes participants from all three groups would learn to appreciate the problems and perspectives of the others by rubbing minds on an important, continuing project.

An example of an important regional problem that Rudelius cites is the Mississippi River. Last summer he worked on a North Star study sponsored by the U.S. Army Corps of Engineers to assess the environmental impact of operating and maintaining the nine-foot barge channel on the Mississippi River from Guttenberg Iowa northward. In this stretch of the Mississippi River about two million cubic yards of dredge spoil—equivalent to a cube with each edge the length of a football field—are taken from the river annually. Dredge spoil is an accumulation of sediment that washes into the River, fills up the channel, and must be removed to allow barge traffic.

The study consisted of fourteen reports corresponding to the twelve "pools" in this portion of the river that are formed by twelve dams and two major tributaries—the St. Croix and Minnesota Rivers. The environmental aspects were studied by North Star and area college biologists while Professor Rudelius and a North Star economist concentrated on the economic analysis.

The research goal was to analyze what the biological and economic impacts of dredging and lock and dam operations on the river have been and to recommend steps to minimize detrimental effects in the future.

At present this dredge spoil, which is mostly sand, is dumped on the river's edge where much of it subsequently washes back into the river. The spoil may damage fish and waterfowl habitat and is a major problem. Some important questions are whether improved navigational methods and technology could reduce the annual volume of dredging, where the spoil might be placed to minimize environmental effects, or even whether a market exists for a portion of the dredge spoil. Anyone need a sandpile the size of a football field? ■

Management Seminars/Spring 1974

March 4-5

Workshop in Employment Interviewing

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

SUPERVISORY MANAGEMENT SERIES

Designed to provide the manager with basic leadership skills as well as new insights into the behavioral sciences that have emerged in recent years.

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Communication Series

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March 27 and April 3
April 10, 17, 24, and May 1

Leadership Series

Causation, Frustration; Problem Solving, Problem Analysis.
Motivation, Leadership, Introducing Change.
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March 22

Interpersonal Communication on the Job for Executive Secretaries

Designed to provide an increased understanding of individual attitudes and the insights needed for effective communication.

March 29

Elements of Human Behavior

Designed to provide useful information and techniques to increase understanding of management problems and human behavior in organizations.

5 Tuesdays beginning April 2
Accounting for Non-Accountants

Designed for managers with little or no training in accounting who take part in the profit-planning and control functions of the firm.

May 8-9

Advanced Seminar in Communication and Persuasion

Designed to penetrate more deeply the processes of communication, motive analysis, and persuasion.

May 8

The Role of the Supervisor in Labor Management Relations

The key to effective employer-employee relations. Combating employee dissatisfaction. Strategies of conflict resolution.

May

The Changing Role of the Sales Manager

Designed for sales managers and supervisors responsible for the direction and evaluation of salesmen. To provide practical application of communication and persuasion concepts to sales management.

Information regarding the above may be obtained from:

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REPRINT SERIES

"Potential Sources of Railway Freight Traffic" by James P. Rakowski, reprinted from *ICC Practitioners' Journal*, July-August, 1973.

This paper presents an analysis of the 1967 *Census of Transportation* in an attempt to identify potential sources of additional railway freight traffic with special reference to shipment size and length of haul. The *Census of Transportation* is unique in that it is the only statistical source that tells what share of the available traffic each of the competing modes is carrying according to specific commodity, distance hauled, and size of shipment.

The analysis indicates that in terms of increase in both share of traffic and absolute tonnages, the greatest potential for railway gain lies with shipments in the 30,000 to 60,000 pounds range on the intermediate to long-haul.

"Innovative Ratemaking and Railway Efficiency" by James P. Rakowski, reprinted from *The Logistics and Transportation Review*, Vol. 9, No. 3, 1973.

In devising its competitive strategy a railroad must consider the dynamic nature of rail costs: The volume of traffic is a function of the rate, and the railway's costs are a function of volume. The railway's profit is dependent on both volume and cost, but both of these elements are a function of the rate. This creates an interesting problem; The cost of a given operation cannot be determined until the volume of traffic is known.

Regulatory commissions usually base rate approval on the relationship between the proposed rate and the carrier's cost. If traffic estimates are inaccurate, the rate could turn out to be non-compensatory or excessively high. This makes it important for a carrier to be able to achieve that level of traffic which is the basis of its rate proposals. This paper examines various methods which have been used by railroads to attract freight and to stabilize the level of traffic.

"Performance of the Expected Utility Method and Two Other Normative Methods in Insurance Decision Making" by John Neter and C. Arthur Williams, Jr., reprinted from *Decision Sciences*, Vol. 4, No. 3, 1973.

In an experiment, thirty-six professional insurance men employed the utility method, the worry method, and the comparison method in two insurance problems to determine the appropriate insurance coverage. It was found that the best act with the utility method almost always was no insurance, whereas the best act with the other two methods tended to be complete insurance. The utility method best act rarely agreed with the subject's actual preferred act, while the comparison method best act usually was the same or almost the same as the actual preferred act. While the worry method suggests that the subjects typically are risk averse, the utility functions obtained tend to show that the subjects typically are not risk averse.

"Budget Control Assimilation in Small and Medium Sized Firms" by Robert K. Zimmer and Jack C. Gray, reprinted from *Managerial Planning*, Nov.-Dec. 1973.

In recent years the study of budgetary control systems has become an important part of the study of business management in most universities. It also has been an important subject in the professional literature of accounting and management. But the literature, while giving numerous examples of single cases of various systems, contains almost no indication of the extent of use of budgetary control systems.

The purpose of this article is to report the results of a research project designed to give a preliminary outline of the pattern of budgetary control systems used in small and medium sized manufacturing corporations. Particular emphasis is placed on the use of the tool of flexible budgeting.

"Corporate Operating Income Forecasting Ability" by Donald E. Ricketts and Michael J. Barrett, reprinted from *Financial Management*, Vol. 2, No. 2, Summer 1973.

A cost benefit analysis is proposed as part of an empirically based research strategy to determine whether or not annual corporate income projections ought to be published. One aspect of accounting based forecasted annual income—forecasting ability—is considered in this paper. Several mechanical forecasting techniques are applied to 68 companies in 10 industries over a 10 year period ending with 1971. Net operating income and several of its components are forecasted to assess the accuracy and variability of forecasting error. The results suggest that, for this set of companies and time frame it is more difficult to accurately forecast annual net operating income than it is to forecast several of its components.

WORKING PAPERS SERIES

"How Management Users View Information Systems" by Carl R. Adams, *Working Paper No. 14*, August, 1973.

Commonly accepted axioms of systems design and development tell us that management users must be deeply involved in creating new information systems. Yet, how much is actually known about the attitudes that management users bring to the information systems design and development process? Designers, researchers and managers need to have a broadly based understanding of these attitudes. Designers should have it because they must be sensitive to needs that may not be expressed in systems requirements specifications. Researchers need it so that they can initiate and place priority on projects of importance to managers. Managers themselves should have this understanding as a check or reinforcement of their own ideas.

This paper describes the current attitudes of both middle level and top managers toward information systems and computers. On the basis of seventy-five (75) carefully structured interviews with managers from ten (10) major companies, the author concludes that management user attitudes are quite favorable.

"Theories of Motivation: Their Description and Relevance" by Michael J. Barrett, *Working Paper No. 15*, September, 1973.

This paper describes how several psychologists conceptualize and study motivation, and it suggests that motivation may be less relevant than is generally supposed. A behavioral and a cognitive orientation are used to organize the discussion. The behavioral orientation begins with Hull's influential need reduction theory which is the basis of Spence's incentive theory. The cognitive orientation portrays Tolman's expectancy-value theory, its subsequent elaboration by Atkinson's achievement concept and Vroom's instrumentality model.

"The Effect of Cost-Volume-Profit Structure on Full and Direct Costing Net Income: A Generalizable Approach," by Donald E. Ricketts and Charles R. Purdy, *Working Paper No. 16*, November, 1973.

A large body of literature has developed since the early 1950's describing the relative merits of direct vs. absorption costing systems. The literature has pointed out the managerial implications as well as the financial reporting implications. With respect to financial reporting, the discussions have generalized that when production volume exceeds sales volume for a given firm and a given time period, absorption costing produces the higher profit. Conversely, when sales volume exceeds production volume, direct costing produces the higher profit.

Because each firm may have an unique cost-volume-profit structure, it has been difficult to generalize about the relative impact of these alternative product-costing systems on different firms or on one firm whose cost-volume-profit structure may change over time. The reason for this is that no means of dealing with an infinite variety of cost-volume-profit structures in a general way has been suggested which would permit easy comparisons. The purpose of this paper is to provide a framework for such comparisons.

"An Interactive Program Set" by Thomas Hoffmann, *Working Paper No. 17*, december 1973.

During the 1972-73 academic year a set of ten computer programs were developed for use in teaching various concepts and techniques in the Management Sciences area. All of the programs are available on the Minnesota Educational Regional Interactive Time Sharing System (MERITSS). Some of the programs (e.g., LPKODE, ISIM) in modified form have been used previously in batch environments for educational and research purposes. Others (e.g., CPMPROG, CAPVST) were originally developed as class projects in conjunction with management science courses. Various approaches to data input and modification have been incorporated in the programs. This paper is a collection of the current user documentation for the programs and any comments regarding it would be appreciated. It is hoped that after getting more experience and user feedback, the set of data entry and modification procedures most appropriate for each program can be determined.

A limited number of single copies of the Reprint and Working Paper Series are available at no charge upon request to the Research Division of the College of Business Administration.

Some Additional Publications of Two CBA Research Centers

INDUSTRIAL RELATIONS CENTER
Bulletin Series

"Problems and Issues in the Employment of Minority, Disadvantaged, and Female Groups: An Annotated Bibliography" (January 1973)

Reprint Series

C. D. Siebert and M. A. Zaidi. "Wage-Price Experience in the United States and Canada: A Discussion of the Issues and Policy Implications" (1973)

P. R. Pinto and C. C. Pinder. "Pay: A Unitary View" (1973)

Working Paper Series

Siebert and Zaidi. "Wage-Price Experience in the United States and Canada: A Discussion of the Issues and Policy Implications"

Bognanno and Jeffers. "Manpower Shortages: The Case for Physicians"

Milkovich and Delaney. "A Note on Determining Employee Preferences for Alternative Compensation Forms"

Bognanno and Delaney. "An Economic Analysis of the Future Work Plans of Inactive, Married Professional Nurses"

MANAGEMENT INFORMATION SYSTEMS RESEARCH CENTER

MISRC Working Paper Series

"The Relationship Between Operations Research and Management Information Systems, With Examples" (G.M. Hoffman)

"Information Processing Types and Simulated Production Decision Making" (M.J. Barrett, et al.)

"Selected Annotations of Information Analysis—System Design References, 'Curriculum Recommendations. . .'" ACM, 1972 May (M. C. Munro, P. C. Knobloch)

"Database Administrator" (G. Everest)

"An Experimental Evaluation of the Relationship of Uncertainty in the Environment to Information Used by Decision Makers" (R. G. Schroeder, I. Benbasat)

"Attitudes of Top Management Users Toward Information Systems and Computers" (C. Adams)

MISRC Monograph Series

"Planning, Programming, and Budgeting Systems in Education: Concept, Operation, Status and A School of Business Administration Example" (D. Cordes)

"Health Maintenance Organizations: Management and Information Systems" (T.R. Hoffmann, N.L. Chervany, G.W. Dickson, R.G. Schroeder)

Copies of the IRC and MISRC papers are available from the respective centers. ■

Alumni News-from column 9

recognizing students, alumni, and faculty of Pacific Lutheran University who pass all parts of the uniform certified public accounting examination the first time taken. At the time he passed the examination he received the highest score in the State of Washington.

In January Professor Zulauf returns to Pacific Lutheran to teach an interim (month-long) course in accounting for non-accountants, as well as to give several addresses sharing some of his impressions of a year that was so special for him.

Herbert J. Benson (BSB '25), owner of Benson Groves, Orlando, Florida, in response to an invitation to support the College financially by joining the Century Council proposed a unique plan. He offered to ship gift fruit orders free, assigning payments for the fruit to the Century Council as his contribution. Needless to say, the Dean took him up on his generous offer.

James F. Shoelen (BSB '72), whose first post-graduation job was as a Systems Analyst on the Manufacturing Team at the John Deere Dubuque Works has recently received a new assignment as the Business Systems Coordinator of a new factory Deere is building at Davenport, Iowa.

O. J. Wagner (Class of '40), reports

that following extensive experience with J.S. Cook Co., Cedar Rapids, Iowa, he now operates his own business, the Wagner Fabric and Gift Company of Caledonia, Minnesota.

Deil O. Gustafson (BS '53, MS '55, LLB '62), who just completed a term on the College of Business Administration Alumni Board, was described in the January 3 *Wall Street Journal* as "turning sows' ears into silk purses" for his ability to acquire property and businesses at a fraction of their real value and then turning them into valuable and saleable properties. Gustafson, who owns the Tropicana Hotel and the Carousel Casino in Las Vegas, banks, apartments, office buildings and large chunks of real estate in Minneapolis, a hotel in Phoenix, a cattle ranch in northern Nevada and a variety of other businesses, says he expects to have the biggest resort operation in Las Vegas in a half-dozen years. He plans to build a 1,000 room hotel tower, convention facility and casino adjacent to a golf course he owns across from the Tropicana for a starter. If the first hotel tower fills up the way he expects, he says he'll build three more, giving him 4,500 hotel rooms on the Strip, more than twice as many as the largest facility provides at present.

Except for short periods in the Army and as a federal bank examiner,

Gustafson spent the time between his 18th and 30th birthdays pursuing academic degrees, earning a bachelor's degree in business, economics and psychology from the University of Minnesota, a master's degree in economics from North Dakota State University and a law degree from William Mitchell College of Law in Minneapolis. He completed his course work for a doctorate while teaching in the College of Business Administration, but never found time to write his thesis. ■

Annual Business Week

The annual Business Week sponsored by the Business Student Board of the College is scheduled for April 19-25 culminating in the Business Day banquet on April 25 at the Prom Center in St. Paul.

A full schedule of events is planned for business students and prospective students during the week. The morning of the 25th preceding the banquet, small group discussions are planned with metropolitan area businessmen participating. The banquet, normally held at Coffman Ballroom on campus, is financed with the cooperation of the business community but planned entirely by the students. ■



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business news

COLLEGE AND GRADUATE SCHOOL OF BUSINESS ADMINISTRATION—UNIVERSITY OF MINNESOTA

How to Become Your Own Boss

A sell-out crowd of students and businessmen attended a two-day small business seminar April 16 and 17 planned by Graduate School of Business Administration students with college sponsorship.

The theme of the first day was "How to Become Your Own Boss, a Millionaire, or Bankrupt by 29 and Still Be Trusted," which was moderated by Wheelock Whitney, former chief executive officer of Dain, Kalman and Quail, Minneapolis investment firm. Whitney is helping teach an advanced management course Spring Quarter which was initiated last year in the College with Professors Gaumnitz and Wickesberg of the Management Department and involving Twin City area businessmen.



Wheelock Whitney

The panel was composed of three presidents of local firms: Dean Scheff (BA Econ. '56) of CPT which makes a cassette powered typewriter; John Farrell of Select Systems which produces liquor dispensing machinery; and George Waters of Waters Instruments which makes devices to aid in transplanting organs.

The second day's theme was "Where to Go to Get Money and Advice Before Bankruptcy or Why Didn't the Business School Tell Me How To Avoid This Mess in the First Place." Professor Richard K. Gaumnitz of the Management Department



John Farrell

moderated the case discussion of how to market and finance an idea or a product. The case was Minnetonka Laboratories, which makes fancy soaps and cosmetics, whose president, Bob Taylor, was the star of the day. Other panelists in the case discussion were Jerry Simonson of Community Investment Enterprises, a venture capital firm, which helped finance Medtronics; Bob Alm of the Small Business Administration which seeks to give money and advice to those interested; and George Bonniwell of Craig-Hallum which is a local broker that underwrites public stock offerings of small, but high quality companies.

In addition to planning the seminar and making all arrangements, the students invited students in other colleges who might have an interest in small business and owners and managers of small businesses to the sessions. Dick Carland, Scott Carlson and Tom Von Kuster, Finance graduate students, planned the seminars with advice and counsel from Roger Stover of the Finance Department.

Some of the subjects covered on the first day were: What is a small business? What are the opportunities and benefits in small business? How likely is success? How can one best prepare oneself to fulfill the American

Own Boss, part 1-to column 5

Annual Business Week

A week-long schedule of events planned by and for students of the College of Business Administration culminated in the B Day banquet on April 25 at the Prom Center in St. Paul.

The banquet was preceded by a coffee hour and morning panel discussions between business executives from some 50 metropolitan area firms which support and participate in the annual event and business students. Some of the subjects they discussed were how have the energy crisis and inflation affected the job market and what of the future, what are the fundamental differences between line and staff career paths and how do they affect one's opportunities for advancement, how do companies react to hiring mature students, women and minorities.

The keynote speaker was **Harold P. Plumier**, educator, writer and consultant, who spoke on "Business in an Environment of Change."

Business Week-to column 4

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Business Week—from column 3

Two annual features of the B Day banquet were the awarding of the Distinguished Faculty Award co-sponsored by the Alumni Board and the Business Student Board and the Recruiter of the Year Award, given to the recruiter receiving the greatest student support.

This year's Distinguished Faculty Award was given to **John Cumming**, Assistant Professor of Accounting, who received his Ph.D. from the University of Illinois and who began his teaching at Minnesota in January 1972. The Recruiter of the Year Award went for the first time to a woman recruiter, **Merodie Kosta**, of Control Data, where she has been employed since 1968. Kosta has been in college recruiting for a year and a half, and was recently promoted to Manager, Campus Recruiting.

Other events in Business Week were **Computer Games** on Friday, April 19 to which state public and private colleges were invited, **Advertising Day** on Monday, April 22 featuring the Cleo Award film and a rap session with Viking **Bob Lurtsema** of Twin City Federal ad fame. **Career Day** with Twin City industry specialists in personnel, marketing, corporate planning, and data processing was held on Tuesday with **Accounting Day** on Wednesday featuring panels on government, public and industrial accounting.

Mark Oberlander is president of the Business Board and **John Fallon** was chairman of Business Week. □



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C.A. Williams, Jr., Dean
Mary Louise Hill, Editor

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Own Boss, part 1—from column 2

dream of starting, owning and running a successful small business?

The second day was concerned with the maintenance and survival of a small business, how much work must go into developing an idea to turn it into a small business? Where does one go for money and advice? What

must one pay for these things?

The over-flow enthused audience at this two-day session testifies that interest in small business entrepreneurship is very much alive and striving to succeed. Because of the strong interest, Dean Williams expressed the hope that the school will be able to offer similar small business seminars on a regular basis. □

How to Become Your Own Boss—Part II

The College of Business Administration Department of Finance is cooperating with the Minneapolis District Office of the Small Business Administration (SBA) in offering an experimental small business management assistance course during Spring Quarter.

Seven small businesses that have requested management assistance are provided through the SBA. The College, in turn, is providing seven teams (each team consisting of one graduate student and two undergraduate students) who visit the firms, diagnose problems that may exist, and suggest a remedy. The program is under the direct supervision of Gavin Collins, Assistant Professor of Finance, with the assistance of Robert R. Riesgraf, Management Assistance Officer provided by the SBA.

Beside weekly class discussion of problems the student teams are required to consult with the Project Director, Professor Collins, the Management Assistance Officer, Mr. Riesgraf, and the firm management. A log is kept of time spent in site visits, class counseling and research of the problem. A final report will be presented to each of the following three parties: The Project Director (for a grade), the Management Assistance Officer (to determine whether SBA will want to continue the course), and to the firm, to help them solve the problems that prompted the original request for management assistance.

Reaction to the course experiences is most favorable from all involved, students, businessmen, the SBA and *Own Boss, part II—to column 7*



Small Business Seminar, April 16, 1974—overflow crowd

Own Boss, part II—from column 6

Professor Collins. Collins is gratified to learn that the problems he has been stressing in his courses are really the problems that trouble small businesses and not just textbook situations. The problems have been in the areas of marketing, accounting/finance or accounting records.

Collins is also most pleased to find that the students have been able to analyze the problems and suggest solutions. These experiences have also pleased the students and given them confidence. Collins said some were not only pleased at their experience but were not a little surprised at their ability to analyze and solve the problems. One commented to Professor Collins that it was "too bad to have to wait for four years before getting one's feet wet in real business problems."

At the outset the businessmen were a little skeptical about the program but now feel confident of the students' ability and seriousness about the projects. The good word has spread quickly since the course began; SBA now has a backlog of businesses wanting to get into the program.

Only seven graduate and fourteen undergraduate students were admitted to the course. In order to be eligible, they had to have completed Finance Fundamentals and Financial Management, at least three full quarters of Accounting, at least one quarter of both Management and Marketing, and preferably more.

The course is somewhat similar to the Quantitative Approaches to Administrative Problems course designed to demonstrate how to use management science techniques and methods to aid decision making which sends teams into industrial firms which have agreed to participate in the problem solving experience.

In addition to his work in this course with small businesses, Professor Collins has just completed two seminars for the SBA which one hundred small businessmen attended. In spite of the low success rate for small business, there remains a great interest in and attraction to it. □

CENTURY COUNCIL HIGHLIGHTS**WANTED—CENTURY COUNCIL CLASS AGENTS****Qualifications:**

Graduate of the College of Business Administration, energetic, selfstarting and willing to devote a minimum of time to the Century Council

Responsibilities:

Minimal effort . . . much public contact

Compensation:

Satisfaction in assisting CBA through efforts as class agent and chance to contact classmates and friends you may have lost touch with

Objectives:

To assist Century Council in raising "opportunity dollars" for the College, a discretionary fund enabling it to exploit special opportunities for which regular state support does not provide

Reply to:

Lois Moe, Class Agent Recruiter, College of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455



Century Council 1974—left-to-right; Lois Moe, Dick Murlowski, Hank Dornseif

"It Pays To Advertise" the saying goes—and that's just what we're doing with our debut in BUSINESS NEWS.

The Alumni Advisory Committee is launching the 1974 fund raising campaign. Hank Dornseif (BBA '49) Chairman of the Advisory Committee, has named Lois Moe (BBA '64) "Recruiter" for the Class Agent drive—a plan to involve each class through 1964. The Class Agent competition, along with details and achievements of other committee projects will be reported regularly in the BUSINESS NEWS.

Century Council '74 has promise and potential—but it cannot succeed without CBA alumni involvement and support. **Your help is needed!**

ALUMNI BOARD NEWS

The College of Business Alumni Board hosted the CBA faculty at the annual dinner meeting in the new Alumni Club in the IDS Tower on April 10. A social hour preceded the dinner at which board members, Consultative Council members and faculty attended. Professor Norman Chervany of the Management Sciences Department talked about the Quantitative Approaches to Administrative Problems course he teaches which is designed to demonstrate how to use Management Science techniques and methods to aid decision making by sending student teams into Twin City area organizations to study actual situations.

Alumni News-to column 18



Norman Chervany

Dr. Harry Levinson Gives First Alumni Board Quarterly Lecture

Dr. Harry Levinson, Ph.D., President of the Levinson Institute and the former Thomas Henry Carroll-Ford Foundation Distinguished Visiting Professor of Business Administration at the Harvard Business School, was the first speaker in a new College of Business Alumni Board quarterly luncheon lecture series on April 19.

In Dr. Levinson's talk, "Dilemmas of Top Management: A Second Look" he contrasted the problems that worry executives now and three years ago. In 1971 when he wrote a chapter in a book titled *The Failure of Success*, he said that "the major problems executives had related to their wish to look good to themselves and to avoid the constant threat of defeat." He found then "that executives were trapped by 'scientific management' with its heavy emphasis on measurement and control . . . which allowed little room for examining assumptions about motivation and placed heavy emphasis on the short term, on looking good to the security analysts. Often the manipulations necessary to look good were done at the cost of long term needs of the organization and just as often they precipitated feelings of guilt."

By contrast, Levinson said that in the three years since writing that chapter he has seen a "radical shift in the kinds of issues, with a much heavier emphasis on the concept of adaptive perpetuation: that is, how do you make sure you stay in business in an ever more rapidly differentiated marketplace? More and more organizations, even those which have been the most bureaucratic and the most stable, seem to be preoccupied with that problem."

"A private enterprise system cannot afford that kind of self destruction," Levinson stressed, "which not only limits the adaptive potential of organizations but also that of individuals. If the economic system is to be kept free and as open as ideally it should be to insure economic adaptation and social mobility, then organizations must deliberately fight

psychological arteriosclerosis. They may do that in two ways: First, they must build in, sustain and support their own loyal opposition. In too many organizations the motto is 'Don't make waves.' In too many others, losers in power struggles are exiled to the provinces. Second, they should increase the intensity of criticism from their own boards and from outside critics. These criticisms should be grist for the organizational mill—the continued impetus to adaptive change." He concluded, "As Pogo has repeatedly said, 'We have found the enemy and he is us.' Only we can act on ourselves."

Levinson was the Director of the Division of Industrial Mental Health, The Menninger Foundation, from 1955 to 1968 before going to Harvard University Graduate School of Business Administration. His education degrees in psychology, a B.S. and M.S., are from Kansas State Teachers College and his Ph.D. from the University of Kansas. He is a writer, educator, consultant, researcher, and a certified clinical psychologist. He has published books as well as a wide range of articles in professional and lay publications.

Professor Ivan Ross was chairman of a faculty committee which made the program arrangements for the first event in the quarterly series; Tom Leary ('55 BBA) Vice President-Manager Credit Division First National Bank of Minneapolis, is Alumni Board chairman of the luncheon lecture series. Future lectures will feature College of Business Administration faculty and other outside speakers, and will be held at the new Alumni Club in the IDS Tower.

Levinson's address will be published and available upon request to the Research Division, College of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455. □

REPRINT SERIES

"Corporate Operating Income Forecasting Ability" by Donald E. Ricketts and Michael J. Barrett reprinted from *Financial Management*, Vol. 2, No. 2, summer 1973.

Recently, interest has materialized in the business, investment and governmental communities regarding the propriety, possibility and potential consequence of allowing or requiring publicly held corporations to routinely report income forecasts. The SEC has tentatively concluded that corporations falling under its jurisdiction will be permitted, but presently not be required, to incorporate income projections.

This paper discusses one aspect of forecasting feasibility, mechanical forecasting ability. A subsequent paper will report the results of an empirical study of corporate personnel which seeks to more fully understand judgmental forecasting ability and various aspects of income forecasting capability.

The analysis of the accuracy and variability of the net operating income data for the companies studied indicates that mechanical forecasting models produced in this study forecasts with a fairly small range of error for the NOI components. However, the mechanical approaches employed produced a wider range of error for several types of NOI forecasts relative to the NOI component forecasts.

"Open Competition Rating Laws and Price Competition" by C. Arthur Williams, Jr., and Andrew F. Whitman, reprinted from *The Journal of Risk and Insurance*, Vol. XL, No. 4, Dec. 1973.

Under open competition laws, it is assumed that enough price competition exists for state insurance departments to rely more upon price competition to produce "proper" premiums than upon direct intervention. This article suggests some yardsticks for determining whether effective price competition exists and applies some of these yardsticks to the property and liability insurance business in Minnesota, which adopted an open competition law in 1969.

Pen-to column 13

Pen-from column 12

The principal findings are that automobile and homeowners' insurance premiums vary widely among insurers; the variation in automobile insurance premiums increased about the time an open competition law was adopted; a low premium automobile insurer may not be a low premium homeowners insurer; annual rate changes in automobile insurance have varied substantially among insurers, especially after the rating law was changed; the variation in homeowners' rate changes was much less; and automobile insurance market shares bear some relationship to premium rankings.

"Banking on Dividend Reinvestment"

by Paul F. Jessup and Thomas W. Von Kuster, Jr. reprinted from *Bank Administration*, Vol. 1, No. 2, February 1974.

Dividend reinvestment plans can open new profit opportunities to banks offering such plans to corporate clients. Competition to provide this new service promises to be intense. Banks can also benefit by making DR plans available to their own stockholders. Future expansion of DR plans is certain—with important consequences for the payment system and the role of certificates as evidence of stock ownership.

Dividend reinvestment plans are not new to owners of mutual funds. For many years these investors have been able to elect to receive their distributions of dividend income and/or realized capital gains in the form of additional shares. Many large firms now offer a similar service to shareholders who choose to have their dividends automatically reinvested in the company's stock. First National City Bank is an innovator in developing dividend reinvestment plans and marketing them to corporate customers.

Corporations and stockholders are demonstrating their receptivity to dividend reinvestment plans. At the end of 1972 some 200 firms offered the plan to their stockholders, compared with about 50 firms a year earlier. Over two million shareholders reportedly participate in these plans.

This article reviews some of the different features in various plans for dividend reinvestment and the role banks are playing in servicing such plans for corporate clients.

"Confidence Procedures and the Cost of Sampling" by Raymond E. Willis, reprinted from *The American Statistician*, Vol. 27, No. 5, Dec. 1973.

The problem of determining an appropriate sample size in estimation is one of balancing the cost of sampling against the desired precision in the estimator. In operational problems where the estimate is directly related to a decision the sampling costs and the losses due to errors in the estimate can be identified and often objectively measured.

In experimental or survey research where the eventual applications are remote and unspecified an operational loss function is much harder to define. Instead the experimenter tries to balance the subjective utility of being able to report precise results against the opportunity costs in time and money of more extended sampling. This paper will suggest a way of formalizing this choice.

Single copies of the reprints reviewed are available at no charge upon request to the Research Division, College of Business Administration, University of Minnesota, Minneapolis, Minn. 55455.

BOOKS

"Competing for Stock Market Profits"

by Paul F. Jessup. *John Wiley and Sons, Inc.* 1974.

"Competing for Stock Market Profits" is an introductory book that uses a competitive-market framework to show the reader how to supplement traditional views of investment opportunities.

Written in non-technical language, the book evaluates many popular market strategies—especially as they relate to individual investors. It avoids complex mathematical notation, while introducing the reader to up-to-date views and research results in areas such as rates of return, risk measurement, stock valuation procedures, and portfolio diversification.

The book introduces readers to practical interpretations of important results from recent financial research. It evaluates both the logic and supporting evidence of many popular stock market strategies. And although it avoids detailed description of the institutional aspects of the stock market, it offers the reader an effective appreciation of the total stock investment process.

Competing for Stock Market Profits challenges many conventional statements about stock market opportunities and helps develop more realistic views regarding investment possibilities. It contains many examples and practical illustrations and motivates the reader to relate such episodes to his or her personal experience. Using a cost-benefit perspective, it demonstrates how new views are directly relevant for individual investors wanting to develop realistic investment goals and strategies in a competitive (random-walk) stock market.

This book was selected by Macmillan Book Clubs as an April Selection.

WORKING PAPERS

"A Computer-Assisted Planning System to Aid Retail Buyers"

by Wm. Rudelius, Blake Sonne and Jayant Saraph. *Working Paper No. 18*, December 1973.

Many business situations require plans or projections that involve subdividing a goal or target figure into a set of component estimates. Depending on the firm and industry involved, these component subdivisions may be by stores, departments, geographic regions, customers, product lines, months, and so on. These subdivisions of the grand total often become goals against which future progress is measured.

The computer-assisted planning system described in this working paper was developed in conjunction with the Dayton's Department Store of the Dayton Hudson Corporation. The application involves utilizing a time-sharing computer system to aid a

Pen-to column 16

Pen-from column 15

retail department store buyer to subdivide his coming six months' sales target among six stores and nine classes of goods. The buyer receives information on past sales from the computer and develops his future estimates based on his personal assessments of how past trends are likely to continue into the future. Buyers participating in the study were enthusiastic about the system in terms of its flexibility and ability to save them from having to make routine, time-consuming calculations.

LECTURES

"The University as Usual in an Unusual World" by Herbert G. Heneman, Jr. *University of Western Australia Press, 1973.*

This paper was delivered as the twelfth Edward Shann Memorial Lecture in Economics in October 1973 by Professor Heneman at the University of Western Australia while he was on leave from the University of Minnesota last Fall. The lecture is a memorial to the late Edward O. Shann, the first occupant of the Chair

of History and Economics at the University and a founder of the Economic Society of Western Australia.

The thesis of Heneman's lecture was that "today's universities are not sufficiently concerned with a blueprint for action, and are instead mostly reactionary and negligent in their major responsibilities, especially in the social and behavioural sciences." He defines the role of the university as "to create tomorrow," then notes its failure to do so in this complex and changing society.

Professor Heneman discusses a dozen "thought starters" then concludes, "Our leaders in the twenty-first century are in school right now. What can we give them to equip them to lead with knowledge and understanding and wisdom? The urgent and basic question is whether or not events will outrun our store of needed new knowledge. The university is the manufacturer and distributor of knowledge. This is indeed the knowledge economy, and it is up to the university to deliver the goods. The right kind of education is expensive; the wrong kind of education is catastrophic." □

Alumni News-from column 9

HONORS

Ted Edin (BBA '56, MA '59) recently was awarded Josten's MRI (Motivation through Recognition for Industry) Division's two highest honors during a national sales meeting held in Rochester.

The Turquoise Honor Club, the highest official honor club at Josten's is awarded to individuals selling over \$2 million in sales volume. The Malcolm Denny Award is given to the person who best exemplifies the attributes of professional salesmanship.

Edin joined Josten's in 1959 as a Scholastic Division salesman and moved into the MRI Division in 1968, servicing Minneapolis area accounts.

PROMOTION

Paul E. Merz, Ph.D. (Econ. '61) will become Chairman of the Department of Economics at St. Louis University, School of Business and Administration, effective September, 1974. Professor Merz recently completed a year's assignment as Director of Program and Research Planning in the Business School and was designated John and Adaline Simon Distinguished Professor of Economics in September, 1973. □



COLLEGE AND GRADUATE SCHOOL
OF BUSINESS ADMINISTRATION

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business news

COLLEGE AND GRADUATE SCHOOL OF BUSINESS ADMINISTRATION—UNIVERSITY OF MINNESOTA

QA Approaches to Administrative Problems

Quantitative Approaches to Administrative Problems is a course designed to demonstrate how to use Management Science techniques and methods to aid decision making in which emphasis is placed on describing operational systems in mathematical notation and constructing a 'model' of the problem situation if necessary.

Scheduled once a year it forms the second half of a two quarter sequence primarily intended for students in the MBA program but taken also by graduate students in other fields and by those studying for the Ph.D. It is always oversubscribed and there is usually a waiting list for those wishing to enroll.

The course is centered around the study of actual situations in organizations in the Twin Cities area to help the student bridge the gap between textbook problems and actual problems encountered in business. In situations that are difficult to model, the rigor that quantitative analysis requires in the identification and analysis of the ingredients of decision prob-

lems is of great value even when a formal model of the situation may not result.

To facilitate 'live' study, the class forms project teams usually consisting of four students who have a variety of backgrounds and experience: engineering, law, economics, and public administration as well as the functional business fields of accounting, marketing, finance, transportation and production management.

The teams are formed to ensure that not all the mathematicians are in one group and all the accountants are in another. By making the teams as diverse as possible, it is hoped that the problem area under study will be looked upon from various points of view. This year there were 116 students making up 29 teams; nine faculty members served as advisors to these teams. Each team member spent approximately 20 hours a week on the project; this totals to approximately 30,000 manhours during the quarter.

Organization of the course

This does not count the many hours spent by Professor Norman Chervany who is faculty coordinator and whose enthusiasm indicates high satisfaction with the course and his enjoyment of its challenges and opportunities for administrative community interaction.

The project team works on the project for the duration of the thirteen

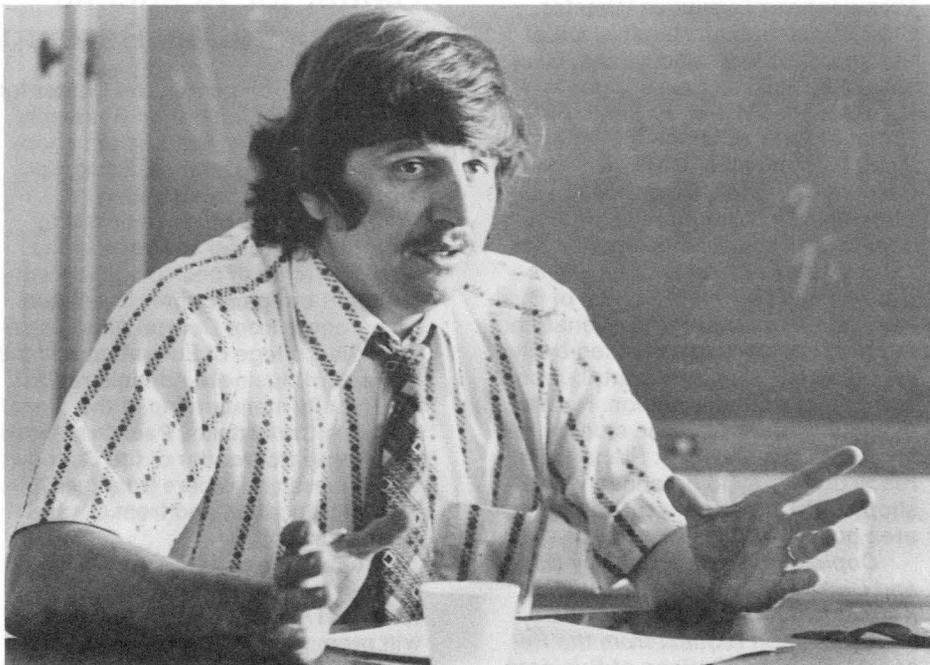
QA Approaches-to column 7

Minnesota Business Conditions Mixed Business School Survey

The latest business school quarterly report on Minnesota business conditions shows differing trends for retailers and manufacturers.

1. Minnesota retailers are experiencing more than just a seasonal gain in activity. Eighty-four percent of panel members see third quarter sales higher than second quarter sales, and the employment decline noted last quarter appears to have ended. Although no significant change in buying policy occurred

Retail Business-to column 6



Professor Norman Chervany critiquing project team report

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Corporate Social Policy Discussed

A symposium co-sponsored by the National Affiliation of Concerned Business Students (NACBS) and the College of Business Administration with keynote addresses under Kappel Chair auspices was held in May at the University at which corporate social policy and practices were discussed by area business executives, students and faculty from the University and surrounding colleges and the University of Wisconsin as well as the keynoters from Harvard and the University of Pittsburgh.

Professor Raymond Bauer of the Harvard University Graduate School of Business discussed practical aspects of implementing corporations' social responsibilities and concluded by stating that "the need is for creating a more responsive organization which can institutionalize change when it is called for, whether the issue be labelled social or otherwise. The new organizations we have developed, particularly the divisionalized product-market corporation, have some problems of across-the-board governance. That is why we have delegated so much autonomy to the operating units. But there are some responsibilities that the organization as a whole cannot duck, and some opportunities of coordinated action that it may want to take advantage of. Few if any organizations are adept at this sort of response."

David Blake, a member of the Research Program in Corporate Social Policy at the Graduate School of Business, University of Pittsburgh, in his address conceptualized the political nature of the linkage between business and society. His paper "attempted to show that the relationships between business and society is a permanent fixture of the environment within which

business operates. Moreover, it has widespread implications for all aspects of the business just as a large number of corporate actions affect society. Consequently and finally, corporations must consciously attempt to manage their relations with society." Blake stressed that the political process orientation "implies that corporations can and should *manage* their relations with society. . . . Certainly, many corporations have managed specific programmatic efforts with varying degrees of success, but these often fragmented activities cannot substitute for a well-developed management approach to this linkage. Just as there exists a marketing concept so too there needs to be a social policy concept which is implemented and integrated throughout the corporation. The social policy concept can provide the basic intellectual philosophy to guide management thinking and actions as they relate to and interact with societal interests."

Other participants in the day-long seminar were Kirk Hansen, NACBS President and Executive Director, Staff Consultant to Standard Oil of Indiana; Dr. Frank Hildebrand, General Mills; Russell Laxson, Honeywell; Bill Bennett, 3M; Jim Hetland, First National Bank of Minneapolis; and Doug Westervelt, NACBS Midwestern Regional Director, School of Business Administration graduate student and chairman of the symposium.

C. Arthur Williams, Dean of the College and Graduate School of Business Administration, who opened the morning session, was pleased by the excellent panel and its contribution to the important discussion. He was especially pleased at the student response to the dialogue. Plans are already underway to present a workshop on the same general subject area possibly early next fall. □

Copies of the addresses by Bauer and Blake will be published under Kappel Chair auspices and will be available upon request from the Research Division, College of Business Administration at no charge.

Retail Business—from column 3

between May and August, continuing increases in inventory levels are indicative of increased sales in the last quarter of the year.

- Minnesota manufacturers are experiencing slower conditions in production and employment this quarter compared to last quarter. More than half report the same or lower production and only 28 percent report increased employment. Consistent with this easing are: the sharply reduced lead time needed to procure capital goods; an increase in the proportion of manufacturers adding to inventories this quarter; and far fewer firms reporting higher levels of new orders.

The quarterly surveys were started this May, and are based on responses from panel members in 65 retail and manufacturing firms selected randomly from throughout the state. For a complete report, write or call the Division of Research, College of Business Administration, University of Minn., Minneapolis, Minn. 55455. (373-4479)

Center for Academic Administration Research

A new research center, the Center for Academic Administration Research, has recently been established cooperatively by the Deans of Education and Business Administration.

The purpose of the center is to promote and foster research in the administration of postsecondary education. It brings together interested researchers from Central Administration, the College of Education and the College of Business Administration. The faculty membership of the center includes **Carl Adams**, **Paul Grambsch** and **Roger Schroeder** of the College of Business and others from the College of Education and from Central Administration.

Roger Schroeder of the CBA has been selected as director of the center for a two-year term. The center will promote a working paper series, research seminars and research funding activities. □

QA Approaches—from column 3

week quarter with one of the participating organizations. A faculty member contacts the organization and identifies the problem area in which the team is to work. Within this problem area the team specifies (subject to agreement by the organization) the specific objectives for their study and the methods to be employed in their analysis. After this, the team formulates this problem in a mathematical model (where appropriate) which describes the operation and the effects of the decision variables on the problem. Once formulated, the problem is either solved or a solution indicated and a complete discussion of how the solution is to be implemented is included.

When it is necessary for the team to analyze only a portion of the total problem, their final report must contain:

a) a statement of the limiting assumptions that they had to make to isolate and analyze the portion of the problem they studied; b) a statement that describes how the sub-problem that they worked on interfaces with the remaining parts of the larger problems; c) a detailed proposal for the remaining activities that must be completed in order to fully analyze the larger problem.

A wide variety of organizations assist the school, in presenting this course, including financial institutions, public utilities, distributors, governmental agencies, medical clinics, and manufacturing firms of many types. Each year there are new organizations and some repeats. Within the organizations, the project teams are assigned to a variety of areas including marketing, distribution, office services, manufacturing, motor vehicle maintenance and customer services. Examples of the kinds of organizations which participated this year are Dayton Hudson, 3M, Glass House Studios, Team Central and Rosemount Engineering in the private sector and Beck School, City of Bloomington, the Higher Education Coordination Commission and the Sister Kenny Rehabilitation Institute in the non-profit and governmental sector.



Dick Wallen previews team report before Professor Chervany and fellow team members

Evaluation of the Course

Fifteen to twenty hours per week per student on one course while taking two others is costly; three to four full-time faculty equivalents devoted to this one course is costly; organization management time spent on the project is costly. Is practical experience worth the cost?

It is easy to argue the merits of this course on intuitive grounds; The value to the students of some practical experience in their educational program is 'obvious,' recommendations made to the host organizations provide 'new ideas and perspectives,' the school gains valuable 'visibility and credibility' with the administrative community. However, to make informed judgments about the value of the course and how to improve its operations, evaluative data from the students on the teams and from the host organizations is required.

Quarterly the quality of student work and value to participating organizations is individually assessed, but during Spring 1973 a special overall study was made of student and organization satisfaction. Student response clearly indicates that one of the major objectives of the course to provide challenging and successful experience analyzing a 'real-world' problem was met. Data from the host organizations shows strong positive evaluation of the project teams' ef-

orts. Considering the overall evaluation for each organization, ten of the fourteen host organizations rated the overall effort very high. For the projects rated the highest, the student team seemed to provide something useful—skills, outside opinion, and analytical impetus—that the host organization did not have. The lowest rated seemed to be associated with a lack of user interest. Other lowly rated projects were characterized by a series of experiential or technical skills deficiencies in the members of the teams.

The very positive benefits for students, faculty and the host organizations, supported by the continuing

QA Approaches—to column 16



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Mary Louise Hill, Editor

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CENTURY COUNCIL HIGHLIGHTS

FROM THE DEAN

The College of Business Administration was established in 1919. Since that time it has provided undergraduate and graduate education for thousands of students and made significant research and service contributions to the community. The experience we have gained over this period should prove highly useful to us in coping with the increasing complexity of today's educational institutions.

The major conclusion we draw from our past experience is that tomorrow's resources will be scarcer than today's and yesterday's and that our decision making process will become increasingly difficult. We are currently experiencing some special problems because our enrollments are increasing at an unexpectedly rapid pace. Undergraduate enrollment increased 13% last Fall, graduate 11%. We also recognize that more is expected of our students with each passing year and that demands for lifelong education will increase. Clearly the challenge will be greater in the future than in the past. As we enter the second half of the seventies, therefore, we must continually improve our programs and investigate new areas of service.

Toward that end, the College of Business Administration in conjunction with the UM Foundation, about three years ago, established the College and Graduate School of Business Administration Century Council. We need the interpretative and moral support of our alumni and friends in the business community. Equally important, we need your financial support.

This financial support is needed to establish more student fellowships and scholarships, help faculty members take advantage of special professional development activities, purchase instructional equipment and supplies that will make our teaching more effective, expand our placement services, bring more distinguished lecturers to our classes and to the community, and finance in part the distribution of this newsletter to alumni.

This year we are pleased to have our good friend and dedicated alumnus, Hank Dornseif, serve as the chairman of the Century Council-Alumni Board Advisory Committee. Because of his long-time interest in education and loyalty to the College of Business, Hank has agreed to add this leadership position to his already busy schedule.

The University of Minnesota College and Graduate School of Business Administration Century Council was established to give every alumnus and friend the opportunity to participate in our future. I invite each of you to join the following members in this effort.

C. Arthur Williams, Dean

FROM THE CHAIRMAN

Our objective is to solicit contributions from Alumni to provide Dean Williams with the only source of discretionary funds he has available to adequately cover the many unscheduled opportunities to expand the services of the College.

We, as financial people, recognize the inflexibility of operating within the

framework of a rigid and sometimes insufficient budget.

As a personal aside, I think you will agree that the College does provide the business community with excellent talent and you have been at one time an integral part of it. Your success today in large measure can be traced back to your undergraduate days in the College at a minimal cost to you.

Will you share a little of the return on your investment with the College? I hope so.

Hank Dornseif, Chairman

P.S. Please make your check payable to the University of Minnesota Foundation but send it along with the completed form below to insure proper disposition and credit.

P.P.S. Don't forget matching gifts. Many of our alumni are employed by companies that are members of the Matching Gift Program. This means that they will match your gift dollar for dollar. This normally involves no more than filling out a simple form provided by your employer and mailing it with your gift. Please check with your personnel department to determine the exact procedure necessary.

CENTURY COUNCIL MEMBERS 1973-74

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 Ford M. Ferguson
 David R. Fesler
 John L. Fesler
 Robert W. Fischer
 Donald H. Gabbert
 Will R. Galis
 Clark R. Gibb
 Jerome A. Green
 Morris P. Grossman
 Harold F. Groth
 Donald W. Gustafson

Howard Guthmann
 Harold Haglund
 I. R. Hansen
 William M. Harris
 Robert Haugen
 Vernon Heath
 Albert H. Heimbach
 Kathryn Hoxmeier
 Chester L. Hursch
 Mary Janet Jaracz
 Walter C. Johnson
 David C. Johnston
 Robert A. Kottke
 Richard L. Kozelka
 Duane Kullberg
 Erwin Kelm (*Life Member*)
 Thomas E. Leary
 Mrs. Walter S. Leary
 Don Lein
 Kenneth A. Lindstrom
 John Mattila

Peat Marwick, Mitchell Fnd.
 Ralph Mecklenburg
 Robert A. Mellin
 Herbert E. Miller
 Morton Mosiman
 R. L. Murlowski
 John D. Nordstrom
 Winston Obert
 Dale Olseth
 Norman Olson
 Wendell Olson
 Phi Delta Alumni
 Robert W. Powell
 Richard E. Riis
 George M. Robertson
 James Robinson
 Fred M. Seed
 Levering Seeman
 Joseph Shefner
 Leo H. Slater
 Addison M. Smith

Edward Smith
 William K. Smith
 Clifford C. Sommer
 T. Doyle Spaeth
 Bill Stocks
 William T. Stoll
 Arthur L. Swanson
 Lowell T. Swenson
 E. Palmer Tang (*Life Member*)
 John E. Thomas
 Richard Thorsen
 Robert Trueblood
 Edward E. VanHousen
 Ralph J. Voss
 Dennis A. Watkins
 Rolland H. White
 Hartwell Wilkerson
 C. Arthur Williams, Jr.
 Rodney M. Wilson
 Claude J. Zagaria
 Robert Zimmer
 Dwight J. Zulauf

BY-LAWS OF THE COLLEGE OF BUSINESS ADMINISTRATION CENTURY COUNCIL

ARTICLE I
Name

1.0 The name of the Council shall be the College of Business Administration Century Council.

ARTICLE II
Purpose

1.0 This Council is organized and shall be operated exclusively for the

benefit of the College of Business Administration, University of Minnesota. The Council shall endeavor to promote, contribute to and otherwise assist in the furtherance and improvement of the undergraduate, graduate and staff activities, causes, and projects of the College of Business Administration.

ARTICLE III
Membership

1.0 Annual membership in the College of Business Administration Century

Council is available to individuals through a contribution of one hundred dollars or more per year.

2.0 Life membership is available to individuals through a contribution of one thousand dollars or more in one year or one hundred dollars for twelve years.

3.0 Membership in the Council exists on a calendar year basis, from January 1 to the following December 31.

3.1 Contributions of one hundred dollars or more received before November 1 shall be counted toward current year membership. □

MEMBERSHIP APPLICATION



Yes, I wish to join the COLLEGE OF BUSINESS ADMINISTRATION CENTURY COUNCIL program and pledge \$100 (or more) annually until I send further notice.

(Make check payable to The University of Minnesota Foundation)

Annual Membership

Enclosed is my:

Contribution of \$ _____ (\$100 or more).

Pledge of \$ _____ (\$100 or more).

Life Membership

Enclosed is my:

Contribution of \$ _____ (\$1,000 or more).

Pledge of \$ _____ (\$1,000 or more).

*Contribution of \$100 per year for twelve years certifies the contributor as a life member. Pledges will be billed semi-annually.

(Your gift is tax deductible)

Please send information concerning wills, bequests, life insurance giving, and other types of deferred gift plans available.

Is your firm a matching gift company? If so, your personnel office can supply you with the necessary forms to send along with your gift.

Signed _____

Please complete both sides of form and return to:
 University of Minnesota Foundation
 College of Business Administration Century Council
 P.O. Box 3854, St. Paul, Minnesota 55166

QA Approaches-from column 9

assessment in addition to this special study last year, are not achieved without cost and continuing problems. The major cost is faculty time. For the twenty-one project teams in 1973, four full-time faculty equivalents were used. In addition, the time spent on this course by individual faculty members is often more than that spent on more typical courses.

Faculty and students, however, feel that this course is well worth the cost. From the host organization's perspective the major weakness cited is that "the teams could use more time to adequately complete their project."

Some Specific Projects

One of this year's projects was to determine how to allocate field salesmen to sales branch offices in a rapidly growing engineering company specializing in instrumentation for a number of different industries. Management wanted to develop a quantitative basis for the allocation of salesmen to its nationwide branch offices.

Initially, the company thought that the problem could be formulated as a mathematical programming problem. When it became apparent that a mathematical programming analysis could not be completed due to several factors, the team decided to de-

velop a method of marginal analysis to determine where additional salesmen should be allocated. The method was divided into two parts: 1) 'sanitation' of the companies existing data and (2) calculation of marginal ratios for allocation of salesmen.

The major challenge faced by the team was in defining a problem which could be solved within the time constraints of the course and the data constraints of the company. Approximately five weeks was devoted to formulation of the problem, the remaining five weeks was spent on computer programming and analysis of the data.

The company benefited directly by the use of the data for its annual sales retreat, later it will be presented to regional sales managers. The company plans to continue use of the analysis and computer programs developed by the project team.

A different type project was to develop a profile of the parents sending their children to a private school and a marketing plan for the school. The major challenge appeared to be the development of a meaningful questionnaire, the testing of it and the mailing, and analysis of the results within a very short time frame.

The board of directors of the school before whom the team presented their report appeared to be

impressed with the work performed by the team, and immediately established a committee to review and take the necessary action to implement many of the recommendations. The main contribution to the students was to give them a chance to identify a problem and seek means to solve it. Their faculty advisor, Professor Zimmer, chairman of the Accounting Dept., stated that the time constraint, the recognition that their performance could directly influence the organization's future, the team effort, the development of a questionnaire, the analysis and post-mortem review of how their questions were interpreted, greatly benefited the members of the team.

Professor John Anderson who advised the team that worked with the Emmer Distribution Centers said that the interaction, methodology used and the results made a meaningful and interesting experience for all concerned.

The problem involved determining potential locations for new distribution centers. Solving an important managerial decision problem which could have a major impact on the profitability and viability of the firm, meeting and being involved with top management, putting their education

QA Approaches-to column 28

NOTE: (Even if you are not able to give at this time, we would like to have the above information.)

NAME _____ EMPLOYER _____

ADDRESS _____ ADDRESS _____

CITY _____ CITY _____ STATE _____ Zip _____

STATE _____ Zip _____ POSITION _____

Help us to update your University of Minnesota college records:

U of M College Major Degree Year

Honors, awards, clubs, societies, etc., (received or member of) that you would like

to have on your alumni record _____

THANK YOU



UNIVERSITY OF MINNESOTA FOUNDATION

107 Walter Library Minneapolis, Minnesota 55455

Women students in the College of Business have increased from 3.5% to 11.1% from the Fall of 1969 to Fall 1973 as a percentage of the undergraduate enrollment. University-wide, women as a percentage of total Twin City undergraduate enrollment has held at 40% from '69 to '73.

Why were there so few women four years ago? Why has there been such an increase? Part of the reason may be general economic conditions; business school graduates generally are faring better under present tighter employment conditions than liberal arts or education where the supply of teachers outnumbers the positions available. Part may lie in affirmative action by business encouraged by government directive and recent court decisions.

Woman Faculty Views

Lillian Werner, the one woman faculty member in the College, who has been a part-time faculty member in Marketing for twenty-seven years and who serves as advisor to Phi Delta, the women's business sorority, which grew from four to thirty during the year, says she can't tell whether there are more women in the college or not because she has regularly had many women in her classes in retailing. Some are from the College of Home Economics in retailing or design programs, some from University College or from Liberal Arts taking some business courses, as well as regular CBA women students; she has no way of knowing which are which.

However, she does see greater acceptance and opportunities for qualified women generally; in retailing she sees advancement to buyer, but knows of no women in management as divisional heads in this area. Women are being accepted into management development programs in business Ms. Werner noted, but when it comes to progress up the ladder, women are "confronted by the old saw 'but the young woman may leave because her husband's job may require it or she may decide to become a full-time housewife and mother,' as though no young man ever left the company during or after the management development program."

In discussing affirmative action programs and their effectiveness, Ms. Werner expressed the view that generally business is doing more in affirmative action and equal opportunity than colleges and universities. "I haven't seen any evidence of affirmative action working in CBA and very little in the University as a whole."

One solution she wishes the University would seriously consider is job-splitting or job-sharing while giving "full status" to part-time faculty. By full status she means "dealing equitably in contract agreements in regard to credit toward tenure, social security coverage, retirement insurance, disability payments, travel expenses, etc. Just cut a whole contract in half: half the benefits and half the responsibilities. Everyone, I believe, will gain."

Alumnae Views

Irene Kreidberg, '30 BBA, who assumed management of the new University of Minnesota Alumni Club at the top of the IDS Tower when she retired from Sperry Univac after 43½ years, says she "must admit that as a woman, to be recognized it was always necessary to work extremely hard and to always be on the alert to prove yourself." Equal treatment of men and women for jobs well done has not always been the case, but she thinks the situation has shown improvement in recent years. "Legislation has helped, she said, but more important, I do believe companies have begun to recognize the loss of a wealth of management ability by not recognizing women for major assignments. . . . Women must never become complacent and feel that they will be recognized only because it is a must for employers to do so on the basis of equal rights. Performance will always be the determining factor for recognition and promotion, for men and women alike."

Joyce Carlson, a 1959 CBA graduate in Industrial Relations, became Staffing Manager, Computer Systems Development Division for Control Data at its Arden Hills Facility in 1973 after four years with the company. She spent nine and a half years at Honeywell before joining Control Data.

Ms. Carlson considers the associations developed in college as well as college itself have been invaluable in her professional and personal life. "The educational alternatives for students today present more opportunities for a blending of information and experience in the realities and the theories of business. This is a very desirable change since my formal education experience at the University," she says.

"Women have and are continuing to experience difficulty in achieving their job objectives. There are, however, many 'change agents' which are influencing opportunities and gaining results for all people at this time. To name a few—legislation, the role of education, business needs, and the changing value systems as they affect the individual in the social, political and economic areas."

Women-to column 22



Irene Kreidberg with Dick Murlowski, Business Alumni Association president, and Dean C. A. Williams, Jr. at annual Alumni-Faculty dinner

Women—from column 21

Changes in industry have been particularly dramatic during the last six years. Women are assuming business responsibilities for which they have been qualified while others are preparing for similar or new positions where women have had limited representation before. Ms. Carlson thinks these are exciting and challenging times for individuals and organizations. "I'm particularly pleased to be involved as a personnel professional and manager as we strive to achieve 'people potential' while satisfying business needs," she concludes.

"I've seen nothing but great improvement over the past five years for women—both in opportunity and treatment. I think government pressure has been the major factor, especially in large national corporations. But I also see a lot of men whose wives are going back to work really appreciate their wives' productivity (along with its rewards)," commented **Jane Ertl Kelley**, a '69 graduate who spent three and a half years in New York with the Irving Trust Company and who was the first woman hired to participate in their executive training program which led to the position of corporate lending officer. She left to join Goldman Sachs and in February 1974 moved to Florida where she joined Landmark Banking Corporation, a multi-bank holding company with total assets near \$1 billion. She works as Special Projects Manager under the Controller.

I know that in NYC it was a real advantage to me to be a professional business woman when it came to switching jobs, she said. I've seen bank training programs that had hired 2-3 women a year, begin to hire 10-12 women a year. I do think, however, that NYC is ahead of the rest of the country in its progress in sheer volume in this area."

"I think the future depends mostly on women themselves. I would say the door has been opened (although not to senior management). It's up to women now to take full advantage of the opportunity. This means acting like a real professional, making the same sacrifices in life style that a man must make, and asking for the

same rewards. I really think that many women are hesitant to push for actual equality although they insist verbally on it. Self-image is the name of the game. If a woman perceives herself earning \$50,000 a year, she'll find a way to do it—the same way a man would!"

Student Views

Three young women graduating from CBA this year were interviewed regarding their experience in the college, their job plans and expectations and their views on discrimination. First, they all were pleased that there are more women enrolled in their classes, enough to notice from the time they entered the college. They have experienced little if any feeling of discrimination by college, faculty or men students. Two felt most faculty members went out of their way to counter any discrimination. One noticed improved attitude and acceptance of women students by men students during her time in college.

None of the three women expect to encounter much discrimination when they enter business which they all plan to do. However, they do expect to have to work harder and be better than men colleagues to achieve advancement, and they are not at all certain about advancing above a certain level even if they are better qualified. They are career-oriented and expect to continue to work even though they may marry; and if they decide to have a family, they hope to stay out of the labor market only temporarily.

Generally, they are pleased with their experience in CBA and feel that the preparation they received is good and will pay off. One mentioned more and better counseling would have been beneficial regarding what subjects to take for certain kinds of jobs. She suggested that more than two courses in two fields should be encouraged and felt that more knowledge and experience would increase women's self confidence and job potential. All mentioned their management courses as being especially good and consider they will be most useful in their careers.

Two of the three mentioned family experience and interest in business as their reasons for choosing business administration, but all stressed their belief that the probability of getting a job was better with business training.

Susan Fiedler, President of Phi Delta, and one of the three graduates interviewed, talked about the increase in membership from four to thirty this year. She was pleased at the revival of interest in the sorority, but is not sure of the reason. She also talked about their programs during the year and said there was great interest in their career-oriented speakers but little if any in a joint dinner with a men's fraternity. She spoke for the membership stressing their views that business grads have a much better chance for career positions than other grads. They are all definitely planning careers, not just working a few years until they marry.

Mrs. Jan Windmeier, CBA Placement Director, reported that well qualified women graduates are in great demand with especially heavy demand for the well-qualified specialist in accounting.

Longer than a three-year comparison of salary offers is not meaningful because there were so few women graduating until '72 when there were 16 women out of 325. In 1972 and '73 BSB Regular salary offers to women were \$30-50 under men's; BSB Accounting women's offers were slightly above men's. While all the offers for this year's graduates are not yet tabulated, it appears that women's salary offers are as high or slightly higher than men's for both Regular and Accounting specialists. This year's women's salary offers are a reflection of the market for women where position offers outstrip the numbers of well-qualified women, Mrs. Windmeier believes. □

The 21st Annual Alumni Institute is scheduled for November 19 at the St. Paul Hilton.

John Myers, President of Hoerner Waldorf, is Honorary Chairman. Jim Brandt, Arthur Andersen & Co., is Program Chairman, Robert Zimmer, Chairman of the Accounting Dept., is Faculty Coordinator.

President Richard Murlowski says program planning is underway.

Save November 19th.

Robert F. Hoel, who received his Ph.D. in marketing from the Graduate School of Business Administration in 1972, received the "Outstanding Faculty Award" from the Colorado State University Business College Council, where he is assistant professor of marketing. The award is made annually by the College Council, representing 1,650 business students, to a faculty member in recognition of outstanding teaching and service to students.

Jack Dennis is the first student to earn the 50 credit certificate in Information Systems Analysis and Design, a program which provides education and training for advancement in computer and data processing occupations. The certificate was developed three years ago by Continuing Education and Extension and the College of Business Administration in cooperation with several Minnesota firms. One of the firm affiliates is the Federal Reserve Bank of Minneapolis, where Jack Dennis works as a senior program analyst.

Robert M. Trueblood, BBA '37 With Distinction, Chairman of the Board of Touche, Ross & Co. from 1963 until his death in February of this year, has been voted as the single entrant into the Ohio State University Accounting Hall of Fame.

As a former President of the American Institute of Certified Public Accountants and in other capacities, he was deeply concerned for the future of the profession and was a constant critic of those who sought to minimize the responsibilities of the

practicing accountants. He served as an advisor to government and was a member of President Johnson's Commission on Budget Concepts. He was a visiting professor at leading business schools in this country and abroad and was co-author of several accounting books. The American Institute of Certified Public Accountants awarded him its Gold Medal for Distinguished Service in 1971.

Marjory J. Immer, BBA '49, Membership Director of the National Association of Housing and Redevelopment Officials, Washington, D.C., wrote to suggest that discussions of seminars held at the college, such as the Small Business Seminar April 16 and 17 reported in the last issue of *Business News*, be reprinted and made available to interested alumni and others. She made the point that although she could not attend the seminars personally she would be interested in receiving inexpensively reprinted material from them containing the meat of any presentations and the discussion.

We regret that we had not planned to reproduce the Small Business Seminar discussion she mentioned for it was well planned, organized and received by those attending.

We would like to know how many alumni and friends of the college would be interested in having such presentations and discussions made available. If there appears to be a substantial interest we would seek means to satisfy it. If you think you would be interested please complete the form below and return it to the Dean.

We are pleased at the response of alumni to the college efforts to communicate and to our increased alumni coverage in the *Business News*. We hope that you will continue to read the *Business News* and will send in your news, views and comments. □

The Editor

PROMOTIONS

Ivan Ross, Marketing Dept., from Associate Professor to Professor.

Andrew Whitman, Finance & Insurance Dept., from Associate Professor to Professor.

Robert Zimmer, Accounting Dept., from Associate Professor to Professor, named Chairman of the Dept. to replace John Simmons who has resigned to become Chairman of the Accounting Dept. at the University of Florida.

Carl Adams, Management Sciences Dept., from Associate Professor to Associate Professor with Tenure.

Donald Ricketts, Accounting Dept., from Assistant to Associate Professor.

DEPARTURES

Robert Henry, Associate Director of the Management Information System Research Center for the past four years, has accepted a position as Information Systems/Data Processing Computer Operations Manager at 3M.
Faculty News-to column 35

SEMINAR INTEREST FORM

Yes, I would be interested in having seminars held at the college reprinted for distribution.

Name _____

Address _____

Mail to:

Dean C. Arthur Williams
College of Business Administration
University of Minnesota
Minneapolis, Minn. 55455

QA Approaches-from column 18

to work on a real life problem in a team effort were all substantial and interesting challenges for the students. Beneficial to the company was insight into the way quantitative methods may be employed to aid management decision. The site selection model and associated methodology was validated with existing distribution centers, and employed to their satisfaction on five new site analyses. On the basis of these results the company plans to employ the model in all forthcoming site location decision processes.

R. A. Corkins, President of Emmer Distribution Centers, is pleased with his company's experience with the two teams who worked on two different problems. In commenting on the site selection project he stated, "The final report which we received this past Monday is, without question, a professional job. I assure you that this report will be the cornerstone in our decision process for choosing new distribution center locations.

I wish to commend the College of Business Administration for its competent faculty members, as well as its highly motivated students. We are most appreciative of the invaluable reports as well as having an opportunity to interact with such a fine institution." □



Date Processing: Miracle or Mirage

Dr. Gordon Davis, Professor of Management Sciences in the College of Business Administration, addressed the second Quarterly Alumni Luncheon Seminar July 18 at the Northstar Inn. Data Processing: Miracle or Mirage was the title of the address in which he touched on such facts as "computer technology has advanced so that speeds are a thousand times faster, storage is a thousand times greater and cost is 1/100th as much."

Davis went on to describe the current status of computer-based management information systems and evaluated the miracle that can be achieved by MIS or the mirage that might overtake the unwary.

Davis' address will be published and available at no charge from the Research Division.

The next Alumni Luncheon Lecture will hear Dr. Thomas Mahoney of the Industrial Relations Dept. speak on "Justice and Equity: A Recurring Theme in Compensation" on October

17. On January 29, 1975, Dr. Patrick Pinto, Industrial Relations Dept., will speak on "Managers, Monkeys, and the Behavior Mod Squad." Co-sponsored by the national honorary business fraternity, Beta Gamma Sigma, the final Alumni Lecturer of the year will be Maurice Moonitz, Professor of Accounting at the University of California at Berkeley, on May 2, 1975.

All of the lectures will be published and may be requested from the Research Division. □



Professor Gordon Davis speaking at MISRC Associates meeting

REPRINTS

"Industrial Market Segmentation" by Yoram Wind and Richard Cardozo, reprinted from *Industrial Marketing Management*, Vol. 3, No. 3, March 1974.

Professors Wind and Cardozo present in this paper a conceptual approach to the segmentation of industrial markets together with results from an exploratory survey of current segmentation practices in industry.

Although segmentation is often claimed to have been used as a marketing tool it could be that its main use is to explain results in an ex-post study after marketing has taken place. The authors wish that market segmentation strategies be used a priori and present two examples to encourage appropriate use of market segmentation in planning and control of marketing strategies.

"The Shipper Views Deregulation of Transportation" by Donald V. Harper and James C. Johnson, reprinted from *ICC Practitioners' Journal*, March-April 1974.

The views of the regulated surface carriers on the subject of regulatory revision are well known as well as that of the government agencies, DOT and the ICC. But what about the views of the shipping public whose interest and welfare should be the topmost consideration in any discussion of regulation reform?

Unfortunately shippers are not as well organized as are the carriers, and no one individual or organization can speak for the shipper side in discussions about economic regulation. Furthermore, studies of the shippers' attitudes are few.

This article reports on a mail questionnaire study among nontransportation and transportation (shipper side) executives to determine their opinions about regulatory reform.

"Analyzing Acquisitions by Bank Holding Companies" by Paul F. Jessup, reprinted from the *Journal of Bank Research*, Spring 1974.

Do multibank holding companies acquire "typical" banks from the universe of banks available to them? Professor Jessup finds that multibank

holding companies typically avoid acquiring small banks from the universe of potentially available banks.

Recent studies that analyze before and after performance of banks acquired by multibank holding companies generally fail to detect significant operating changes after acquisition. Those studies compared changes in operating performance of acquired banks to those of "similar" non-acquired banks. If multibank holding companies acquire atypically large banks that already approach efficient plant and firm size, then comparing them to "similar" efficient banks is likely to produce inconclusive research results. This feature of holding company expansion, this paper stresses, must be explicitly recognized in future studies of acquisitions by multibank holding companies.

"New Markets for Bank Stocks" by Paul F. Jessup, reprinted from *Bankers Magazine*, Winter 1974.

While widespread publicity has accompanied many new innovations in bank policies and practices, little attention has been given to recent developments in markets for bank stocks. Until just lately, stocks of large banks typically were bought and sold in over-the-counter markets. In contrast, stocks of smaller banks—those having deposits of less than \$100 million—typically were owned by local residents. Buying and selling of such shares usually was done locally, with the bank helping potential purchasers and sellers locate one another.

In this article, Professor Jessup describes the changes in financial press coverage and analyzes the changing markets for bank stocks both of which have major implications for bank management.

"How Free is 'Free Checking?'" by Paul F. Jessup reprinted from *The Magazine of Bank Administration*, May/1974.

The question of whether to offer free checking accounts is one confronting many bankers. The number of banks choosing to offer such accounts has almost tripled in the last five years. Despite such growth, there has been little, if any, examination of the principal costs and benefits of free checking. Professor Jessup, in

this article, develops a cost-benefit framework for evaluating various dimensions of so-called "free checking" and demonstrates why bankers and bank regulatory officials should explore practical alternatives to the proliferation of free checking.

Single copies of the reprints and working papers are available at no charge upon request to the Research Division, College of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455.

WORKING PAPER SERIES

"Aggregating Expert Opinion in Decision-Making" by Raymond E. Willis. *Working Paper No. 19*, April 1974.

In decision problems such as that of choosing the location of a new plant or selecting one employee out of a group for promotion, the payoff function often cannot be obtained objectively. Instead it is implicit in the subjective judgments of those charged with making the decision. While each judge may be able to express his relative evaluations of the alternatives, these individual valuations are not commensurate which poses a problem in aggregating them to form a group judgment.

This paper reports the results of a simulation study comparing the relative effectiveness of alternative methods of expressing and aggregating such subjective evaluations.

BOOKS

"Changes in University Organization, 1964-71," by Edward Gross and Paul V. Grambsch. *McGraw-Hill Book Company*, 1974.

From 1964 to 1971, many campuses in the United States were shaken by major upheavals. What effects did these disruptions have on the structural organization of American universities? Were the universities merely shaken temporarily or did the upheavals generate significant organizational changes? Professors Edward Gross and Paul Grambsch explore these questions in this research report and conclude that there have been genuine changes and that some of them have been startling.

Defining *goals* as the way an organization allocates its resources and *organization* as a social system that is goal directed, the authors analyze data from two in-depth surveys of administrators and faculty at 68 universities. How did these people rank the university's goals? Who did they feel had the power? How much power did they themselves have in determining the goals and the emphasis to be placed on various ones? The authors' findings are in many ways surprising.

Despite the disruptions of the late sixties, there were no major changes in the rank ordering of goals or goal preferences between 1964 and 1971. A substantial consensus in '71 felt that goals were what they should be and were receiving the appropriate emphasis. The authors found that universities are less inclined to be all things to all men; that the monolithic university system is breaking up and is even becoming fragmented.

In all areas, the authors conclude the university has become more mature in coping with conflicts. Moreover, because of the university's improved stability and maturity in dealing with its problems, it has been able to allow more flexibility in providing programs for its diverse student population. □

Faculty News—from column 27

Peter Knobloch, Instructor in Management Sciences since 1970, will become Assistant Professor of Management Sciences at the University of Western Ontario.

Richard Sauter, Assistant Professor of Marketing for the past six years, has resigned to accept a position in industry for Medtronics, Inc.

Kenneth Rich, Assistant Professor of Management Sciences since 1971, has resigned and is considering a position in industry.

AWARD

Andrew Whitman and Dean C. Arthur Williams' article "Open Competition Rating Laws and Price Competition," in the December issue of the *Journal of Risk and Insurance*, has received an award as one of the award winning articles of 1973.

MIS Lauded

The June 1974 issue of *Infosystems* cited our MIS program and its related research center, the MISRC, as a front runner in information systems education and research in an article entitled, "Education: No Interface from Campus to Corporation." **Gordon B. Davis**, MISRC Director, was listed as one of MIS education's "key individuals." Considerable mention was made of a research study conducted by the Center last year by **Robert M. Henry**, Assistant Director, **Professor Gary W. Dickson** of the MIS faculty at Minnesota, and **James F. LaSalle** from the University of Arizona who spent a sabbatical year at Minnesota working on the project. The study surveyed Twin Cities firms on the character and demand for MIS graduates. The results of this study have been released as MISRC Working Paper 74-01, available from the research center. □



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COLLEGE AND GRADUATE SCHOOL OF BUSINESS ADMINISTRATION—UNIVERSITY OF MINNESOTA

Alumni Institute to Feature Dr. Arnold R. Weber

Just Compensation Subject of Third Alumni Lecture

The 21st Annual College of Business Administration Alumni Institute, to be held November 19, at the St. Paul Hilton, will begin with three concurrent panels and conclude with the annual banquet at which Dr. Arnold R. Weber, Provost of Carnegie-Mellon University and Dean of the Graduate School of Industrial Administration, will be the speaker. His subject will be labor and wages in an inflationary economy.

The panel session will begin at 3:00 and run until 4:30 p.m. The three panels, made up of college faculty, will each be presented twice in the hour and a half enabling alumni to attend two different panels.

"CBA Contributions to the Management of Higher Education" is the title of the first panel with Professors Carl Adams, Norman Chervany and Roger Schroeder of the Management Science Department. The second panel, "Valuing Human Beings: The Status of Human Capital Accounting," will have Mario Bognanno, Chairman of the Industrial Relations Department, and Professors Herbert Heneman and Mahmood Zaidi and Robert Pyle of the IR Dept. "Auditing — Exciting: The Frontiers of Current



Dr. Arnold R. Weber.

Research" is the title of the third panel with Gordon Davis of Accounting and Management Sciences, John Neter of Management Sciences and Mike Barrett of Accounting.

There will be a social hour from 5:00 to 6:30 when dinner will be served. The evening session will follow the banquet at which an Outstanding Achievement Award will be made and Dr. Weber will speak.

Institute-to column 8

"We lack any socially accepted norm of equitable compensation and can expect increased conflict over equitable rates of compensation in the future," Thomas Mahoney, Professor of Industrial Relations, concluded at the third quarterly Business Administration Alumni Lecture on October 17 at the Sheraton Ritz in Minneapolis.

In his address, "Justice and Equity — A Recurring Theme in Compensation," Mahoney described historically how economic wage theories have sought the determination of a criterion of justice for application in wage determination. One such criterion, market wage, has served to justify wage levels, differentials and changes for years. This criterion, he said, while accepted philosophically by wage administrators, has been abandoned in practice. Newer behavioral science models of motivation and compensation offer no substitute criterion, and wage and salary issues in the near future are left without any theoretical guides to the determination of justice.

Compensation-to column 6

Left to right: Tom Leary, Dick Murlowski, and Professor Mahoney.

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Keeping Current With C.B.E.

Continuing Business Education is a thriving, growing youngster in the College of Business Administration. Several years ago, some efforts were made to establish a formal program of continuing education for Minnesota business people. The efforts were started under Professor Peter Rosko, and were continued by Professor John J. Mauriel, who also developed the Minnesota Executive Program. By 1973, there was enough growth to justify a full-time Director of Continuing Business Education.

Since Dr. Merrell Arnold came to this position in December, 1973, a three-pronged mission has developed:

1. To identify educational needs related to the effective and efficient management of Minnesota organizations.
2. To provide theoretically sound, but highly practical education programs to meet those needs using University and other relevant educational resources.
3. To find means to keep the business community apprised of innovative approaches, relevant research findings, and potential future directions for management and organizational development.

In the past, efforts have focused on short conferences in the Twin Cities area. More time and energy is now being devoted to educational systems other than conferences and courses and to the extension of CBE programs to other areas of the state.

Suggestions and questions are always welcomed. Please write:

Dr. Merrell Arnold
334 Business Administration Tower
University of Minnesota
Minneapolis, MN 55455

Career Crisis at Mid-Life

The newspapers report almost daily the names of well-known people who have changed their occupation. Harry C. Piper, a successful stockbroker, recently completed theological school and is now an ordained minister. Corporate business tycoon Wheelock Whitney resigned his position to follow a life of public service. Many

other examples of persons in all walks of public and private life who have started new careers come to mind.

But these well-known persons are merely the tip of the iceberg. Thousands who face stagnation or closed doors in their profession are seeking new careers or changes in their career direction. Until recently, these persons have been left mostly to their own devices to determine their new directions and the measures to be taken to attain their new goals.

An awareness of this problem has been silently developing over many months. It is now taking shape and exhibiting itself in a number of areas. This month's issue of *Corporate Report* magazine features a thought-provoking article by Martin Bree entitled, "The Crisis at Mid-Career: Can Twin Citizens Cope?" Bree describes this stirring for change, which usually comes at about age forty. Apparently, this is an age when a person's goals — indeed, the entire person — begins to change. The psychological effect, says Bree, is a turmoil not unlike that of adolescence. It is a time of often painful personal and career assessment for men and women alike.

The Graduate School of Business Administration is taking an active interest in this significant problem facing Minnesota businessmen and women. A two-day Mid-Career Renewal seminar has been developed to examine the nature and causes of mid-life change and to develop individual strategies for mid-career development. Participants in the seminar will be assisted in making mid-career self-assessment strategies and in evaluating themselves in relation to their personal needs in career growth. The seminar will also provide experience in the application of self-assessment methods which each participant may relate to his or her own situation. Participants will be able to deal more effectively with career stresses by developing meaningful career strategies and making plans to achieve their re-assessed goals.

C.B.E. - to column 18

Compensation - from column 3

"Wage and salary administration is in the curious position of appealing to the market criterion of justice in compensation and at the same time tailoring compensation practices to accommodate non-market influences." Recent wage and compensation models are more directly concerned with individual motivation than with the larger issues of social justice. "The most clear implication for compensation and administration is that inequity motivates change to achieve equity; there are no clear implications of norms and criteria of equity or justice, however."

Mahoney's lecture followed the inaugural lecture (April) by Dr. Harry Levinson of the Levinson Institute and formerly with the Menninger Foundation and Harvard University, and the second (July) by Professor Gordon Davis of the College of Business.

On January 29, Dr. Patrick Pinto of the Industrial Relations Department of the College will speak on "Managers, Monkeys and the Behavior Mod Squad." Maurice Moonitz, Professor of Accounting at the University of California at Berkeley will be the speaker on May 2 in the final session of the year. All the lectures will be published and may be requested from the Research Division at no charge. □

Corporate Fellowships Awarded

The Corporate Associates Fellowship program, in its sixth year, has awarded twenty fellowships for the 1974-75 year, five to women.

Five of the awards are to students in the Ph.D. program: Philip Anderson, Management; Joyce Grahm, Marketing; Ken Schneider, Quantitative Analysis; Fred Stephenson, Transportation and Peter Tiessen, Accounting. The fifteen MBA awards were given to: Gary Benson, Bob Dwyer, Karen Hawley, Craig Kochsiek, Kay Lamb, Mark Morneau, Richard Muehlke, Barbara Nesheim, Margrethe Olson, Duane Peterson, Matthew Plociak, Fred Shuback, Thomas Stober, Ron Weber and Richard Weijs.

The program, funded by Minnesota business firms through the University of Minnesota Foundation, has provided scholarship funds to the Institute of Technology and the College of Business Administration to help them attract outstanding graduate students from throughout the country who will, it is hoped, find Minnesota attractive as a place to live and work when they have completed their degree programs.

"Well qualified graduate students are as necessary to a good graduate program as highly qualified faculty; this fellowship program has become an important asset to us, encouraging the enrollment of outstanding students and challenging our faculty," Dean Williams said in announcing the awards.

The amount of the awards differs from year to year depending on funding resources. This year the MBA students will receive \$1,600 and the Ph.D. students \$3,000. This financial assistance is especially important in a time of rapidly increasing costs of living and education.

In addition to the financial help, the Fellows are offered the opportunity throughout the year to visit some of the firms contributing to the program and make contacts with their executives. Dean Williams said that this aspect of the program has met with increasing interest from both the business firms and the graduate students.

The business firms contributing to the Corporate Associates Program this year are: American Hardware Mutual, Apache Corporation, Bemis Company, Buckbee-Mears, Burlington Northern Foundation, Dain, Kalman, Quail Foundation, Dayton Corporation Foundation, Donaldson Foundation, General Mills Foundation, Gould National, Graco Foundation, Haskins & Sells, H.B. Fuller, Hoerner Waldorf, Honeywell, IDS, Josten's Inc., McQuay-Perfex Inc., Minneapolis Star & Tribune, 3M Foundation, Northern Natural Gas, Northern States Power, Northwestern Bell, Northwestern Nat'l Life, Pillsbury Company Foundation, Prudential Insurance, Ruvelson Foundation, Rosemount Engineering, St. Paul Companies, St. Paul Dispatch, Tonka Corporation, Toro Company and Univac. □



Left to right: Dick Murlowski, Jim Brandt, and Charles Mannel planning the forthcoming Institute.

Institute-from column 1

Weber, in addition to having served at the University of Chicago from 1961 to 1973 in various capacities, among them as Professor of Industrial Relations and Professor of Urban and Labor Economics, has also served as Associate Director, Office of Management and Budget, Executive Office of the President, 1970-71; Executive Director, Cost of Living Council, and Special Assistant to the President, 1971; Public Member, United States Pay Board, Economic Stabilization Program, 1971-73; Member, Advisory Council on Social Security, 1974. In 1973, Weber became Provost at Carnegie-Mellon University and Dean, Graduate School of Industrial Administration. He has authored many books and articles in the field of unions, management and collective bargaining, Workmen's Compensation, price stability, retraining the unemployed, and the displaced worker.

Jim Brandt of Arthur Andersen and Company is Alumni Institute Program Chairman, Irene Kreidberg is in

charge of hotel and meeting arrangements, Professor Robert Zimmer is faculty coordinator.

Reservations for the Alumni Institute and banquet may be made by calling the Alumni Office at 373-2466. As usual there will be patron tables seating eight at \$175 sponsored by business firms. Individual dinner reservations are \$15. □



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C.A. Williams, Jr., Dean
Mary Louise Hill, Editor

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NEW FACULTY

Gene Buchholz, Ph.D. University of Pittsburgh, Assistant Professor in the Management and Transportation Department, to teach Business and Society courses;

Mohamed Heakal, Ph.D. University of Illinois, visiting Professor in the Accounting Department, to teach accounting during Professor Berryman's sabbatical leave. Professor Heakal is Chairman of the Department of Accounting at St. Cloud State College;

John T. O'Malley, Visiting Lecturer in Accounting, who has had six years in public accounting and has taught at Mankato State College, Augsburg College and the University of Wisconsin at Eau Claire;

Russell Hankins and **Kenneth Kendall**, visiting faculty in the Management Science Department, will be working on a special project for the American Council on Education. The study, funded by the Council and the Ford Foundation, will investigate cost analysis and related problems in higher education;

George O'Connell, Ph.D. University of Minnesota, Assistant Professor of Industrial Relations and Director of Labor and Urban Affairs for the Labor Education Service.

FACULTY LEAVES

Glen Berryman of Accounting — to study and upgrade his knowledge of accounting systems, income taxation and real estate accounting methods;

Frederick Beier of Management and Transportation — to continue for one additional year as Market Manager for Western Pacific Railroad in San Francisco;

John Mauriel of Management — to investigate latest methods and practices in corporate planning and business policy formulation;

George Milkovich of Industrial Relations — to serve as visiting professor at Cornell University School of Industrial and Labor Relations;

Peter Rosko of Finance — to spend the final quarter of a year and a quarter leave at Boston University in Brussels;

Steve Heinen of Management and **Orville Walker** of Marketing — to spend their single quarter leaves studying and writing.

FACULTY ACTIVITIES

Examples of some of the kinds of recent activities are listed to demonstrate the range of interests and expertise present and working in the CBA faculty.

Norman Chervany of Management Science delivered a paper entitled "Design Considerations for a Regional Energy Information System" to the Federal/State Data Task Force at the Federal Energy Agency in Washington, participated in the Midwestern Governors' Conference Task Force on Midwest Energy Requirements in Chicago, became principal investigator of the Regional Energy Information System Project, sponsored by the Minnesota Energy Agency and funded by the Upper Great Lakes Regional Commission.

Gordon Davis of Accounting and Management Science was reappointed to two committees of the American Institute of Certified Public Accountants for 1974-75: Computer Services Executive and Computer Auditing Subcommittee.

George W. England of Industrial Relations addressed the 18th International Congress of Applied Psychology in Montreal on "Personal Value Systems and Expected Behavior of Managers."

John Neter of Management Sciences has been elected to a three-year term as Director of the American Statistical Association. He also has received a grant from the American Institute of Certified Public Accountants for research on the behavior of statistical estimators when sampling accounting populations with low error rates.

Ivan Ross of Marketing has been appointed as a member of the Minnesota Advertising Review Board and Director of the Minnesota Chapter

of the American Marketing Association.

Andrew F. Whitman addressed the Insurance Accounting and Statistical Society on Government Regulation of Insurance, presented comments on State Insurance Dept. Market Conduct Surveillance Procedures to a committee of the National Assn. of Insurance Commissioners.

Mahmood A. Zaidi of the Industrial Relations Dept. was a Visiting Professor during the summer of 1974 in the Department of Economics of the University of Western Australia. He gave a seminar there entitled "Inflation, Employment and Incomes Policies." It dealt with inflation, employment and incomes policies in Canada, U.S.A., U.K., France, Sweden, Germany, Australia and Japan. It has since been published in the International Journal of Social Economics, Vol. 1, No. 2, 1974. Reprints of the article are available from the Industrial Relations Center.

Professors Norman Chervany and Thomas Hoffmann of Management Sciences presented two papers to the Joint National ORSA/MS Programs" by Hoffmann and John Anderson and "Simulation of Command and Control Systems," written by Chervany, Hoffmann and John Modrick (of Honeywell).

Professor Herb Heneman of Industrial Relations delivered papers at the Tennessee Industrial Personnel Conference, the 36th Pacific Northwest Personnel Management Conference and at Cornell University Training and Development Seminar. □

CENTURY COUNCIL HIGHLIGHTS

TO CBA ALUMNI

In the last two issues of the CBA news bulletin we have attempted to call your attention to the Century Fund which had been established three years ago. Since this is new to the College of Business Administration, and probably newer to you, its concept and goals may not be readily noticeable the first few times around.

We hope that Business School grads will become increasingly aware of the Century Fund and its Century Council membership. As the membership grows, it will become an active body of alumni who are proud of the University and, specifically, of its own College. In this way the Fund will help achieve the important objective of improving quality and standards.

This cannot be done by thinking or wishing. There are needs to be met over and above what the

College is allocated through regular state funds — needs that require underwriting — hopefully, through your involvement.

This year a modest \$11,000 is required as a minimum to meet the following specific needs:

— Upgrading of books and periodicals for the business college in the University Library (the difference between an adequate collection supported by University funds and one worthy of a top business school)

— Continuing the publication and mailing of *Business News* to all alumni

— Supplementing financial assistance to minority students

— Enabling faculty members to attend workshops and seminars that improve their professional competence in teaching and research (Faculty, like businessmen, need to be professionally updated on a periodic basis)

— Fostering the school's recruiting of high-quality graduate students through faculty visits to undergraduate colleges

— Purchasing or renting equipment needed for quality teaching and research such as additional overhead projectors and a COMPUSTAT tape

— Expanding Placement Office services for alumni and new graduates

These are the present minimal needs that will not be met without your favorable response through participation in the Century Council. The procedure is easy — just complete the form appearing in this article for your convenience.

Annual membership is \$100; for life membership you will note that a choice can be made — a one-time \$1,000 contribution or \$100.00 a year for twelve years, with a further option of paying quarterly.

As a Century Council member, you will become more directly associated with the activities of the College which should be a matter of your concern. Further information is available by calling Bill Tippie, Director of Annual Giving, U. Foundation at 376-3393 or me at 338-0552, Ext. 224.

Hank Dornseif, Chairman



MEMBERSHIP APPLICATION

Yes, I wish to join the COLLEGE OF BUSINESS ADMINISTRATION CENTURY COUNCIL.
(Make check payable to The University of Minnesota Foundation)

Annual Membership

Contribution of \$ _____ (\$100 or more).
(check enclosed or bill me annually
or quarterly

Life Membership

Contribution of \$ _____ (\$1,000 or more).
(check enclosed or bill me

Contribution of \$100 per year for twelve years certifies the contributor as a life member.

(Your gift is tax deductible)

Please send information concerning wills, bequests, life insurance giving, and other types of deferred gift plans available.

Is your firm a matching gift company? If so, your personnel office can supply you with the necessary forms to send along with your gift.

Signed _____

Please complete the form and return to:
University of Minnesota Foundation
College of Business Administration Century Council
P.O. Box 3854, St. Paul, Minnesota 55166

Bank Experience Provides New Insights

How does a faculty member spend his time on a year's sabbatical leave? What does it contribute to his professional development? What does it do for the organization with which it is spent?

Professor Paul F. Jessup, Chairman of the Finance and Insurance Department, has just returned from a leave year spent as Sabbatical Professor in Residence at the Federal Reserve Bank of Minneapolis. He reports that the experience has benefitted him substantially and has broadened him as both an individual and as a teacher and researcher.

Jessup's objectives were: (1) to immerse himself in a different environment providing new insights and experiences useful to his future teaching and research; (2) broad reading of professional literature in one of his principal areas of scholarly interest, management of financial institutions; and (3) writing of scholarly materials.

While at the Federal Reserve Bank, Jessup participated in a variety of seminars and conferences within the Bank and prepared some working papers for Bank officials.

As a representative of the Bank, he presented papers at a variety of professional meetings such as: a meeting of the Federal Reserve System Committee on Banking and Financial Structure at the Federal Reserve Bank of Chicago; the Conference on Bank Structure and Competition at the Federal Reserve Bank of Chicago; the Annual Meeting of the Midwest Finance Association; and the Annual Meeting of the Eastern Finance Association.

According to Professor Jessup, a major benefit of his sabbatical residency was the opportunity for many informal discussions with officers and staff of the Bank, which alerted him to many new aspects of banking and public policy.

As a result of his research, seminars, conferences, and discussions during the past year, Jessup has had several journal articles published and

several more are forthcoming. Those published are: "How Free Is 'Free Checking'?", *The Magazine of Bank Administration*, May 1974; "Analyzing Acquisitions by Bank Holding Companies", *Journal of Bank Research*, Spring 1974; (both reviewed in the August Issue of the *BA Business News*). Those forthcoming are: "Rural Banking Alternatives: Spatial Framework and Evidence", (Co-authored with Richard W. Stolz) and "Testing Hypotheses Involving Nonaffiliate Banks", both to be published by the *Journal of Bank Research*; "Bank Holding Company Acquisitions: Promise, Performance, Potential", *Proceedings of a Conference on Bank Structure and Competition*, Federal Reserve Bank of Chicago; "What If One of the Nation's Largest Banks Cuts Its Dividend: A Scenario" (Symposium Commentary) and a book review of *How To Make Money in Wall Street* by Louis Rukeyser, both in *The Bankers Magazine*.

Clarence Nelson, Director of Research of the Federal Reserve Bank, in commenting on Jessup's year at the bank said the post of visiting professor in residence is useful in providing the opportunity for management and staff to keep up with what is going on in academic areas, to serve as a stimulus in the development and updating of knowledge and points of view. "Professor Jessup is exceptionally suited to fulfill the needs and objectives of this interactive program.

We feel here at the bank that we benefitted from Jessup's expertise in areas where he has considerable depth which complemented bank staff expertise. His background in, his dedication and very real concern with public policy issues affecting financial institutions and their regulation was especially helpful to our economists and analysts in their examination and analysis of the likely impact of proposed changes in financial institutions, of regulatory policy and its impact on bank behavior, on competition and on the public and its needs as they attempt to develop the public policy posture for the bank. Paul is an exceptionally well qualified individual in these specialized areas and we are delighted to have had the opportunity to be associated with him." □

C.B.E.-from column 5

This program will be conducted by Continuing Business Education on December 12 and 13, 1974. The seminar will feature Richard N. Bolles, Director of the National Career Development Project, United Ministries of Higher Education, San Francisco, California. Mr. Bolles is a well-known author of the book *What Color Is Your Parachute: A Manual for Job Hunters and Career Changers* and other publications in the field of mid-career change. Also featured will be Dr. Robert Pearse, head of the Behavioral Sciences Department of Boston University, College of Business Administration.

For further information, contact Continuing Business Education at (612) 373-3680.

CBE Introduces Management Seminars of Special Interest to Women

American business has just begun to feel the impact of the achievement-oriented modern woman. After many years of restriction to clerical and support positions, recent social movements and legislation have caused women to emerge as a significant managerial resource which can no longer be overlooked.

Participants in CBE's four new programs will begin to examine some of the conflicting issues arising from these new trends.

Management Development for Women — is a three day residential seminar, designed for women seeking to develop their managerial skills and potential. It gives participants practical experience in interpersonal communication, handling conflict, team work, career development, and strategies for change within the organization.

Managing Interpersonal Conflict — has been designed to develop communication skills for managing interpersonal conflict. This one-day seminar includes exercise training in negotiation, persuasion, catharsis, confrontation and assertiveness.

C.B.E.-to column 22

REPRINTS

“Characteristics of Private Trucking in the United States” by James P. Rakowski, reprinted from the *ICC Practitioners’ Journal*, July-August 1974.

Most of the literature on the economic aspects of private trucking has concentrated on the areas of the pros and cons of private operation or financial analysis. In general, these types of works indicate that private operation may result in transport cost savings and/or customer service improvements, or make possible certain cash flow and/or tax benefits. With one major exception, little detailed analysis has been done on the overall nature of private truck operations and their importance in the transportation system. Little use has been made of the excellent sources of government collected data; specifically, the *Census of Transportation*.

The purpose of this paper is to give some indication of the importance of private truck transportation in the nation’s transportation system. Professor Rakowski’s exhaustive analysis of the *Census of Transportation* reveals that private trucking operations are much more pervasive in the transport system than is commonly recognized by the business and government communities. Full cognizance of the traffic flow data in respect to the split between for-hire and private trucking could change the thinking of both carrier management and regulatory authorities in rate proceedings and questions of operating authority. This could have ramifications in both intramodal and intermodal proceedings.

“Resource Planning in University Management by Goal Programming” by Roger G. Schroeder, reprinted from *Operations Research*, Vol. 22, No. 4, July-August, 1974.

In the last five years there have been increasing efforts to develop and apply the methods of management science to higher education, no doubt spurred by accelerating financial stringency and an increasing awareness of the techniques and methods that have been used successfully in business and industry. Many of these efforts have been directed toward the

improvement of resource management within colleges and universities. This paper provides a new look at these resource-management problems and develops a model that eliminates some of the deficiencies of the presently available ones.

The goal-programming formulation has excellent flexibility to consider alternative goal levels, priorities, and budgets. With parameterization and sensitivity analysis, it is possible to explore a wide variety of assumptions in the resource-allocation process and thus determine a set of pervasive decisions. The model assists analysis by its ability to handle large amounts of data and by the many tradeoffs that are considered automatically.

“The Shipper Views Proposed Solutions to the Northeast Railroad Problem” by James C. Johnson and Donald V. Harper, reprinted from *Transportation Journal*, Vol. 13, No. 4, Summer 1974.

The purpose of this paper is to present the findings of a survey designed to determine both transportation (shipper side) and non-transportation executives opinions and reactions regarding proposed solutions to the Northeast rail quandary. The survey was conducted in July, 1973, prior to the enactment by Congress in December of the Regional Rail Reorganization Act of 1973.

The survey revealed that both groups of respondents were not very enamored with any of the proposed solutions to the Northeast rail crisis. This is about what the authors expected, because of the extremely unique, complex, and far reaching nature of the problem. The respondents showed a very high degree of similarity regarding one solution — namely nationalization. Specifically, they were very strongly opposed to this solution enough to motivate them to respond to an open-ended essay-type question with their comments.

“An Experimental Evaluation of Inflation Overload in a Production Environment” by Norman L. Chervany and Gary W. Dickson, reprinted from *Management Science*, Vol. 20, No. 10, June 1974.

This paper reports the results of an experimental study of the relation-

ship between the effectiveness of aggregate production planning decisions and the form of the information system used to support the decision making. The experiment, involving twenty-two graduate business administration students devoting an entire weekend to the decision-making activity in a simulated, computer-based environment, generated results showing significantly different performance according to the form in which information was presented. Decision makers given data summarized through the use of simple descriptive statistics (1) made higher quality decisions than those receiving the same data in standard formats, (2) had less confidence in the quality of their decisions, and (3) took longer to make their decisions.

WORKING PAPER SERIES

“The Process or Implementation of OR/MS Programs” by John C. Anderson and Thomas R. Hoffmann, *Working Paper No. 20*, October 1974.

Implementation (or the lack thereof) of Operations Research and Management Science (OR/MS) is becoming of increasing concern to educators, researchers, and industrial management. The somewhat sparse evidence that we have available by way of research on the implementation problem is insufficient to identify the extent of, or to completely characterize, the implementation problem. The evidence that is available, however, has consistently shown results which indicate that the implementation problem of OR/MS is widespread. In a study by Radnor and Neil (Dec. 1971) over 50% of the 108 large firms examined had completed and implemented only 50-80% of OR/MS projects. Several other case studies have also evidenced the problem.

The objectives of this paper are: 1) to provide a definitional structure for the implementation of OR/MS; 2) to relate this structure to the current practice and results as observed in research, industry and education; and 3) to draw from this structure and discussion a proposed new emphasis for OR/MS efforts.

C.B.E.-from column 18

Core Management Techniques — An Introduction to Contemporary Business — This program is a series of 10 interrelated seminars designed to acquaint aspiring career women with the basic aspects of business. The series is an introduction to contemporary business and is designed especially for women in an effort to acquaint them with the fundamental concepts, terminology and techniques of modern business. The seminar should enable the aspiring woman manager to understand and analyze varied types of data necessary for effective managerial decisions.

Communication Skills for Team Building — a two-day seminar on theory and communication techniques for team building in small task groups. Seminar will use role-playing exercises and group tasks to develop communication skills in group decision making.

For further information on these programs or to make suggestions for other seminars, please write or call: Lois J. Stevens, Coordinator, Management Seminars for Women, Continuing Business Education, 334D Business Administration Tower, University of Minnesota, Minneapolis, Minnesota 55455. (612) 373-3835

"Up Your Own Organization"

CBE will be introducing two exciting new programs this fall: "How to Start and Finance a New Business" on November 21 and "Converting Your Ideas Into Dollars" on November 22. These seminars are designed to provide the working tools necessary to start a successful small business on a full or part-time basis. The seminars concentrate on creating, finding, protecting, and marketing new products and ideas, as well as providing valuable information on business organization and planning. Comprehensive coverage of proven, effective techniques for financing a business venture is also included. For further information or application form, please call (612) 373-3680.

Faculty News-from column 21

"Perceived Risk and Consumer Behavior: A Critical Review" by Ivan Ross, *Working Paper No. 21*, October 1974.

The empirical research relating perceived risk to consumer behavior is summarized. The literature reveals that perceived risk has been studied in relationship to information acquisition and processing constructs such as word-of-mouth behavior and opinion-leadership, as well as to overt consumer behaviors such as new product adoption, store-brand loyalty, and modes of shopping. Recent research has been concentrated on the study of relationships between specific kinds or components of perceived risk or risk consequences and the specific relievers or reducers of these components. The reviewer offers a critique of research on perceived risk and suggests direction for future research.

Single copies of the reprints and working papers are available at no charge upon request to the Research Division, College of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455. □



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